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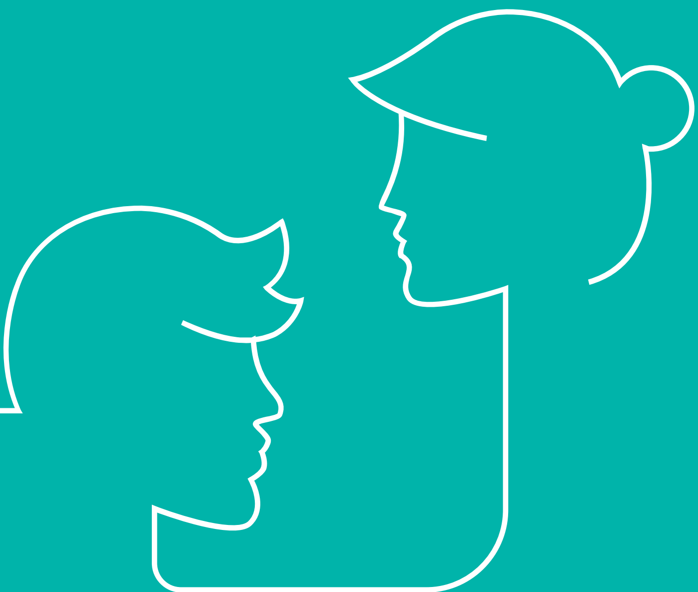
assurances

CNP Assurances

Policy on the integration of sustainability risks in investment decisions

Pursuant to Article 3 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector



V1 – 10 March 2021

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GENERAL PRINCIPLES

1.1. Preamble

CNP Assurances, in its capacity as an insurance company, is subject to Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector. This policy describes how CNP Assurances integrates sustainability risks – also known as environmental, social and governance (ESG) risks – in its investment decisions.

1.1.1. Description

CNP Assurances is a personal insurance company and a long-term investor. As such, it manages investments on behalf of its policyholders and shareholders, either directly or indirectly by delegating asset management to external asset managers.

CNP Assurances is convinced that incorporating ESG criteria when considering an investment creates value and optimises the risk/reward ratio over time. Accordingly, it has implemented a responsible investment strategy in the different asset classes since 2006. This strategy is managed by drawing on the asset management companies' expertise in ESG analysis. It reflects CNP Assurances' commitments to the Global Compact, the Principles for Responsible Investment (PRI) and the Net-Zero Asset Owner Alliance.

The responsible investment strategy implemented by CNP Assurances aims to protect the assets that back its commitments to its policyholders and to create financial and non-financial value for all its stakeholders. It includes an ESG exclusion policy for certain countries or companies.

Over the past five years, CNP Assurances has made substantial commitments in support of the environmental and energy transition and to combat global warming. As a signatory of the Montreal Carbon Pledge, it published the carbon footprint of its directly-owned listed equities in December 2015 and committed to reducing this footprint. In joining the Net-Zero Asset Owner Alliance in 2019, CNP Assurances committed to making its investment portfolio carbon neutral by 2050.

At the end of 2020, 88% of CNP Assurances' traditional and unit-linked product portfolio assets were managed with ESG filters (91% of assets in traditional portfolios). With €17.2 billion in green investments at the end of 2020 and new ambitions to divest from coal, CNP Assurances is increasingly committed to combating climate change as it firmly believes that a large-scale environmental problem generates a financial risk for its policyholders' savings and pensions.

Our key features as a responsible investor

- We have established and follow a committed responsible investment strategy
- We manage our investments with a long-term perspective on behalf of our policyholders and shareholders
- We hold the majority of our investments directly, making it easier to apply our responsible investment strategy
- Asset management is delegated to asset managers that share our values

1.1.2. Timeline of our responsible investment strategy

	OUR COMMITMENTS	OUR ACTIONS
2003	**Signing of the United Nations Global Compact**	• CNP Assurances Group is committed to respecting the human and citizens' rights defined in the Universal Declaration of Human Rights, and more specifically the principles of the International Labour Organization (ILO) and the labour regulations specific to each country
2005		• First statement of greenhouse gas emissions for the CDP
2006		• First implementation of a best-in-class ESG approach across the entire share portfolio
2008		• Exclusion of manufacturers of cluster munitions and anti-personnel mines
2011	**Signing of the Principles for Responsible Investment (PRI)**	
2014		• Exclusion of offshore financial centres
2015	**Signing of the Montreal Carbon Pledge**	• First climate strategy with quantitative objectives for green investments and reductions in the investment portfolio's carbon footprint • First policy on coal sector investments
2016	**Supporting member and signatory member of the CDP**	• First public report on the incorporation of ESG criteria in the investment strategy
2017	**Member of Climate Action 100+**	
2019	**Member of the Net-Zero Asset Owner Alliance and Finance for Tomorrow**	• Commitment to achieving a carbon neutral investment portfolio by 2050 • Adoption of a stricter coal policy • Increase in the green investment target
2020	**Support for the European Green Recovery Alliance** **Signing of the Tobacco-Free Finance Pledge**	• First publication of the shareholder engagement policy • Adoption of a thermal coal exit plan
2021		• First policy on oil and gas sector investments • Objective to further reduce the investment portfolio's carbon footprint by 2025

1.2. General principles in relation to the integration of sustainability risks

The integration of sustainability risks involves incorporating environmental, social and governance (ESG) criteria in the selection of financial assets. The choice and priority of these ESG criteria are guided by the principles of CNP Assurances' responsible investment charter.

1.2.1. CNP Assurances' responsible investment charter

The integration of ESG criteria in the investment policy is a key driver of CNP Assurances' values. It reflects the Group's commitments and is an inherent part of its investment strategy governance.

1.2.1.1. Principle #1: ESG integration – promoting CNP Assurances' values

To apply its values in its business as an investor, CNP Assurances draws on a responsible investment policy intended to:

- Shore up its commitments to policyholders, in particular by delivering optimised performance over time
- Be a long-term investor and a responsible shareholder
- Contribute to the development of the economy by providing public and private players in all business sectors with the stability they need to grow

Practical implementation:

Long-term commitments
As its assets back long-term commitments, CNP Assurances holds equities with a long-term perspective and in most cases it holds bonds until maturity, while maintaining active management to ensure its annual commitments to policyholders.

A responsible shareholder
CNP Assurances votes at the general meetings of listed companies in which it is a shareholder. It ensures minority shareholders' rights are respected and supports companies' long-term growth.

Promoting responsible unit-linked products
CNP Assurances promotes responsible unit-linked products among policyholders in partnership with its distributors.

Support for the real economy
Through its investments, CNP Assurances finances the development of the real economy, particularly through environmental and social impact investments.

1.2.1.2. Principle #2: ESG integration – four guiding conditions

As a signatory to the Global Compact, the Principles for Responsible Investment (PRI) and the Net-Zero Asset Owner Alliance, and convinced that incorporating ESG criteria when considering an investment creates value and optimises the risk/reward ratio over time, CNP Assurances has implemented a responsible investment strategy since 2006. The four conditions that guide the integration of ESG criteria are:

- Respect for human and citizen rights as defined in the Universal Declaration of Human Rights
- Respect for the principles of the International Labour Organization (ILO), including the freedom of association and the right to collective bargaining, the elimination of forced labour and child labour and discrimination
- Promotion of environmental protection and the environmental and energy transition, initiatives to reduce or adapt to climate change
- Fighting corruption

Practical implementation:

Taking into account one of the four conditions
CNP Assurances considers that ESG criteria are integrated in an asset class when all securities in this category are screened against at least one of these four conditions, while ensuring minimum standards are met on the other conditions.

A balance between the three pillars
The methodology balances the three pillars E, S and G, with particular attention paid to governance, which determines the quality of the company's commitment over the long term.

An exclusion policy
CNP Assurances excludes certain activities or production methods.

1.2.1.3. Principle #3: ESG integration – an inherent part of investment strategy governance

The responsible investment strategy is drafted by the Group's Investment department and the Corporate Social Responsibility (CSR) department, in conjunction with the Group Risk department. It is part of the investment policy validated by senior management and the Board of Directors.

Practical implementation:

CNP Assurances undertakes to:

- Apply principles #1 and #2 at an operational level by assigning the necessary human and financial resources
- Publish the approach followed and any changes made each year

1.2.2. General principles for the integration of sustainability risks

1.2.2.1. Definitions

1.2.2.2. Main sustainability risks taken into account by CNP Assurances

CNP Assurances has identified the main sustainability risks on which it focuses its efforts and resources so it can implement a responsible investment strategy. In operational terms, it implements this strategy through the shareholder engagement policy, the exclusion policy and the selection of investments based on ESG criteria.

Sustainability risk	Shareholder engagement policy (voting and dialogue)	Exclusion policy	Selection of investments based on ESG criteria			
			Equities	Bonds	Real estate	Forests
Climate change	✓	✓	✓	✓	✓	✓
Biodiversity loss	✓	✓	✓	✓	✓	✓
Depletion of natural resources (water, raw materials)			✓	✓	✓	✓
Poor governance	✓	✓	✓	✓	✓	✓
Financing of terrorism and money laundering		✓	✓	✓	✓	✓
Tax avoidance		✓	✓	✓	✓	✓
Corruption		✓	✓	✓	✓	✓
Non-respect of human rights		✓	✓	✓	✓	✓
Lack of diversity	✓		✓	✓		
Non-compliance with labour law			✓	✓	✓	✓
Harm to the health or safety of persons		✓	✓	✓	✓	✓

1.2.2.3. Overview of the integration of sustainability risks in investment decisions

CNP Assurances pursues a responsible investment approach adapted to the nature of its different investments. This approach contributes to six of the United Nations Sustainable Development Goals.

	COUNTRY EXCLUSION	COMPANY EXCLUSION	FUND EXCLUSION	ESG RATING ANALYSIS	SYSTEMATIC INTEGRATION OF ESG IN INVESTMENT POLICY
Real estate	✓			✓	✓
Woodland	✓			✓	✓
Equities	✓	✓		✓	✓
Corporate bonds	✓	✓		✓	
Private equity / Infrastructure	✓	✓		✓	
Government bonds	✓				
Dedicated funds	✓	✓	✓		
Other funds	WATCHLIST	WATCHLIST	✓		

- Countries excluded for reasons of fiscal opacity, corruption or non-respect of democracy and freedom
- Companies excluded because of their involvement in arms, tobacco, coal, oil and gas or non-respect of the principles of the United Nations Global Compact
- Funds excluded due to speculation on agricultural commodities
- The investments are subject to an ESG analysis and/or rating
- ESG analysis and/or ratings systematically impact the decision to invest

CNP Assurances is committed to combating climate change, with the following objectives:

- Achieve a carbon neutral investment portfolio by 2050
- Reduce the carbon footprint (scope 1 and 2 emissions) of its directly held equity and corporate bond portfolio by an additional 25% between 2019 and 2024
- Reduce the carbon footprint (scope 1 and 2 emissions) of its directly held real estate portfolio by an additional 10% between 2019 and 2024
- Reduce the carbon intensity (scope 1 and 2 emissions) of the electricity producers in which CNP Assurances is a direct shareholder or bondholder by a further 17% between 2019 and 2024
- Engage 8 companies (6 directly and 2 via the Climate Action 100+ initiative) and 2 asset managers to encourage them to adopt, by the end of 2024, a strategy aligned with the 1.5°C global warming scenario
- Achieve zero exposure to thermal coal in its investment portfolio by 2030 in European Union and OECD countries and by 2040 in the rest of the world
- Ask all companies in which CNP Assurances invests directly to publish, by 2021, a plan to divest from thermal coal, with full withdrawal by 2030 in European Union and OECD countries, and by 2040 in the rest of the world, based on the closure of assets rather than their sale
- Reach €20 billion in assets under management in green investments (woodlands, green bonds, high energy performance buildings, green infrastructure) by the end of 2023

1.2.2.4. Scope covered by the policy

With the exception of section 3.3.7, 'Listing of unit-linked products proposed to policyholders', the policy on the integration of sustainability risks in investment decisions applies to all of CNP Assurances' traditional investment vehicles.

For unit-linked products, policyholders are advised to refer to the information available in their policy information notice and in the pre-contractual information documents, in particular the prospectus, of each investment vehicle in order to identify how sustainability risks are incorporated into the investment decisions of each unit-linked vehicle.

2

ROLES AND RESPONSIBILITIES

2.1. Governance of the responsible investment strategy

The responsible investment strategy is established along with the investment strategy approved by senior management and the Board of Directors.

Responsible investment governance is implemented to enable the Board, senior management, the relevant committees and the investment teams to integrate ESG issues into decision-making and business processes.

OVERSIGHT

- **Board of Directors** chaired by an independant Director
- **Audit and Risk Committee** chaired by an independant Director

MANAGEMENT

- **Chief Executive Officer**
- **Strategic Allocation Committee** chaired by the Chief Executive Officer
- **Investment Committee** chaired by the Deputy Chief Executive Officer, the Chief Financial Officer or Group General Secretary

OPERATIONAL MANAGEMENT

- **Internal SRI Committee** Investment department, CSR department
- **External SRI Committee** Investment department, CSR department, Group Risk department, asset management companies
- **Climate Risk Committee** Investment department, Group General Secretary, CSR department, Group Risk department, Group Actuarial department
- **External Management Committee** Investment department, asset management companies

2.1.1. Supervision

CNP Assurances has implemented a risk management policy that is incorporated in the Group's decision-making processes. The strategic priorities for risk management are decided by the Board of Directors based on recommendations made by its Audit and Risk Committee. The Board of Directors reviews how ESG criteria are included in asset management as part of its annual review of the investment strategy.

The responsible investment strategy, its objectives and its implementation are presented to the Board of Directors and the Audit and Risk Committee once a year.

The Group's climate strategy is subject to approval by the Chief Executive Officer, then the Board of Directors.

Climate issues are presented once a year to the Board of Directors and to the Audit and Risk Committee when they review the Group's CSR approach and the non-financial performance statement. In particular, the commitments made to combat global warming are presented, enabling CNP Assurances' governance bodies to monitor the action taken and the level of achievement relating to these commitments. These commitments are also presented to shareholders at the CNP Assurances Annual General Meeting.

2.1.2. Management

The Chief Executive Officer is responsible for the operational and effective implementation of the responsible investment processes. The CEO is assisted by the Chief Investment Officer and the General Secretary of CNP Assurances Group, both members of the Executive Committee, who oversee the organisation and ensure the operational implementation of the responsible investment strategy.

CNP Assurances' Corporate Social Responsibility (CSR) department reports to the Group General Secretary. The Head of the CSR department reports to the Chief Executive Officer and the Board of Directors on the main ESG issues and risks and the implementation of the Group's CSR approach.

CNP Assurances' SRI department reports to the Group Chief Investment Officer.

The CSR and SRI departments draft the Group's responsible investment policy and ensure the integration of ESG criteria in asset management.

A review of the responsible investment strategy is presented annually to the Strategic Allocation Committee, chaired by the Chief Executive Officer, which is responsible for setting guidelines for the strategic investment allocation. This committee validates proposals for changes to the responsible investment strategy.

The Investment Committee decides on investments. It is chaired by the Deputy Chief Executive Officer, the Chief Financial Officer, or the General Secretary. It observes the risk-taking process and is assisted by the Group Risk department. This committee ensures the integration of ESG criteria in the decision-making process.

2.1.3. Operational oversight and controls

2.1.3.1. A network of operational staff

Within the Investment department, the SRI department and a network of correspondents for each asset class implement the investment strategy. They deploy the strategy with partner asset management companies that hold investment mandates for the various asset classes (equities, bonds, real estate, woodland).

The internal SRI Committee coordinates the SRI function among the network of correspondents and the CSR department. It monitors the operational implementation of the responsible investment strategy by asset class, produces an overview and proposes changes.

The Group Risk department performs ex-post controls on the proper application of exclusion rules in asset portfolios.

The CSR department develops and applies CNP Assurances' engagement and voting policy in conjunction with the Investment department. It is responsible for exercising voting rights at general meetings and for shareholder engagement. The voting policy is presented to the Board of Directors and the voting decisions proposed by the CSR department for each general meeting are validated by the Investment department.

Specific oversight of climate risk assessment and management

The CSR department oversees climate issues at Group level. It is backed by the Climate Risk Committee, which CNP Assurances Group set up in early 2019. This committee meets every quarter to monitor the actions taken to incorporate climate risk in all components of its business (investment, insurance and internal operations).

In addition to the Investment department, the Group General Secretary and the CSR department, the Climate Risk Committee benefits from the expertise of the Group Risk department and the Group Technical department. The sharing of information (monitoring of industry-wide projects, regulatory watch, requests from stakeholders, initiatives undertaken) at this quarterly committee encourages interaction and exchanges between the various operational functions:

- The Investment department is responsible for the investment portfolio;
- The Group Technical department is responsible for assessing technical provisions and supervising underwriting;
- The Group Risk department is responsible for the measurement and cross-business management of risks. It assesses the impact on solvency and oversees work on climate stress tests.

The Climate Risk Committee's roadmap sets out action for the company's various activities, such as mapping and risk measurement, adjustments to the strategy to reduce risks. Progress in terms of the roadmap is monitored during committee meetings and regularly supplemented with new action.

In addition, the Investment department has set up a green finance reporting process to measure and inform internal stakeholders on progress on key climate indicators.

2.1.3.2. Management delegated to asset management companies with oversight by CNP Assurances

The table below shows the responsible management cycle for each asset class held in CNP Assurances' portfolios. The responsible investment policy established by CNP Assurances is subject to operational oversight and implementation control by the Investment department. Management committees held with the asset management companies ensure regular monitoring.

	CNP Assurances' management	Operational oversight provided jointly by CNP Assurances' CSR and SRI departments	CNP Assurances' Investment department *A dedicated investment team monitors each asset class, supported by the SRI department*	External asset management companies *Delegated asset management*
Listed shares held directly **Corporate bonds held directly** **Sovereign bonds held directly**	**Establishes the responsible investment policy and climate commitments for all asset classes** **Together, these policies limit exposure to sustainability risks**	• Sets exclusions for companies and countries and controls the application of the exclusion policy. • Defines and implements the engagement policy. • Produces forward-looking studies and an overview and monitors sustainability risk.	• The delegation to the asset management company is implemented subject to compliance with CNP Assurances' socially responsible approach. • Ensures the proper application of the SRI policy and performs due diligence of projects in this area in conjunction with the asset management companies.	The delegated asset manager: • Applies the investment policy using its own ESG systems and integrating sustainability risks • Reports quarterly to CNP Assurances on compliance with the responsible investment policy, the achievement of objectives and the integration of sustainability risks.

	CNP Assurances' management	Operational oversight provided jointly by CNP Assurances' CSR and SRI departments	CNP Assurances' Investment department *A dedicated investment team monitors each asset class, supported by the SRI department*	External asset management companies *Delegated asset management*
Real estate held directly or via wholly-owned vehicles		• Sets country exclusions and controls their application. • Establishes the green charter applicable to all investment mandates. • Produces forward-looking studies and an overview and monitors sustainability risk.	• The delegation to the asset management company is implemented subject to compliance with CNP Assurances' socially responsible approach. • Ensures the proper application of the SRI approach.	The delegated asset managers: • Perform an ESG analysis integrating sustainability risks before purchasing any real estate. • Undertake to manage real estate assets in accordance with the ESG principles set by CNP Assurances.
Forests		• Defines certification objectives for sustainable forest management • Sets country exclusions and controls their application. • Reviews and monitors sustainability risk.	• Examines any investment opportunities proposed by the asset management company. • Establishes the green charter applicable to the management mandate • Undertakes to continue efforts to enhance woodland where possible (management of enclaves and easements), with a view to increasing the quality of assets in sustainable management terms. • Participates in the asset management company's Board of Directors as a shareholder.	The delegated asset manager: • Applies its Sustainable Forest Management Manual in CNP Assurances' woodland on a daily basis and ensures that the commitments made as part of the PEFC certification are met. • Undertakes to select high-quality forests that have already been certified or have potential future value with sustainable management, with the aim of obtaining PEFC certification.
Infrastructure		• Sets exclusions for companies and countries and controls the application of the exclusion policy. • Defines and implements the engagement policy	• Sets strategic guidelines for new investments with a focus on sustainability risk management • Performs due diligence prior to any investment.	• Managers that publish an annual ESG report inform CNP Assurances about their compliance with the responsible investment policy, the achievement of objectives and the integration of sustainability risks.

	CNP Assurances' management	Operational oversight provided jointly by CNP Assurances' CSR and SRI departments	CNP Assurances' Investment department *A dedicated investment team monitors each asset class, supported by the SRI department*	External asset management companies *Delegated asset management*
Non-listed shares held via funds		• Sets exclusions for companies and countries and controls the application of the exclusion policy. These exclusion rules aim in part to limit exposure to sustainability risks.	• Performs due diligence before investing in new funds. • **Assigns new funds an ESG rating**	• The asset management companies apply the investment policy using their own ESG processes and analysis. • Asset managers that publish an annual ESG report inform CNP Assurances about their compliance with the responsible investment policy and the achievement of objectives.
Listed equities and bonds held via funds dedicated to CNP Assurances		• Sets exclusions for companies and countries and controls the application of the exclusion policy. These exclusion rules aim in part to limit exposure to sustainability risks.	• **Performs due diligence before investing in new funds.** • Conducts an ESG survey of asset management companies every two years. Monitors the funds' ESG performance and exposure to sustainability risks.	• The asset management companies apply their own ESG strategy or one co-built with CNP Assurances that complies with exclusion constraints.
Other listed securities funds		• Determines the sustainability risks to be addressed with the management companies in due diligence and surveys.	• **Performs due diligence before investing in new funds.** • Conducts an ESG survey of listed fund managers every two years.	• Asset management companies apply their responsible investment policy on a discretionary basis.

3

STRATEGY FOR THE INTEGRATION OF SUSTAINABILITY RISKS IN INVESTMENT DECISIONS

CNP Assurances' strategy for the integration of sustainability risks in investment decisions is based on the following, each of which reduces sustainability risks:

- The shareholder engagement policy
- The exclusion policy
- The selection of investments based on ESG criteria

The table below describes the strategy adopted based on the level of sustainability risk:

<table>
<tr><th></th><th>New investments</th><th>Investments in the portfolio</th></tr>
<tr><th>Very high sustainability risks</th><td>Exclusion policy</td><td>Exclusion policy</td></tr>
<tr><th>High sustainability risks</th><td rowspan="2">Selection of investments based on ESG criteria</td><td>Shareholder engagement policy (voting and dialogue)</td></tr>
<tr><th>Low sustainability risks</th><td>Shareholder engagement policy (voting)</td></tr>
</table>

Although CNP Assurances' strategy for integrating sustainability risks into its investment decisions aims to reduce these risks, CNP Assurances draws its policyholders' attention to the fact that the investment portfolio nevertheless remains exposed to sustainability risks. Regardless of the investment vehicle chosen, ESG events or situations may arise and have an actual or potential material adverse impact on the value of investments.

3.1. Shareholder engagement policy

Each year, CNP Assurances publishes its shareholder engagement policy on the website cnp.fr, covering both:

- The voting policy at annual general meetings, and
- The dialogue policy with companies

Through its shareholder engagement policy, CNP Assurances encourages investee companies to reduce their own sustainability risks as part of a constructive, long-term relationship.

3.1.1. Voting at general meetings

As a responsible investor, since 2005, CNP Assurances has implemented an active voting policy at the general meetings of the listed companies in which it holds shares. Accordingly, CNP Assurances votes at the general meetings of almost all French and European companies in its portfolio. The principles set out in the voting policy aim not only to defend CNP Assurances' rights as a minority shareholder, but also to reduce sustainability risks in order to promote companies' sustainable development by supporting growth strategies that take into account their impacts on all stakeholders (clients, employees, suppliers, the environment, etc.).

As a long-term shareholder, CNP Assurances is responsible for promoting good social, environmental and governance practices, with the belief that they are decisive for companies' sustainable growth and the creation of long-term value and that these practices benefit all stakeholders. CNP Assurances therefore seeks to foster the establishment of transparent, responsible and balanced governance structures.

When CNP Assurances decides on how to vote at the general meeting, it takes into account:

- Social and corporate governance issues, in particular restructuring plans leading to a significant reduction in headcount, conflicts of interest, and cases of corruption and money laundering
- Environmental issues, including climate change and the loss of biodiversity. CNP Assurances notably assesses efforts made to reduce greenhouse gas emissions by the companies in which it is a shareholder.

CNP Assurances considers that transparent communication with shareholders is the basis for good corporate governance. To encourage this practice, CNP Assurances votes against any resolution when the information provided does not allow for a fair and accurate understanding of the decision to be made, in accordance with the principles of its voting policy.

3.1.2. Dialogue with companies

By fostering live dialogue with the companies in which it is a shareholder or bondholder that present the most significant ESG risks, CNP Assurances pursues its objective of reducing sustainability risk in its portfolios, in particular by encouraging companies to:

- Make and implement ambitious decisions in favour of the environmental and energy transition in line with the Paris Agreement, and publish information on their greenhouse gas emissions and risks related to climate change and biodiversity loss.
- Improve their governance

This dialogue with companies addresses ESG, corporate strategy and financial performance issues. CNP Assurances is committed to inviting various representatives to meetings to raise awareness of ESG issues among all of the company's stakeholders and demonstrate that strategic, governance, environmental and social concerns are now inseparable.

Depending on the company's activity, the following topics may be discussed:

- Governance and resolutions at general meetings
- Transparency and quality of financial and non-financial information: CEO pay ratio, gender diversity ratio, CDP response, follow-up of TCFD recommendations, etc.
- Impacts of the company's activities on the climate
- Risks related to climate change
- Impacts of the company's activities on biodiversity
- Risks related to biodiversity loss
- Other social and environmental risks

Direct dialogue is preferred for French companies. For companies outside France, CNP Assurances relies on collaborative engagement via Climate Action 100+, the Net-Zero Asset Owner Alliance and the Principles for Responsible Investment (PRI).

3.1.3. Control and reporting

Voting rights are exercised independently by the Corporate Social Responsibility (CSR) department. The voting proposals drawn up by the CSR department are submitted to the Investment department for approval.

Each year, CNP Assurances publishes a report on its shareholder engagement policy on the website cnp.fr, covering both:

- A review of votes cast at general meetings, and
- A review of dialogue with companies

3.2. Exclusion policy

3.2.1. Scope and principles of the ESG exclusion policy

As part of its strategy for managing sustainability risk in its investment portfolio, CNP Assurances has established an exclusion policy for certain countries and companies.

These exclusion rules are intended to meet the following objectives:

- Ensure compliance with the weapons conventions signed by France
- Ensure compliance with regulatory obligations in terms of embargoes and anti-money laundering and counter terrorist financing policies
- Ensure compliance with regulatory obligations and CNP Assurances' responsible investor approach regarding tax havens
- Ensure compliance with CNP Assurances' public CSR and responsible investment commitments:
    - Comply with the principles of the Global Compact
    - Comply with the Principles for Responsible Investment (PRI)
    - Divest gradually from the tobacco sector
    - Divest gradually from the thermal coal sector
    - Strengthen its framework for investments in the oil and gas sector

CNP Assurances uses these principles to determine the list of countries and companies excluded from its investments. This list applies to all of CNP Assurances' investments, excluding open-ended funds and unit-linked products.

3.2.2. Sustainability criteria applied for country exclusions

	Governance	Cooperation and tax transparency
Exclusion rules	CNP Assurances excludes investments in the countries deemed the most at risk in terms of democracy, freedom and corruption	CNP Assurances excludes investments in the countries deemed the most at risk in terms of tax cooperation and transparency
Information used	To measure whether a country has a fair governance balance, CNP Assurances uses Freedom House's ranking of democracy and freedom and Transparency International's corruption perceptions index.	CNP Assurances uses the lists drawn up by the French government and the European Union (non-cooperative states and territories, those under embargo, the EU list of non-cooperative jurisdictions), and lists published by the FATF (countries subject to counter-measures). CNP Assurances also uses Tax Justice Network's financial secrecy index
Methodology	CNP Assurances assesses countries each year, with three levels of risk depending on the combination of three criteria: democracy, freedom and corruption (very high risk, high risk and low risk).	CNP Assurances assesses countries each year using the above-mentioned lists.

3.2.3. Sustainability criteria applied for company exclusions

	Banned weapons	Non-compliance with the Global Compact
Exclusion rules	CNP Assurances excludes investments in companies involved in the production of anti-personnel mines and cluster munitions	CNP Assurances excludes investments in companies deemed to be the most at risk in terms of serious breaches of the principles of the Global Compact
Information used	CNP Assurances uses LBPAM's list of manufacturers of anti-personnel mines and cluster munitions. For information, the Ottawa convention (1999) and the Oslo convention (2010) prohibit the production, use, stockpiling, sale and transfer of anti-personnel mines and cluster munitions	CNP Assurances receives alerts on the ESG risks of companies held or authorised for investment from the SRI teams responsible for managing equity and bond investment mandates.
Methodology	Based on data provided by ESG ratings agency ISS ESG, LBPAM's responsible investment research teams regularly update the exclusion list, which is submitted to LBPAM's Exclusion Committee for a final decision. This list includes all listed or unlisted companies that are involved in the use, development, production, sale, distribution or stockpiling of anti-personnel mines and cluster munitions (either definitely or probably) or their essential and dedicated components (definitely). CNP Assurances uses this list directly, without adjustment.	When an alert concerns non-compliance with the fundamental principles of the Global Compact, CNP Assurances asks the asset manager to obtain more information from the issuer. If this dialogue fails to show that the situation will be rapidly resolved, a decision to exclude the issuer may be made

	Thermal coal	Oil & gas
Exclusion rules	CNP Assurances excludes investments in companies: • Deriving more than 10% of their revenue from thermal coal related activities • Having thermal coal-fired electricity generation capacity exceeding 5 GW • Producing over 10 million tonnes of thermal coal a year • Developing new coal plants, coal mines or infrastructure contributing to the use of thermal coal	CNP Assurances excludes investments in the following activities: • Direct investments in oil and gas sector companies (exploration, drilling, extraction, processing, refining) deriving more than 10% of revenue from non-conventional fossil fuels (oil sands, shale oil and gas, oil and gas from the Arctic zone) • Investments in greenfield or brownfield infrastructure devoted to non-conventional fossil fuels • Investments in greenfield oil infrastructure
Information used	Information on thermal coal related revenue is obtained from Trucost, and may be updated with data published by companies. To identify companies involved in the development of new mines, infrastructure or coal-fired power plants, companies with thermal coal-fired electricity generation capacity exceeding 5 GW or extracting more than 10 million tonnes of thermal coal per year, CNP Assurances uses the Global Coal Exit List, which may be updated with data published by companies	Information on non-conventional fossil fuels is obtained from ISS ESG and may be updated with data published by the companies.
Methodology	Trucost calculates the portion of thermal coal in companies' revenue based on the financial data (revenue, enterprise value, etc.) and production data (coal reserves, production in GWh) published by companies	ISS ESG estimates the percentage of revenue related to Arctic drilling, hydraulic fracturing and oil sands for each company.

	Tobacco
Exclusion rules	CNP Assurances excludes investments in tobacco companies
Information used	CNP Assurances uses the list of companies whose activity is registered in Bloomberg's tobacco sub-sector, directly and without adjustment
Methodology	CNP Assurances updates the list each year

3.2.4. Integration in investment decisions, control and reporting

The list of excluded countries and companies is communicated to internal staff and CNP Assurances' asset management companies. Securities concerned by exclusions are either suspended or sold. The same exclusion policy applies to dedicated funds.

The CNP Assurances Group Risk department and the asset management companies perform ex-post controls to ensure the exclusion policy is correctly applied. A half-yearly report is sent to CNP Assurances' CSR and Investment departments.

3.3. Integration of sustainability criteria by type of investment

3.3.1. Equity investments

3.3.1.1. ESG approach

The ESG analysis carried out by Ostrum AM for CNP Assurances is based on the LBPAM's SRI philosophy, named GREaT.

The GREaT reference system has four pillars:

Responsible governance: this pillar aims to encourage the dissemination of corporate governance best practice. We assess the quality of decision-making bodies, the balance of power and the executive compensation policy to verify that the company's strategy takes a long-term view. This pillar is analysed according to three criteria:

Balance of power: ensure the quality of decision-making and supervisory bodies, which must be composed of active, varied, competent and independent profiles to enable high-quality debate

Responsible compensation: ensure consistency between executive compensation and the company's performance over the long term

Business ethics: the prevention of corruption or anti-competitive practices that can have a long-term cost (reputation and financial)

Sustainable management of resources: this pillar makes it possible to assess the sustainable management of human and natural resources, minimise the company's adverse impacts on its ecosystem, and prioritise companies that positively value human capital. This pillar is analysed according to two environmental criteria and two social criteria:

- Water and biodiversity: ensure efficient use of water resources and good management of negative external impacts throughout the industrial process to preserve biodiversity
- Pollution and waste: ensure that the principles of a circular economy are taken into account in the design, production and use of products/services, to reduce pollution and promote recycling
- Working Conditions: ensure that employees, subcontractors and suppliers work in good health and safety conditions
- Human rights: ensure that the freedom of association and fundamental human rights of employees, subcontractors and suppliers are respected

Energy transition: this pillar captures the way in which issuers are adjusting their strategy to adapt to changes in the economy such as the decarbonisation of energy (transition from fossil fuels to renewable energy sources), or to meet the challenges of new responsible and sustainable consumption habits. This pillar is analysed according to two criteria that seek to assess how the risks and opportunities related to climate change are managed:

Management of transition risks and physical risks: ensure that issuers control their greenhouse gas emissions and the impacts of their activity on climate change (e.g. fossil fuel reserves)

Contribution to the energy transition: assess how issuers integrate the energy transition into their strategy, particularly through their product and service offering

Regional development: this pillar is used to analyse how issuers contribute to employment and training, economic and social development in their local regions in France or abroad, and more generally to the transfer of technologies and skills in developing countries. This pillar is analysed according to three criteria:

- Job quality: ensure issuers promote employment and training to attract, retain and develop talent within the company, and that restructurings are carried out responsibly
- Management of social impacts on local areas: assess the extent to which issuers' activity creates value for all stakeholders in the surrounding area (employees, subcontractors, local residents and public bodies)
- Offering products and services that contribute to achieving the SDGs: assess the extent to which issuers' products and services meet the needs of the 'Bottom of the Pyramid' population (digital inclusion, access to banking and insurance, access to water, energy, housing, etc.)

3.3.1.2. Monitoring of climate risks

CNP Assurances tests various methodologies to measure physical climate risks and transition risks in its equity portfolio.

The carbon footprint is calculated in order to identify companies with the highest greenhouse gas emissions, which are likely to be highly exposed to transition risk. The objective of reducing the portfolio's carbon footprint helps to lower this risk.

However, the carbon footprint is not sufficient to measure transition risk as it does not take into account how companies manage this risk. Some companies with low GHG emissions may be highly exposed to transition risk. CNP Assurances has therefore chosen to supplement this approach with more forward-looking analysis by sector.

This analysis of CNP Assurances' equity portfolio:

- Reinforces the approach taken so far with regard to commitments to limit investments in fossil fuels
- Strengthens its commitment to engage with companies, particularly in the coal, oil and gas sectors, so as to support them in the energy transition
- Develops investment research in favour of the energy and environmental transition, in particular by aligning the listed equity portfolio with model portfolios that give a large weighting to this transition

3.3.1.3. Integration in investment decisions, control and reporting

The selection of companies based on fundamental criteria is at the centre of the investment process. It combines qualitative and quantitative financial criteria (management and balance sheet analysis, growth potential, valuation, etc.) and sustainability criteria (analysis and assessment of the quality of ESG reporting, ESG analysis by non-financial rating agencies).

All these criteria are used to select the companies that make up the investment team's convictions and which can therefore be included in the portfolio.

The implementation of this process therefore seeks to prioritise the selection of companies rated favourably by Ostrum AM's ESG research team, provided that the fundamental criteria mentioned above are met to a satisfactory level. Specific attention is paid to companies with poor ratings that may be in the portfolio: the reduction or divestment of these securities must factor in the various potential impacts on the portfolio (achievement of financial performance, impact on the target sector positioning).

Using the analysis described above, Ostrum AM rates companies included in the CNP Assurances portfolio and reports the consolidated quarterly rating to CNP Assurances.

3.3.2. Bond investments

3.3.2.1. ESG approach

Good understanding of ESG issues is an additional source of valuable information. Understanding the current and future trends shaping our economic and financial system, knowing the ESG issues specific to each business sector, and anticipating new regulatory changes are essential to the proper conduct of our business. Ostrum AM is committed to understanding the environmental, social and governance issues that could impact issuers both in terms of risks and opportunities. As a responsible asset manager, Ostrum AM analyses these issues and their potential impacts on issuers in order to take them into account in investment decisions.

To do this, all of Ostrum AM's investment teams strive to understand these complex issues and their potential impacts on issuers' activity.

To produce a relevant materiality analysis, Ostrum AM's teams use both qualitative and quantitative ESG data selected for their relevance, coverage and complementarity. This approach is rounded out with regular live discussions with company management.

On credit issuers, Ostrum AM's credit analysis team is continuing to formalise and further strengthen the integration of ESG aspects in its analysis and assessment of each issuer's credit risk. As such, ESG aspects are systematically integrated in the analysis, if they are considered material, that is, as having an impact on the issuer's credit risk. Each analyst is responsible for assessing the materiality of ESG criteria, drawing on a multitude of sources selected by Ostrum AM's entire management team (qualitative and quantitative data), as well as on his/her own research and in-depth knowledge of the ESG issues facing sectors and issuers.

An analytical framework has been established to ensure the consistency of analysis and fairness in the assessment of issuers. The approach used combines:

An issuer-by-issuer approach that enables each analyst to identify material ESG aspects and therefore determine an issuer's strengths and weaknesses with regard to specific ESG issues

A sector approach defined and shared by all analysts. The team has identified and formalised ESG issues specifically impacting each sector and sub-sector.

In addition, in 2019, Ostrum AM produced a scale for assessing ESG risk and material opportunities, the ESG Impact Score. To improve transparency and the comparability of ESG risks and opportunities between issuers, the credit research team set up this new materiality assessment scale, which is available to all investment staff on an in-house platform. This assessment is accompanied by an analysis of the quality of each E, S and G dimension, which is included in the dedicated reports written by our analysts, issuer by issuer.

CNP Assurances has made strong commitments in terms of green investments. This commitment is reflected in major investments in green bonds financing projects for the environmental and energy transition: renewable energy, environmental solutions and services, the circular economy, green buildings, sustainable transport and mobility, and sustainable agriculture and food.

To support these investments in green bonds and avoid controversy risk, Ostrum AM has developed a specific analysis methodology to monitor and verify the quality of green bonds. This analysis leads to an ESG rating for each green bond.

3.3.2.2. Monitoring of climate risks

The monitoring of the bond portfolio's climate risks follows the same principles as monitoring of the listed equity portfolio.

3.3.2.3. Integration in investment decisions, control and reporting

Material ESG criteria can have an impact on an issuer's credit risk and may therefore influence its fundamental rating.

As such, the ESG analysis impacts the qualitative and quantitative assessment of the quality of issuers' credit risk, in terms of both risks and opportunities, when they are material for the company.

Interaction and integration with portfolio management are ensured by close relations between teams, maintained via informal communication as well as formal meetings and committees. In addition, all the research material and analyses produced by Ostrum AM are centralised and immediately published in the CIGAL research database. This online information system is accessible to all portfolio managers and analysts.

Investments are monitored and reported quarterly to the CNP Assurances Investment and CSR departments.

3.3.3. Real estate investments

CNP Assurances entrusts the management of its real estate assets to specialised companies with strict specifications that include environmental and safety criteria.

During the maintenance or renovation of the buildings it owns, CNP Assurances constantly strives to improve energy efficiency and apply the best environmental standards. Action plan scenarios have been prepared for each building to reduce CO_2 emissions and energy consumption. Ultimately, these efforts will reduce the greenhouse gas emissions of its real estate assets. An environmental assessment is systematically performed for all new purchases.

In 2015, as part of its low-carbon strategy, CNP Assurances signed the charter for the energy efficiency of tertiary buildings, with the intention of becoming more involved in the sustainable construction sector. CNP Assurances is preparing for the application of the tertiary building regulation in France, which imposes a reduction in the energy consumption of buildings dedicated to tertiary activity of 40% by 2030, 50% by 2040 and 60% by 2050.

3.3.3.1. ESG approach

CNP Assurances delegates the management of real estate assets held in its own name or through wholly-owned real estate investment companies (SCIs) to around ten real estate management companies.

The operational management of acquisitions and day-to-day management are delegated to these management companies. This delegation is covered by a framework agreement setting out the management companies' commitments. The agreement applies *de facto* to their subcontractors. The commitments include ESG and ethical criteria. The implementation of the contract is subject to compliance with CNP Assurances' responsible investment policy, as well as principles covering the safety of buildings and persons and the quality of services.

Sustainability criteria for the purchase of buildings: the acquisition of real estate is reviewed with respect to the framework agreement between CNP Assurances and its management companies. Many ESG criteria apply, including:

- Environmental criteria: energy efficiency, pollution, flood and natural disaster risk, transport;
- Social criteria: user safety, asbestos and lead risk, accessibility for disabled persons;
- Governance criteria: the seller's identity is analysed against anti-money laundering and corruption rules (know your customer (KYC) process). In addition, CNP Assurances' asset management companies and their subcontractors must observe five ethical principles covering their behaviour on the markets, integrity and respect for suppliers.

Sustainability criteria in building management: The management companies mandated by CNP Assurances undertake to comply with:

- The principle of safety of buildings and people: compliance with this principle is based on the prevention of risks inherent in buildings in order to:
  - Increase the value of the buildings by ensuring that the advice issued and the solutions proposed are suited to the buildings' requirements and the investor's interests, and
  - Protect people against physical harm, whether or not these persons have a contractual relationship with the investor (occupiers, users, visitors, passers-by, etc.)
- The principle of service quality: compliance with this principle is based on the selection and systematic use of competent companies while keeping costs under control
- The investor's socially responsible approach

To ensure they meet their commitments, CNP Assurances' management companies may base their analysis on tenant satisfaction surveys, environmental studies, health, safety and environmental audits and electrical safety audits, for example.

Sustainability criteria in construction and renovation work: ESG criteria are implemented operationally via the "Green Works" charter. CNP Assurances' management companies undertake to carry out construction and renovation work in accordance with this charter, which aims to reduce the environmental impact in the following areas: materials and technologies used, impacts during construction (waste, disturbance, pollution, consumption of resources), waste management, water quality and savings, air quality, noise and odours, electromagnetic fields, asbestos, lead, termites, energy and heat efficiency, protection of biodiversity and the circular economy.

3.3.3.2. Monitoring of climate risks

CNP Assurances periodically analyses the physical risk of its real estate assets, in particular their exposure to the risk of stronger heat waves and a rise in average temperatures in the coming decades. CNP Assurances aims to reduce this exposure by asking its real estate asset management companies to propose solutions to adapt to these risks.

CNP Assurances addresses the management of transition risks by integrating environmental criteria and decarbonisation objectives for its real estate assets in three forms:

- Certification: during the maintenance or renovation of the buildings it owns, CNP Assurances constantly strives to improve energy efficiency. It seeks to apply the best environmental standards and labels
- A commitment to reduce the carbon footprint of its directly held real estate portfolio by an additional 10% between 2019 and 2024: Since 2012, CNP Assurances has applied a renovation programme adapted to each building to reduce CO_2 emissions and energy consumption. CNP Assurances implements the scenarios for building envelope treatment and equipment efficiency improvements recommended by the Greco project. During each audit, the potential for using renewable energy is analysed and included in the renovation scenarios where applicable.
- Commitment arising from the signing of the charter for the energy efficiency of tertiary buildings

To improve user behaviour, CNP Assurances' asset managers have included green endorsements in all tertiary leases covering more than 2,000 m^2. CNP Assurances' asset managers organise an energy efficiency meeting with users each year.

3.3.3.3. Integration in investment decisions, control and reporting

Before any acquisition, the management companies submit a detailed file to CNP Assurances incorporating a technical, environmental and health impact analysis of the building. This file identifies the building's environmental risks, energy performance (mandatory assessment), greenhouse gas emissions and its status with regard to new environmental regulations (green lease, certification, labels), as well as health risks with regard to asbestos, lead, termites, soil pollution, etc. As appropriate, this ESG information may be supplemented with an audit, a benchmarking comparison, international references (labels) or other information from external experts.

The building's technical, environmental and health impact analysis helps CNP Assurances identify the risks specific to the building and, above all, assess the amount and feasibility of the work needed to meet CNP Assurances' requirements. Non-feasibility is a criterion for abandoning the project, and the assessment of the cost of the work impacts the acquisition price.

CNP Assurances ensures its ESG policy is properly applied in the management of buildings and construction and renovation work through half-yearly monitoring of renovation, certification and labelling initiatives. In addition, the Greco project monitoring database, which is shared between the management companies and CNP Assurances' investment department, is updated annually.

3.3.4. Woodland investments

With more than 50,000 hectares of woodland, CNP Assurances is France's largest private owner. Société Forestière ensures the sustainable management of CNP Assurances' woodland with several objectives: safety, biodiversity, anticipation of climate change. Since 2003, as well as being ISO 9001 certified, all of CNP Assurances' woodland assets have been PEFC[1] certified, attesting that the wood comes from sustainably managed forests.

The missions entrusted to Société Forestière are:

- Assistance, advice and implementation of the investment and arbitrage strategy
- Woodland asset management and technical and administrative management

Société Forestière sustainably manages CNP Assurances' woodland on a daily basis and ensures that the commitments made as part of the PEFC certification are met. The people and companies involved in woodland (wood buyers, forestry contractors) are thus informed of the implications of these various commitments for the operations they perform. Their contracts specify these commitments.

[1] *Programme for the Endorsement of Forest Certification, a private certification body promoting sustainable forest management*

3.3.4.1. ESG approach

Société Forestière manages CNP Assurances' woodland assets under a management agreement. Under this agreement, it manages the assets in a socially responsible and environmentally friendly manner. Since 2001, Société Forestière has also followed an ISO 9001 certified Sustainable Woodland Management Manual. This document incorporates the main areas of ESG analysis: governance, oversight and organisation of relations with clients and other stakeholders, as well as the implementation of forestry practices that take into account outstanding habitats and species.

The 2020 update of the management agreement between CNP Assurances and Société Forestière strengthened the integration of ESG criteria via a sustainable woodland management charter. This charter commits CNP Assurances and Société Forestière to ambitious objectives for the protection of biodiversity, water, soil and people.

Sustainable management certification

One of the most visible ways of recognising ESG criteria in woodland management is through sustainable management certification. Forests must be managed sustainably in order to maintain all the ecosystems they offer, for example, their ability to produce wood, a renewable raw material, to maintain original biodiversity and protect soils from erosion.

PEFC certification, the world's leading sustainable management certification label, aims to ensure that the management policies applied preserve these long-term functions. Société Forestière has historically encouraged woodland owners to obtain PEFC certification.

Preserving biodiversity

The Sustainable Woodland Management Manual mentioned above describes the actions to be taken to identify outstanding habitats and species so they can be taken into account in the management policies implemented.

As well as monitoring specific actions to promote biodiversity, the diversity of species is also a good indicator of sustainable management. Indeed, each main species of a forest stand is associated with one or more habitats. There is therefore a close correlation between the diversity of the main species and biodiversity.

Société Forestière records forest plots in a database. Each forest is divided into management units called plots, which are subdivided into sub-plots that are similar in their species composition. The main species in each sub-plot is systematically recorded, allowing the main species to be counted in each woodland asset.

3.3.4.2. Monitoring of climate risks

Société Forestière is committed to reducing the risks associated with climate change in the woodland owned by CNP Assurances. To do this, four types of analysis are performed:

- Incorporation of climate change considerations into management plans: these plans describe the management schedule for each forest over the next 10 to 20 years. They are approved by the forest management authority, which ensures compliance with the applicable regulations. Since 2008, the inclusion of climate change in these plans has resulted in the analysis of aspects such as the expected impact of local changes in climate, the adaptation of existing species and production cycles;
- Analysis of the geographical distribution of woodland assets: CNP Assurances has put in place an investment policy that has enabled it to acquire diversified woodland assets. The dispersion of woodland assets also reduces the risk of extreme events such as storms or droughts;
- Analysis of the diversity of species: beyond the biodiversity benefits described above, the diversity of species is an effective way of mitigating the risks incurred by each species as a result of climate change: health problems related to the emergence of pathogens, risk of drought that will impact each species differently, etc.
- Insurance against the main climate risks: wildfires, storms, natural disasters, snow, ice, frost and hail.

Carbon flow analysis is a major issue for any company that wants to contribute to the environmental and energy transition. CNP Assurances' woodland assets make an original contribution in this respect as a forest stores carbon when it grows and emits carbon when its wood is cut.

Each investment is accompanied by a management plan (which is renewed, amended or implemented) prohibiting arbitrary and excessive wood cutting and ensuring the forest is maintained by replanting species in line with the cuts authorised by the managing authority.

3.3.4.3. Integration in investment decisions, control and reporting

CNP Assurances examines any national or international investment opportunities proposed by Société Forestière, which undertakes to select high-quality woodland assets that have already been certified or have potential future value with sustainable management, with the aim of obtaining PEFC certification.

Société Forestière applies its Sustainable Woodland Management Manual in CNP Assurances' woodlands on a daily basis and ensures that the commitments made as part of the PEFC certification are met. The people and companies involved in forests (wood buyers, forestry contractors, etc.) are thus informed of the implications of these various commitments for the operations they perform. Their contracts specify these commitments.

Every year, Société Forestière is audited by the certifying body AFAQ, the world leader in management system certification, which verifies the correct application of the 2015 ISO 9001 quality certification by Société Forestière. The renewal of this certification provides a guarantee that Société Forestière's quality policy is correctly implemented.

PEFC certification is awarded per administrative region or group of administrative regions. Société Forestière's is responsible for ensuring that all of CNP Assurances' certificates remain valid by renewing memberships within the specified time frames and implementing the PEFC sustainable management rules set out in the "Owners' specifications". The validity of the certificates is confirmed by a verification of the documents to ensure they duly exist and are currently valid. Société Forestière maintains a database for monitoring membership on behalf of CNP Assurances. The certificate is valid for five years, unless it is called into question in an external audit commissioned by PEFC.

CNP Assurances monitors Société Forestière's performance of its sustainable woodland management duties through its presence on the Board of Directors.

The sustainable woodland management charter included in the management agreement between CNP Assurances and Société Forestière is the subject of an annual report on qualitative and quantitative indicators, including monitoring of progress towards the objectives set for the protection of biodiversity, water, soil and people.

3.3.5. Investments in listed securities funds

3.3.5.1. ESG approach

ESG criteria are incorporated into the eligibility criteria for listed securities funds:

- Funds domiciled or registered in a country excluded by CNP Assurances are not eligible
- Funds speculating on agricultural commodities are not eligible

For funds dedicated to CNP Assurances, CNP Assurances requires that its own exclusion policy be applied to the fund's underlying assets, as for its direct holdings.

For funds open to all investors, CNP Assurances cannot impose its ESG policy. It ensures the fund's ESG approach is consistent with its own via an ESG questionnaire sent to each asset manager during the due diligence stage preceding the investment, then every two years.

This ESG questionnaire covers the fund's responsible investment approach, and more specifically the following: rules regarding controversial weapons, embargoes, tax havens, thermal coal and climate risks.

3.3.5.2. Integration in investment decisions, control and reporting

For dedicated funds, investment decisions must comply with CNP Assurances' exclusion policy. The asset management companies perform ex-post checks to ensure the exclusion policy is correctly applied. A half-yearly report is sent to CNP Assurances' CSR and Investment departments.

For open-ended funds, investment decisions take into account:

- The asset management companies' responses to the ESG questionnaire
- Any fund labels (SRI certification, GreenFin label, Finansol label, etc.)

Investments in certified funds and consolidated responses to the ESG questionnaire are reported to the Investment and CSR departments each year.

3.3.6. Investments in private equity and infrastructure funds

3.3.6.1. ESG approach

The due diligence performed by CNP Assurances' Investment department prior to investing in a new private equity fund enables it to award an ESG rating.

CNP Assurances' Investment department also sends an ESG questionnaire to management companies before investing in a new infrastructure fund.

CNP Assurances invests in private equity and infrastructure funds that finance renewable energy, sustainable mobility and water and waste treatment.

3.3.6.2. Integration in investment decisions, control and reporting

Each year, the CNP Assurances Investment department sends the CSR department details of the number of private equity funds with an ESG rating and the number of infrastructure funds that completed the ESG questionnaire.

An annual report is made on green investments in the energy transition made by CNP Assurances through private equity and infrastructure funds.

3.3.7. Listing of unit-linked products proposed to policyholders

3.3.7.1. ESG approach

As well as traditional investment vehicles, CNP Assurances offers its policyholders investments in unit-linked products, which may take the form of investment funds or direct investments (equities, bonds).

The eligibility criteria for the unit-linked products proposed in CNP Assurances' policies include ESG requirements:

- Unit-linked products corresponding to a fund domiciled or registered in a country excluded by CNP Assurances are not eligible
- Unit-linked products corresponding to a fund speculating on agricultural commodities are not eligible
- Unit-linked products corresponding to securities (equities, bonds) issued by a company excluded by CNP Assurances or domiciled in a country excluded by CNP Assurances are not eligible

For unit-linked products corresponding to a fund dedicated to CNP Assurances, CNP Assurances requires that its own exclusion policy be applied to the fund's underlying assets, as for its direct holdings.

In savings and pensions products, policyholders can take direct action in favour of the environment and a sustainable economy by choosing green, responsible or solidarity-based unit-linked products. CNP Assurances has offered such products in all its multi-vehicle life insurance policies for many years. Since 2019, an SRI-labeled unit-linked product has been offered in all of CNP Assurances' multi-vehicle life insurance policies, supplemented by a range of GreenFin and Finansol labeled unit-linked products in certain policies.

3.3.7.2. Integration in investment decisions, control and reporting

The ESG eligibility criteria to be met by unit-linked products are integrated in the underwriting policies applied by CNP Assurances' various business units. These criteria are verified when unit-linked product listing requests are made.

For unit-linked products corresponding to open-ended funds, listing decisions take into account any fund labels (SRI label, GreenFin label, Finansol label, etc.).

Investments in certified unit-linked products are reported to the Investment and CSR departments each year.

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Insuring
a more
open world