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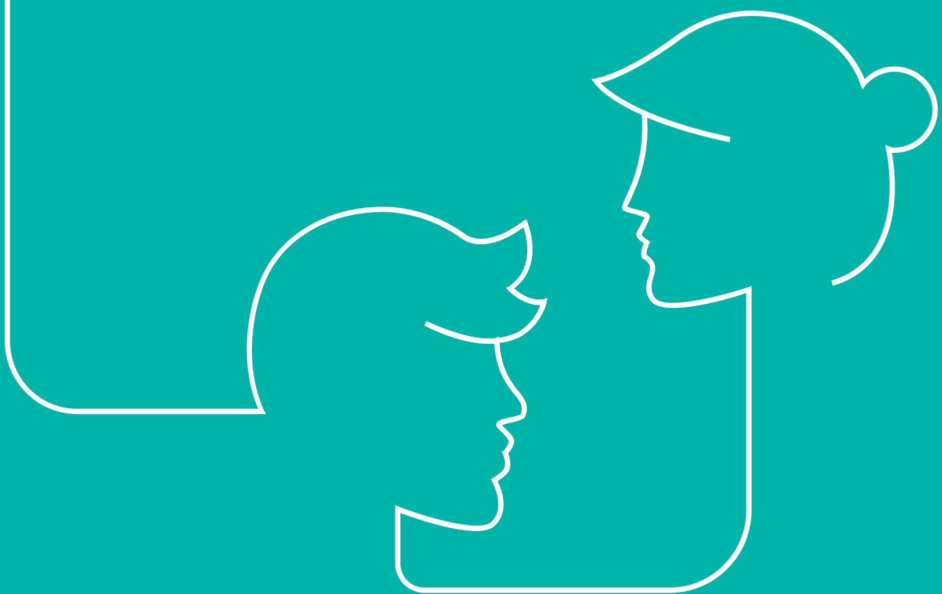
Information on how compensation policies are consistent with the integration of sustainability risks

Pursuant to Article 5 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

1 - INTRODUCTION

1.1. Background

In 2018, as part of its action plan for a greener and cleaner economy, the European Commission published three recommendations targeting the financial sector:

- Reorient capital flows towards sustainable investments to achieve sustainable and inclusive growth
- Manage the financial risks caused by climate change, the depletion of resources, environmental degradation and social issues
- Foster transparency and a long-term vision in economic and financial activities

In response to these recommendations, the European authorities began to develop a regulatory framework for the financial sector, which led to the adoption 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. This Regulation lays down harmonised rules for transparency regarding the integration of sustainability risks and the recognition of the adverse impacts of investment decisions and insurance advice on sustainability, as well as the provision of sustainability information on financial products.

Acknowledging that companies are responsible for addressing environmental and social change, CNP Assurances applies a corporate social responsibility (CSR) approach, which is described in the CSR Report available on www.cnp.fr.

1.2. Purpose of the document

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 document provides information on how CNP Assurances' compensation policies are consistent with the integration of sustainability risks, also referred to as environmental, social and governance (ESG) risks.

2 - DEFINITIONS

2.1. Definitions

Sustainability risk: An environmental, social or governance (ESG) event or situation which, if it occurs, could have an actual or potential material adverse impact on the value of an investment

Adverse impacts on sustainability: The adverse impact of an investment decision on a sustainability factor, i.e. an environmental, social or governance (ESG) issue

Investment vehicle promoting environmental or social characteristics within the meaning of Regulation (EU) 2019/2088: An investment product that, among other things, promotes environmental or social characteristics, or a combination of these characteristics, provided that the companies in which the investments are made follow good governance practices (sound management, employee relations, and compliance with tax obligations).

Investment vehicle with a sustainable investment objective within the meaning of Regulation (EU) 2019/2088: A product investing in economic activities that contribute to an environmental objective, and/or a social objective, and/or in human capital and/or economically or socially disadvantaged communities, provided that these investments do not cause significant harm to one of these objectives and the companies in which investments are made follow good governance practices (sound management, employee relations and compliance with tax obligations).

3 - OVERALL COMPENSATION POLICY

Pursuant to Regulation (EU) 2019/2088, CNP Assurances must publish information on how the overall compensation policy it is required to establish under Solvency II is consistent with the integration of sustainability risks. This information must be published on its website.

In its current drafting, CNP Assurances' overall compensation policy does not explicitly mention sustainability risks. However, this policy aims to ensure sound and effective risk management for all types of risks (financial risks, operational risks, sustainability risks, etc.), in particular by providing that a significant portion of the variable compensation paid to persons whose activity has a significant impact on the company's risk profile is flexible, deferred and adjustable.

In addition, more than fifty employees of CNP Assurances' Investment department are set a responsible investment target each year, which is taken into account in calculating their variable compensation.

The incentive bonus scheme is an important part of CNP Assurances' human resources policy. This scheme establishes a clear link between each employee's contribution and the company's performance. Incentive bonuses have always been calculated based on indicators aligned with the company's strategic goals. The incentive agreement signed with three representative union organisations in 2019 includes mandatory CSR indicators, for example the integration of ESG criteria in investments or the reduction in greenhouse gas emissions arising from CNP Assurances' operating activities.

4 - COMPENSATION OF AMETIS ADVISORS

Pursuant to Regulation (EU) 2019/2088, CNP Assurances must publish information on how the compensation paid to its network of AMETIS advisors, who are CNP Assurances employees (hereinafter referred to as "AMETIS advisors"), is consistent with the integration of sustainability risks. This information must be published on its website.

The compensation of AMETIS advisors includes a fixed portion and a variable portion. The variable portion is not linked to the sale of any specific contracts or investment vehicles. As for CNP Assurances' other contracts or investment vehicles, the AMETIS network's investment contracts or vehicles promoting environmental or social characteristics or with a sustainable investment objective are proposed in the client's interest.

The compensation of AMETIS advisors complies with the rules set out in CNP Assurances' overall compensation policy.

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