MANAGEMENT REPORT OF THE BOARD OF DIRECTORS OF CNP ASSURANCES FOR THE YEAR ENDED 31 DECEMBER 2014

EXTRACT

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1. Significant events of the year

1.1. First-half

€500 million subordinated bond issue

On 27 May 2014, CNP Assurances completed a €500 million issue of subordinated bonds with a final maturity date of 5 June 2045 and a first-call date of 5 June 2025.

The order book totalled around €5 billion, from more than 350 investors, a successful performance that confirms institutional investor interest and confidence in the CNP Assurances signature.

The issue was structured to be recognized as capital under both insurance regulations and Standard & Poor's rating rules. The contractual arrangements mean that it will be classified as debt under IFRS. Under Solvency 1 standards, it will be eligible for inclusion in regulatory capital, while under Solvency 2, it should be considered as Tier 2 capital, according to the latest EIOPA technical specifications.

The bonds will pay a 4.25% fixed rate of interest over the first 11 years and the coupon will subsequently be adjusted every five years in line with future interest rates. This is the third lowest coupon paid in the European insurance industry for euro-denominated subordinated debt eligible for inclusion in Tier 2 capital under Solvency 2 rules.

Proceeds from the issue will be used to refinance bonds maturing in the near future.

The new bond has been rated BBB+ by Standard & Poor's, using the rating methodology applied to junior debt.

Successful launch of Cachemire Patrimoine and Cachemire 2

Following a four-month trial period held in two departments to test contract administration procedures, the Cachemire Patrimoine policy, targeting high net worth clients at La Banque Postale was marketed throughout France.

Policyholder advisers were quick to take up this new product offering, which reflects La Banque Postale's pivotal strategic objective of diversifying its policyholder savings business. Cachemire Patrimoine offers policyholders a dynamic unit-linked savings product (held in mutual funds or active equities) combined with expert guidance or portfolio management services provided by LBP Gestion Privée, La Banque Postale's private wealth management arm.

Awards for investment products

CNP Assurances was once again a winner at the 28th investment funds awards ceremony sponsored by *Le Revenu* investor weekly and it came away with two awards, including the *Trophée d'or* for the best range of funds over three years.

In addition to first prize for best fund performance over three years, CNP Assurances picked up a *Trophée de bronze* for the performance of its diversified funds over a three-year period.

Signature of the first full online term creditor insurance policies with Boursorama

Getting in ahead of the competition, CNP Assurances has accepted electronic signatures on term creditor insurance applications and health questionnaires since January 2014. The fully online, paperless service offers customers the opportunity to purchase insurance quickly and easily without leaving their computer screen. With the boom in online and paperless banking services, CNP Assurances wanted to be first to provide complete online solutions to maintain its leadership in term creditor insurance.

It is the first market player to accept electronic signatures on insurance applications and CNP has been able to combine existing processes with the latest technological innovations to offer partners multiple advantages.

The value added of the CNPnet electronic signature service is apparent throughout the value chain for partners, policyholders and insurer alike. The full online solution significantly reduces customers' perception of the time required to purchase insurance, facilitates the bank's back and middle office processes and offers more secure storage of insurance applications. Moreover, being paperless, the process is more efficient and also has a positive effect on the Group's carbon footprint.

Recognition for CNP Assurances' personal risk products

Every year, the French insurance comparison magazine *Dossiers de l'Epargne* asks recognised independent experts to analyse, discuss and classify existing policies on the market.

CNP Assurances and its partners obtained excellent ratings in the 2014 guide and nine of their policies were awarded a *Label d'Excellence* out of the 66 awards handed out for the entire French insurance market.

La Banque Postale Prévoyance

Death cover: Avisys Protection Famille and Sérenia
Long-term care: Protectys Autonomie
Funeral insurance: Résolys Obsèques Prestations
Coverage for accident victims: Prévialys Accidents de la Vie

Caisses d'Epargne

Long-term care: Assistance Vie

CNP Trésor

Long-term care: Trésor Prévoyance Garantie Autonomie

Préfon

Long-term care: Préfon Dépendance
Funeral insurance: Préfon Obsèques

1.2. Second half

Signature of a long-term strategic partnership with Banco Santander

Following the announcement in July 2014 of a strategic partnership with the Banco Santander Group, and after obtaining the necessary approvals from the regulatory authorities, in December 2014, CNP Assurances finalised the acquisition of 51% of Santander Consumer Finance’s life and non-life insurance subsidiaries together with a long-term exclusive distribution agreement.

The partnership includes a full range of protection insurance products; personal risk products and payment protection insurance (PPI) will be developed as a priority. It covers ten European countries where Santander Consumer Finance enjoys leading market positions: Germany, Poland, Italy, Spain, Austria, Portugal, Norway, Sweden, Denmark and Finland.

Santander Consumer Finance operates through a multi-channel distribution network that includes partnerships with automobile dealership networks, retailers, large supermarkets, specialised consumer credit brokers and direct-to-customer distribution channels. By combining CNP Assurances’ expertise in personal insurance with Santander Consumer Finance’s proven distribution capabilities, this operation will create value for both groups as well as providing Santander Consumer Finance’s 12 million customers with an enhanced product offering.

This deal will help CNP Assurances to implement its strategic priority of growing its footprint in the European protection insurance business and to achieve critical mass in several European markets with strong fundamentals, including Germany, the eurozone's leading economy.

In 2013, Santander Consumer Finance’s insurance subsidiaries generated revenue of nearly €600 million in high-potential, high-margin businesses.

Consideration for the transaction amounts to €297 million and this figure may be adjusted upwards or downwards based on financial performance over the coming years.

The transaction will be financed from existing resources.

Agreement with the BPCE Group

On 4 November 2014, CNP Assurances announced the conclusion of a preliminary protocol setting out the proposed terms of the agreement renewing the partnership between CNP Assurances and the BPCE group as from 1 January 2016. On 18 February 2015, the Board of Directors of CNP Assurances approved the final terms of this agreement.

These new agreements were reached in the context of the expiry of the previous agreement between CNP Assurances and BPCE on 31 December 2015 and BPCE's decision to make Natixis Assurances its insurance platform for all savings and pensions policies to be distributed through the Caisses d’Epargne network from 1 January 2016.

The new partnership agreement is planned to come into effect on 1 January 2016 for an initial period of seven years, and would provide for:

- an exclusive partnership in group term creditor insurance between CNP Assurances and Natixis Assurances on the one hand and the BPCE group networks on the other. The partnership will be based on a co-insurance agreement underwritten 66% by CNP Assurances and 34% by Natixis Assurances

- specific partnerships in protection insurance, with (i) development by CNP Assurances of an offer covering the main employee benefit plans of the BPCE group’s business and corporate clients, including a long-term care formula, and (ii) a personal risk insurance partnership focused on long-term care products and renters’ insurance

- a gradual reduction of CNP’s exposure on savings and retirement business undertaken with Caisses d’épargne through a progressive rundown of new business in 2016, the retention of future instalments on in-force business and a mechanisms to align interests of both parties concerning the management of existing contracts. The savings in-force business undertaken with Caisses d'épargne will be reinsured by Natixis Assurances through quota-share reinsurance of 10%..

This proposed partnership is in line with CNP Assurances' strategic goal to develop the risk protection business.

€500 million perpetual bond issue

On 12 November 2014, CNP Assurances completed a €500 million issue of perpetual subordinated bonds with a first-call date of 18 November 2024.

The issue was placed with more than 400 European institutional investors and the order book totalled around €6.5 billion, confirming investor interest and confidence in the CNP Assurances signature.

The issue has been structured to be recognized as capital under both Solvency 1 and 2 standards and Standard & Poor's rating rules.

The perpetual bonds should also be classified as equity in the consolidated balance sheet prepared under IFRS.

The bonds will pay a 4.00% fixed rate of interest over the first ten years and the coupon will subsequently be adjusted every five years in line with future interest rates. Current favourable market conditions have allowed the Group to minimise its financing costs: the coupon is the lowest paid out by CNP Assurances since its first subordinated debt issue in 1999.

Proceeds from the issue will be used to refinance bonds maturing in the near future.

The new bonds have been rated BBB+ by Standard & Poor's, using the rating methodology applied to junior debt.

Sale of stake in CNP BVP to Barclays Bank

In December 2014, CNP Assurances sold its 50% stake in Spanish-based CNP Barclays Vida y Pensiones (CNP BVP) to Barclays Bank for a total of €453 million, including a special dividend.

The deal, which is subject in particular to approval by the relevant anti-trust authorities and the Spanish insurance supervisor, is scheduled to be completed before the end of the first-half of 2015. This transaction should result in a capital gain of approximately €200 million in the fiscal year 2015 (this estimated amount may be adjusted when the transaction is recorded in the accounts).

At 31 December 2014, CNP Assurances' stake in CNP BVP is accounted for as a "non-current asset held for sale".

CNP Assurances' subsidiary, CNP Partners (formerly CNP Vida), will continue to provide back office services for CNP BVP.

Processing of unclaimed life insurance settlements

The Sanctions Committee of the French financial services supervisor (ACPR) issued a reprimand to CNP Assurances and fined it €40 million in relation to its processing of unclaimed life insurance settlements since 2007.

CNP Assurances has noted and acted upon this decision.

This penalty is the culmination of a historical process: before the Law of 17 December 2007, insurance companies had no way of finding out whether an insured had died if no claim was filed. It was therefore inevitable that all life insurers would be faced with a growing backlog of unclaimed settlements. At CNP Assurances, the backlog was particularly large due to the Group's long history as a life insurer and the size of its business. However, CNP Assurances recognises that this situation was unacceptable, regardless of the reasons for it.

Lawmakers have intervened several times since 2007 to give insurers the legal and practical means of finding out when policyholders have died. Nonetheless, identifying and tracing beneficiaries in order to pay the amounts due to them turned out to be far more difficult than was anticipated in 2008. That is why the Group has gradually increased the resources deployed to deal with this exceptional situation.

Since the end of 2012, the resources deployed to resolve unclaimed settlements have been increased five-fold and CNP Assurances is now on schedule to process all of the policies concerned by the end of 2015. A 60-person team – backed up by accredited investigators – is working full time to deal with the backlog of unclaimed settlements dating back to before 2007.

CNP Assurances has never derived any benefit from unclaimed settlements. The income generated by investing the funds is not kept by the Group but is added to the sum shared by all policyholders, as is the case for all life insurance policies. Moreover, the Group bears the full cost of tracing beneficiaries and does not charge any fee for this work.

Thanks to the resources and procedures deployed over the past few years to rapidly identify deceased insureds and actively search for their beneficiaries, a similar situation could not recur in the future.

1.3. Subsequent events

No material changes occurred in the Group's financial or commercial position between the end of the year and the date on which the financial statements were approved by the Board of Directors.

2. Market and business review

2.1. Economic and financial environment

Economic and financial forecasts invalidated by slack growth:

After a year marked by a general increase in bond yields (10-year French government bonds (OAT) and US T-Bonds were paying 2.56% and 3%, respectively, at end-2013) and a rally in the stock markets (US stock markets gained 32%), growth forecasts for 2014 were contingent on continued worldwide recovery and higher interest rates. However, international growth remained sluggish and there was a sharp drop in interest rates: yields on ten-year US government bonds fell back to 2.16% while the rates on ten-year German Bunds and French government bonds plunged to 0.55% and 0.8%, respectively in 2014.

This unexpected downward trajectory was driven by four negative factors: a 2.1% fall in US GDP in Q1 2014 due to an exceptionally harsh winter; a slowdown in European, and especially German growth beginning in the second quarter (fallout from the conflict in Ukraine); Japan's slide back into recession (consequence of a hike in VAT); and slower growth in China as anti-corruption measures started to bite.

The economic gloom was compounded by further unexpected developments: the appreciation of the US dollar on the back of higher growth in the US economy and plunging commodity prices (drops of 40% and 50% respectively in petrol and iron ore prices) had a strong knock-on effect on the Russian economy (the rouble lost more than 40% of its value) as well as on a number of major oil exporters such as Venezuela and Nigeria.

International growth was ultimately stable year on year at 3.2%, helped on by growth in the US (2.3%), Chinese (7.2%) and UK (2.8%) economies. The eurozone came out of recession but remained stagnant (growth of 0.8% versus a contraction of 0.3% in 2013). This anaemic growth and very low inflation, exacerbated by falling oil prices during the summer, stoked fears of deflation. Emerging economies proved to be a mixed bag in 2014. India and Mexico (growth of 5.3% and 2.1%, respectively) recovered strongly but oil and commodity exporting economies fared less well: the Brazilian, Russian and South African economies only grew by 0.2%, 0.3% and 1.2%, respectively, during the year. The other economic highlights of 2014 included a general drop in inflation (down to 0.3% in the eurozone), the sharp fall in the US unemployment rate to 5.8%, and the general slowdown in emerging economies in the face of lower Chinese demand for raw materials.

Satisfactory financial performances thanks to effective action by central bankers

On the markets, 2014 witnessed renewed volatility and a related increase in risk-averse behaviour on the part of investors, particularly in the second part of the year. During the first six months of the year, returns on bonds and equities grew by an impressive 7% and 8%, respectively, but the second half of 2014 reflected investor concerns over growth and deflation. These fears triggered a phase of consolidation over the summer, amplified by scarce liquidity in certain sectors (US high-yield corporate credit) and the strong dollar (which encouraged profit-taking by US investors on European equities). A brief respite in September was followed by a sudden and swift wave of falling prices in early October, culminating in a 15% drop in European equities (sending them into negative territory) and a 10% decline in prices for US equities.

Once again (as in 2008, 2011 and 2012) it took decisions or announcements from central banks to stem losses and steady the markets which appeared to be increasingly "addicted" to liquidity. Proactive action by the ECB (lowering interest rates, purchasing private debt and announcing possible purchases of sovereign debt), the evasive action of the Bank of Japan (stepping up quantitative easing) and the wait-and-see attitude of the Fed convinced investors to keep betting on risky assets.

Confounding forecasts, yields on long-dated bonds came down considerably during the year. The decrease was less marked in the US (down 85 bps on 10-year bonds) but there were big drops in yields on eurozone bonds (133 bps on German, 170 bps on French, 218 bps on Italian, and 239 bps on Spanish bonds) culminating in much flatter yield curves. These decreases were attributable to an abundance of global liquidity, risk aversion, a poor growth outlook for many economies and deflationary fears, coupled with anticipation of the introduction of quantitative easing by the ECB. While emerging economy debt was able to rely on lower US interest rates and inflation to stave off negative exchange rate impacts until November, plunging oil prices and capital flight out of Russian assets towards the end of the year forced the Russian central bank into hiking its interest rates from 8% to 17%.

The various equity markets recorded mixed performances in line with their differing medium-term growth forecasts and outlook. US equities once again outperformed the market, reaching record highs thanks to the strong American recovery (growth of 4.66% in Q2 and 5.0% in Q3). The S&P500 and Nasdaq grew 12% and 15% respectively, fuelled by the growth in profits of corporate America (close to 10%). The picture was more confused on European stock markets. Performances varied widely (between 0% and 10% growth), with the peripheral markets doing best. In the first half of the year, European corporate earnings were hit by the strong euro (which peaked at $1.39 in May), but the markets were reassured by better-than-expected results in Q3 thanks to the fall in the euro, which was worth just $1.23 by the end of the year. After the heady surge experienced in 2013, Japanese equities gained 8% in 2014: a period of consolidation before the summer was followed by fresh gains on the back of the falling yen (which went from 108 to 120 to the dollar). Among the emerging economies, Chinese equities (up 40%) were buoyed by the authorities' decision to merge the Shanghai and Hong Kong stock exchanges, while Indian equities (up 35%) surged in the wake of a change of government. Conversely, Russian equities shed 45% of their value in 2014.

Against this background, the French life insurance business had its best year since 2010: premium income grew by 8%, helped along by the lower rates being paid on savings products (excluding home savings schemes). Thanks to the increase in new money and a 1% drop in claims, net new money was positive in every single month and totalled €21.3 billion for the year as a whole.

2.2. 2014 Business review

Consolidated premium income for the year came to €30.8 billion (with LBPP consolidated using the proportionate method – see Note 6 to the consolidated financial statements), an increase of 11.3% as reported and 12.2% like-for-like (at constant scope of consolidation and exchange rates).

In France, premium income increased 16.1% to €24.5 billion. Growth was led by a steep 78.7% rise in unit-linked sales, with all networks contributing to the increase. In all, unit-linked business accounted for 13.1% of total savings/pensions premium income, compared with 8.8% in 2013.

Premiums in the personal risk/protection segment, which includes death/disability, health and term creditor insurance, grew by a further 1.9% over the year.

Under French GAAP, life and pensions net new money in France was a positive €3.1 billion, including a €1.7 billion net inflow to unit-linked contracts.

In Latin America, premium income was up 1.1% like-for-like (but down 6.5% as reported. The 14.8% like-for-like decline in savings/pensions business was offset by a very strong 25.6% like-for-like rise in personal risk/protection premiums.

In Europe excluding France, premium income contracted by 2.1%. Excluding the group pensions contract sold in 2013, which created a high basis of comparison, premium income in the "Europe excluding France" region was 11.3% higher, primarily reflecting 41.7% growth in unit-linked sales.

	Premium Income by Country (IFRS)			
(in € millions) Policyholders' country of residence	**2014**	**2013**	% change (reported)	% change (like-for-like[1])
France	**24,503.2**	**21,096.5**	**+16.2**	**+16.2**
Brazil	2,828.7	3,018.5	-6.3	+0.7
Argentina	45.0	55.5	-19.0	+20.0
Italy [2]	2,922.8	2,548.2	+14.7	+14.7
Portugal [3]	90.9	82.8	+9.8	+9.8
Spain [4]	265.3	263.7	+0.6	+0.6
Cyprus	137.1	154.4	-11.2	-11.2
Ireland	0.9	0.9	0.0	0.0
Other	7.9	447.2	-98.2	-98.2
Sub-total international	**6,298.6**	**6,571.3**	**-4.2**	**-0.6**
TOTAL	**30,801.8**	**27,667.8**	**+11.3**	**+12.2**

[1] Average exchange rates for the Brazilian real

At 31.12.2014: €1 = BRL 3.12

At 31.12.2013: €1 = BRL 2.87

[2] CNP Italia branch, CNP UniCredit Vita, CNP BVP Italia and CNP Europe Life business written under the EU freedom of services directive

[3] CNP BVP Portugal

[4] CNP España branch, CNP Vida, CNP BVP Spain

	Premium income by Segment (IFRS)			
(in € millions)	**2014**	**2013**	% change (reported)	% change (like-for-like[1])
Savings	21,459.5	17,763.2	+20.8	+20.9
Pensions	2,906.9	3,702.7	-21.5	-18.2
Personal Risk	2,103.7	2,009.9	+4.7	+6.0
Term Creditor Insurance	3,390.2	3,318.1	+2.2	+3.9
Health Insurance	593.7	521.1	+13.9	+12.9
Property & Casualty	347.8	352.6	-1.4	+6.0
TOTAL	**30,801.8**	**27,667.8**	**+11.3**	**+12.2**

(1) Average exchange rates for the Brazilian real

At 31.12.2014: €1 = BRL 3.12

At 31.12.2013: €1 = BRL 2.87

France: premium income by distribution network

La Banque Postale
Premium income came in at €9,702 million for the year, a jump of 10.1%.

The highlight of 2014 was the May launch of two new savings products targeting high net worth clients – Cachemire Patrimoine and Cachemire 2. This new offering was eagerly taken up by the market, adding €3 billion of new money in just eight months.

Overall premium income from savings and pensions rose 10.2% over the year to €9,322 million and premium income from unit-linked products nearly doubled, from €620 million to €1,196 million. The proportion of business in unit-linked products leapt from 7.3% last year to 12.8% at end-December 2014. Aside from the successful launch of the two new products, the network's performance was also boosted by campaigns run throughout the year to support products with lower administration fees and additional returns tied to investing in unit-linked products.

In a highly competitive term creditor insurance market, the LBP policy, which was voted the best on the market in 2014 by the French loan insurance comparison firm BAO, proved an effective solution for protecting assets under management in view of the scarcity of similar contracts on the market. Consequently, premiums grew by 6% during the period.

Overall, premium income in the personal risk/health insurance business climbed 8.2%. The end of the year witnessed a renewed focus on solutions providing coverage for accident victims and the network also began preparing to launch new long-term care products.

Caisses d'Epargne

Premium income for the Caisses d'Epargne network grew by a whopping 30.1% to €9,792 million, mainly on the back of a 50% leap in business with high net worth clients as well as a 24% jump in premium income from policies sold to the general public, underpinned by two concerted marketing campaigns.

14.8% of business is now in unit-linked products versus 11.4% last year.

The personal risk business continues to record sustained growth: the volume of policies sold grew by 6% and premium income climbed 14.6% to €179 million through end-December 2014. Since Dread disease coverage was added to the Garantie Famille policy, new business has steadily increased and grew by a further 14% over the period. Ecureuil Solutions Obsèques funeral insurance consolidated its success in 2014 with 15% growth in the number of policies sold.

Against a backdrop of increased consumer protection and tighter regulations, term creditor insurance continued its fine momentum with a 4.7% increase in premium income to €754 million.

AMETIS

Premium income from the employee network was virtually stable year on year at €531 million (up 1.2%), in spite of the lower number of policyholder advisers.

Given the objectives laid down for the network in terms of boosting the profitability of the existing customer portfolio, the sales force focused specifically on diversifying new money from unit-linked and personal risk products.

At the same time, a pilot program was organised with the policyholders of a provident institution and a mutual insurer to help the sales force achieve its objectives of growing the personal risk and health insurance business.

Financial institutions

Premium income generated by the financial institutions was virtually stable year on year at €1,498 million (down 0.4%).

In term creditor insurance, 2014 was marked by tighter regulations and fierce competition around interest rates. In addition to the provisions of the Lagarde Bill, since July 2014 prospective borrowers have been able to request an external novation arrangement right up to the date on which they sign their loan agreement (Moscovici Bill), or to freely request such an arrangement during the twelve-month period following the signature of the loan offer (Hamon Bill). Against a backdrop of increased consumer protection and tighter regulations, term creditor insurance continued to record strong growth.

Companies and local authorities

Premium income generated with companies and local authorities edged up by 0.9% year on year to €1,797 million.

Premium income from pensions grew by 4.5% to €697 million thanks to top-up premiums. CNP Assurances continued its strategy of preserving margins on risk products by implementing substantial premium rate increases and these were enough to offset policy terminations.

Mutual insurers

Mutual insurers generated premium income of €911 million in the year to 31 December 2014 and €223 million of this amount was contributed by MFPrévoyance. This 3.2% increase was attributable to personal risk and long-term care products launched in 2013 as well as to premium rate increases.

Other networks

One of the highlights of 2014 was the creation of CNP Patrimoine which focuses on high net worth clients. It brings together all of the product design, administration and development know-how needed to forge a closer relationship with policyholders and to provide greater responsiveness and tailored products/services. There was an eight-fold increase in business from open model-type high-end savings solutions thanks to the conclusion of a number of one-off deals.

Latin America: revenue by subsidiary

Caixa Seguradora (Brazil)

Caixa Seguradora (excluding Consórcios) brought in €3.2 billion in new money, down 7.0% year on year, reflecting an unfavourable currency effect. New money in local currency grew 2% thanks to brisk business in personal risk products (up 27% at constant exchange rates on, and up 32% at constant exchange rates in term creditor insurance). However, new money from pension products dropped 15% on the previous year at constant exchange rates as customers sought out less risky products and the product mix shifted towards policies with regular premiums.

In a highly concentrated market that grew by 8.6% through end-November 2014, Caixa Seguradora's market share dropped 0.5 bps to 4.7%.

Europe excluding France: revenue by subsidiary

CNP UniCredit Vita (Italy)

New money from CNP Vita rose 9% on the year to €2.8 billion in a booming market that grew by 43% in 2014. CNP Vita's market share dropped from 2.3% at end-December 2013 to 2.0% at end-December 2014.

CNP Barclays Vida y Pensiones (Spain, Portugal, Italy)

BVP's new money grew by 3% in 2014 on the back of good growth in the savings segment (up 8% to €345 million thanks to campaigns conducted in the early part of the year) which offset the drop in term creditor insurance business (following the decision to switch from single premium to regular premium products).

CNP CIH [2] (Cyprus, Greece)

New money was down 13% to €144 million in 2014 due to the difficult economic situation and a major restructuring of the business in Cyprus and Greece.

[2] *The new name for CNP-LIH*

Premium Income by Country and by Partnership/Clientele/Subsidiary

	Premium income (IFRS)		
(in € millions)	**2014**	**2013**	**% change**
La Banque Postale	9,702.3	8,810.7	+10.1
Caisses d'Epargne	9,792.5	7,725.5	+30.1
CNP Trésor	530.5	524.3	+1.2
Financial Institutions (France)	1,498.0	1,503.6	-0.4
Mutual Insurers	911.4	883.1	+3.2
Companies and Local Authorities	1,796.7	1,781.3	+0.9
Other networks (France)	271.7	68.1	n.m.
TOTAL FRANCE	**24,503.2**	**21,096.5**	**+16.2**
Caixa Seguros (Brazil)[1]	2,828.7	3,018.5	-6.3
CNP Seguros de Vida (Argentina) [1]	45.0	55.5	-19.0
CNP Partners* (Spain)	208.8	186.3	+12.1
CNP UniCredit Vita (Italy)	2,692.4	2,303.8	+16.9
CNP Cyprus Insurance Holdings (Cyprus)	142.6	163.1	-12.6
CNP Europe (Ireland)	7.8	20.7	-62.2
CNP BVP (Portugal-Spain-Italy)	312.6	288.8	+8.2
Branches	60.8	534.5	-88.6
TOTAL INTERNATIONAL	**6,298.6**	**6,571.3**	**-4.2**
TOTAL	**30,801.8**	**27,667.8**	**+11.3**

* New name of CNP Vida

[1] Average exchange rates: Argentina: €1 = ARS 10.77 – Brazil: €1 = BRL 3.12

3. 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) issued 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 enterprises, and the guidelines contained in the reports of the CNC workgroups set up to examine the specific issues arising from the application of IFRSs by insurance enterprises (see the notes to the consolidated financial statements).

Review of results

Key earnings figures are as follows:

	Geographic area							
(in € millions)	**France**	**Latin America**	**Europe excluding France**	**Own-fund portfolios**	**Total 2014**	**Total 2013**	***Change (%)***	***Change on like-for-like basis***
New money	24,715	3,203	3,601		31,519	28,513	10.5%	11.5%
Insurance and financial outstandings					307,408	298,663	2.9%	2.7%
Premium income	**24,503**	**2,874**	**3,425**	-	**30,802**	**27,668**	**11.3%**	**12.2%**
Total NIR	1,325	1,019	218		2,562	2,458	4.2%	8.0%
Revenue from own-fund portfolios				775	775	776	0.0%	1.3%
Administrative expenses	585	212	99		(896)	(879)	1.8%	3.8%
EBIT					**2,442**	**2,354**	**3.7%**	**7.3%**
Finance costs					(178)	(155)	14.8%	14.8%
Share in earnings of associates					3	3	31.9%	43.5%
Income tax expense					(824)	(793)	3.8%	7.7%
Non-controlling interests					(323)	(321)	0.5%	8.7%
Recurring profit					**1,121**	**1,087**	**3.1%**	**5.7%**
Fair Value adjustments and net gains (losses)					160	170	-29.4%	-29.1%
Non-recurring items					(201)	(227)	n.m.	n.m.
Profit					**1,080**	**1,030**	**4.8%**	**7.5%**

EBIT and attributable recurring profit before capital gains are two key performance indicators used by the Group. They have the advantage of being unaffected by realised capital gains on equities and investment property attributable to shareholders or by fluctuations in the financial markets.

EBIT comprises:

- net insurance revenue (NIR), which corresponds to the margin on insurance contracts, excluding administrative costs
- revenues from own-fund portfolios, corresponding mainly to equity-linked assets and
- administrative costs

The two key business indicators are:

- **premium income**, which came in at €30.8 billion (see section 2.2)
- **insurance and financial outstandings**, excluding the deferred participation reserve, which rose 2.9% during the period. This growth reflected the combined impact of higher premium income, the revaluation of policyholder participation and contract terminations

NIR grew by 4.2% year on year to €2,562 million (and by 8.0% on a like-for-like basis) on the back of brisk business in Latin America (growth of 7.1%, or 16.7% on a like-for-like basis) and the Europe excluding France region (growth of 11.5%), and a more modest 1.1% increase in French revenue.

NIR France

The €14 million increase in French NIR to €1,325 million reflects contrasting fortunes.

NIR for the savings/pensions segment dropped €20 million for the year and the increase in savings under management was unable to offset the extra provisions that had to be taken against lower interest rates, particularly in relation to pension products.

Improved NIR from term creditor insurance helped revenues in the personal risk/protection business to grow by €34 million and to absorb the effects of lower interest rates.

NIR Latin America

NIR for Latin America grew €68 million year on year to €1,019 million (up 7.1%, or 16.7% on a like-for-like basis) despite the unfavourable currency effect.

Booming business in term creditor insurance products (growth of 50.4%, or 64.4% on a like-for-like basis) did more than offset lower NIR from savings/pensions as a result of the deterioration in the exchange rate.

NIR for Europe (excluding France)

Growth of 11.5% (or €22 million) in NIR to €218 million was driven by brisk business in savings and pension products which had been hit by the large amounts of underwriting provisions set aside in 2013.

Revenues from own-funds portfolios (€776 million) were stable year on year, reflecting contrasting fortunes:

- higher revenues in France driven by the increase in amounts invested in bonds and in dividends received thanks to enhanced equity yields, and despite lower income from treasury portfolios as a result of very low interest rates

- lower revenues for Latin America and the Europe excluding France region due to reduced profit-taking and the unfavourable exchange rate in Brazil

Administrative costs

Administrative costs were 1.8% higher than in 2013 (3.8% higher on a like-for-like basis).

Inside France, costs rose 1.2% to €585 million due to the higher IT expenditure needed to keep pace with product development and the increase in the social solidarity tax levied on revenue, and in spite of lower expenditure on administrative processes, support and corporate functions and business development and marketing.

In Latin America, costs jumped 5.8% to €212 million, or 14.3% on a like-for-like basis. In Brazil, administrative costs before tax climbed 8.1%, which was slightly more than the rate of inflation (6.4%), and there was an improvement in the operating ratio (i.e., administrative costs/recurring NIR).

In the Europe excluding France region, administrative costs decreased by 2.3% year on year, due mainly to lower general expenses in Cyprus following a wave of voluntary redundancies in late 2013.

The Group's operating ratio improved by 0.8 points to 35% thanks to higher NIR and effective cost control.

EBIT

The 3.7% growth in EBIT was driven by higher earnings in France (up 4.4%) and Latin America (up 3.8%, or 13.6% on a like-for-like basis).

EBIT from the personal risk/protection/property & casualty segments jumped 9.2% to €1,068 million while earnings from savings/pensions remained stable year on year at €1,373 million.

Finance costs

Higher financing costs reflected the full-year impact of the 2013 US$ 500 million bond issue as well as six months of charges for the June 2014 €500 million issue.

Income tax expense

The effective tax rate edged up slightly from 36.1% in 2013 to 36.4% in 2014 due to the French tax on cash dividends.

Net gains and losses on equities and property and non-recurring items

Gains mainly relate to sales of impaired securities.

In 2013, this caption included a €50 million write-down taken on the Group's Cypriot business (€45 million in goodwill impairment provisions and €5 million on the value of its In-Force business), and provisions for losses on various other Cypriot assets totalling €13 million.

Non-recurring items

Non-recurring items correspond to additional provisions taken in 2014 and 2013, respectively, of €161 million (€260 million before tax) and €225 million (€362 million before tax), and the €40 million fine imposed by the French financial services supervisor (ACPR) in relation to the processing of unclaimed policies.

Profit attributable to owners of the parent

Profit increased by 4.8% over the year to €1,080 million. On a like-for-like basis it grew by 7.5%.
France contributed €757 million to attributable profit which was down 3.4% despite the 3.2% improvement in recurring profit.
Attributable profit from the Latin American businesses rose 5.3% to €278 million (up 15.6% on a like-for-like basis) and represented nearly a quarter of attributable profit. Attributable profit from the Europe excluding France region came in at €44 million.

Consolidated balance sheet at 31 December 2014

Total assets amounted to €395.4 billion at 31 December 2014, compared with €365.4 billion at 31 December 2013, representing an 8.2% increase.

Insurance and financial liabilities totalled €344.4 billion, a 7.6% increase compared with 31 December 2013.

Excluding the change in the deferred participation reserve, insurance and financial liabilities rose 3.8% year on year while average insurance and financial liabilities were 2.9% higher.

Equity attributable to owners of the parent increased by €2,054 million year on year to €16,680 million. This increase reflected the combined impact of profit for 2014 (a positive €1,080 million impact), the payment of the 2013 dividend (a negative €529 million impact), fair value adjustments recognised directly in equity (a positive €1,077 million impact), the issue of deeply-subordinated notes (a positive €494 million impact), and interest on deeply-subordinated notes (a negative €60 million impact).

Equity includes €2,635 million in deeply-subordinated notes, which have been reclassified from debt in accordance with the IFRIC interpretation published in November 2006.

Solvency capital

Solvency capital at 31 December 2014, estimated based on French GAAP equity in accordance with the guidelines issued by the French banking and insurance watchdog (*Autorité de contrôle prudentiel*), represented 118% of the regulatory minimum (against 115% one year previously). The enhanced solvency ratio is mainly attributable to the two €500 million subordinated note issues of 2014. These figures include payment of the 2013 dividend and subordinated notes, but they exclude unrealised gains and losses and intangible assets. If unrealised gains are factored back in, the coverage rate was 403% (versus 302% in 2013).

Asset portfolio and financial management

Insurance investments at 31 December 2014 grew 6.5% year on year to €367.1 billion thanks to an increase in amounts invested in portfolios and the improved performance of the financial markets.

Available-for-sale financial assets at 31 December 2014 represented 77.7% of total investments and financial assets at fair value through profit (trading securities) represented 18.7%, while held-to-maturity investments and other investments (mainly investment property, loans and derivative instruments) accounted for 3.6%.

3.2. Financial statements of the Company (French GAAP)

Premium income

CNP Assurances' premium income was buoyed by good growth in the life insurance and savings market.

(in € millions)	**31.12.2014**	**31.12.2013**	**2014/2013**	**31.12.2012**
Individual insurance premiums	19,030	15,712	21.1%	16,112
Group insurance premiums	2,959	3,274	-9.6%	2,930
TOTAL	**21,989**	**18,985**	**15.8%**	**19,042**

Individual insurance products
Growth in premium income was driven by both traditional savings and unit-linked products.

Group insurance products
Premium income from death cover stabilised at a high level.

In 2013, pensions revenue was boosted by the signing of a major new group pension scheme.

(in € millions)	**31.12.2014**	**31.12.2013**	**2014/2013**	**31.12.2012**
Death	1,905	1,921	-0.8%	1,834
Pensions	1,034	1,333	-22.4%	1,076
Bodily injury insurance	20	20	0%	20
TOTAL	**2,959**	**3,274**	**-9.6%**	**2,930**

EBIT

The net profit of CNP Assurances was down 2.9% at €714.1 million, from €735.3 million in 2013.

Equity

Equity at 31 December 2014 amounted to €9,093.9 million, compared with €8,896.5 million at end-2013. This increase was mainly attributable to the payment of the 2013 dividend (a negative €529 million impact), profit for 2014 (a positive €714.10 million impact) and the change in the capitalisation reserve (a positive €10.3 million impact).

Supplier payment deadlines

CNP Assurances settles supplier invoices within the deadlines set out in the terms and conditions of sale and, by default, within 45 days of receipt. It may agree to faster payment deadlines in certain circumstances.

3.3. Review of subsidiaries

CNP IAM

In the Company-only accounts, CNP IAM's revenue was stable year on year at €2,244 million (€2,216 million in 2013). It posted a net loss for the year of €72.4 million, compared with a net loss of €41.5 million for 2013.

CNP IAM's contribution to consolidated net income was a loss of €33.7 million versus a loss of €28 million for 2013.

Caixa Seguradora

The results of the Brazilian subsidiary translated into euros reflected the unfavourable currency effect in 2014. The Brazilian real depreciated by 8.7% in relation to the euro and the average real/euro exchange rate fell from 2.87 in 2013 to 3.12 in 2014.

NIR for Caixa Seguros group (including Consorcios) increased by 7.4% over the period (up 16.4% on a like for like basis) thanks to strong growth in the personal risk/protection/property & casualty and term creditor insurance (revenues) segments as well as an improved underwriting result, especially in the term creditor insurance business. Revenues from own-funds portfolios were adversely affected by changes in exchange rates, and contracted by 20.5%. General expenses grew by 7% thanks to a favourable currency effect and by 8.1% on a pre-tax, like-for-like basis. This resulted in a slightly improved operating ratio of 19.9% (versus 20% in 2013). EBIT increased 4% during the year to €890 million.

Attributable profit for 2014 increased by 5.6% year on year to €274 million.

CNP UniCredit Vita

Total NIR climbed 15% year on year due in particular to the 25% jump in NIR from the savings business, which was buoyed by the growth in unit-linked products. General expenses fell slightly by 1% to €32 million year on year and the operating ratio fell from 40% in 2013 to 34% thanks to the growth in NIR. EBIT came out at €70 million, and was down 3% due to an unfavourable basis of comparison for prior-period revenues from own-funds portfolios (up 9% excluding technical factors).

Attributable profit under IFRS increased by 3% in 2014 to €27 million.

CNP Barclays Vida y Pensiones (CNP BVP)

NIR declined 6% during the year due to lower volumes of term creditor insurance business and tighter margins in the wake of the provisions taken on investment portfolios in 2013. General expenses dropped 7% following the renegotiation of certain supplier contracts, particularly in Italy, and lower payroll costs. Revenues from own-funds portfolios were stable year on year, excluding €1 million in capital gains realised. EBIT adjusted for amortisation of the value of In-Force business and the network was 8% down over the year to €38 million.

After adjusting for amortisation of the value of In-Force business and the network, CNP BVP contributed €13 million to consolidated profit under IFRS (13% less than in 2013).

CNP CIH

NIR came in at €42 million and was stable when compared to the previous year. Revenues from own-funds portfolios declined by 20% in line with the drop in income from financial products. General expenses fell by 13%, mainly attributable to the voluntary early retirement plan implemented in 2013, leading to an improvement in the operating ratio year on year, from 61% in 2013 to 52% this year. EBIT before amortisation of the value of In-Force business climbed 15% to €23 million.

After adjusting for amortisation of the value of In-Force business, CNP CIH contributed €8.7 million to consolidated profit under IFRS. In 2013, it contributed a net loss of €57.5 million after adjusting for impairment of goodwill (negative €45 million) and a one-off write-down taken on In-Force business of €5 million net of tax and non-controlling interests.

4. Outlook

CNP Assurances' growth strategy is built around three priorities:

continuing to refocus on high-potential personal risk/protection businesses that will optimise the return on capital employed and allow the Group to diversify and switch to insurance- rather than financial-type risks

renewing partnerships with major distribution networks with a view to protecting assets under management and growing the personal risk/protection business

expanding the product range and developing Brazilian distribution channels to meet the burgeoning demand of the emerging middle classes

5. Risk factors

Introduction: Macro-economic environment

The Group's economic and financial environment in 2014 is analysed in section 2.1.

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

In view of the contingencies and uncertainty related to these risks, the Group cannot always measure their impact with the accuracy it would like. However, risk management processes and controls have been set up to track and manage the risks on an ongoing basis. Risk management processes and controls are analysed in the "Report of the Chairman of the Board of Directors of CNP Assurances" and in section 7 "Governance structure" of this report.

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 deemed of minor or non-material importance could prove to have a material impact on the Group in the future.

This section presents the risks to which the Group is exposed by nature of risk and the extent of their potential impact on the Group's 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 and section 7 on the governance structure of CNP Assurances, the following are successively dealt with:

- **underwriting risk factors linked to the insurance business:** insurance risk on savings contracts, pension and personal risk products, concentration of insurance risk, reinsurance risk and the risk of inadequate reserves due to changes in assumptions

- **risk factors linked to the financial markets:** specific risks related to asset/liability mismatches, 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 the risk of insufficient hedging cover

- **risk factors linked to the business:** operational risk, business continuity risk, compliance and litigation risk, risk of money-laundering and fraud, information system risk and social and environmental risk

- **other risk factors:** tax risk, ratings downgrade risk, partner risk, regulatory and antitrust risk, modelling risk

This presentation should be read in conjunction with the tables in the financial statements of the CNP Assurances Group, which include a quantified analysis of all of these risks. The tables are included in the consolidated financial statements and have been reviewed 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 traditional individual insurance policies written are savings products, term life insurance, endowment policies 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 group pension plans, personal risk policies and term creditor insurance.

In addition, the Group's subsidiaries in Brazil (Caixa Seguros) 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 personal insurance written by the Group.

CNP Assurances is exposed to the risks inherent in marketing and pricing new products and it manages these risks through specific processes and ad hoc committees.

CNP Assurances may also be exposed to emerging risks – in other words new, continually evolving risks whose impact is very difficult to measure. Risks that are currently unknown or deemed of minor importance could prove to have a material impact on the Group in the future.

Specific processes exist to identify and analyse emerging risks and the Group keeps abreast of relevant scientific publications, market trends, regulations and case law, etc.

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 products, where the insurer may commit to pay a minimum guaranteed yield plus a share of the investment yield. The yield guarantee is for a fixed period (see 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 stock market performance, the performance of contracts being marketed by the competition, policyholder behaviour (e.g., a need to raise cash), customer confidence, and tax-related matters. 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 rapid increase in interest rates. This would generate unrealised losses, some of which would be recognised directly in equity, thus impacting both the Group's earnings and solvency (see section 5.2 on exposure to an increase in interest rates)

- unit-linked products, where the policyholder bears the financial risk and the insurer's commitment is limited to the additional cover provided, consisting generally of a guaranteed death benefit. A bear market combined with higher-than-expected losses could severely hit earnings on savings products

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 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 underwriting rate 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.

Deteriorating loss ratios on temporary disability risks provided under term creditor and personal risk policies – especially under Group policies – has led to a major rethink of the pricing strategy for these products.

The increase in the legal retirement age in France has also had an adverse impact as benefits are payable until the policyholder retires.

Asymmetric information available to policyholders and insurers gives rise to a risk of anti-selection although the risk is limited somewhat by the use of certain types of medical questionnaires and the enforcement of a waiting period.

The Group's business may be affected by the occurrence of natural or human catastrophes.

Although CNP Assurances' business model focuses primarily on personal insurance, a wave of global climate-related disasters, acts of terrorism, the spread of pandemics such as the H5N1 and Ebola viruses, or fallout from global warming, aside from the immediate damage that such events would cause, could also significantly impact the results of certain businesses.

The Group is exposed to concentration risk
The Group has potential exposure 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 validation process and product portfolio management and includes reinsurance strategy (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
Our reinsurance programme is an important part of managing both the insurance business and the related risk. It has the following features and objectives:

- we implement a Group-wide reinsurance policy covering business written by the Company and by its subsidiaries
- 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.

Applications have been developed to monitor reinsured portfolios and these are presented 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 risk thresholds. Even if all relevant exposure limits are complied with, certain reinsurers may be unable to honour their financial obligations and this could adversely impact the Group's consolidated earnings.

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

A change in assumptions may result in inadequate technical reserves or adversely impact 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 experience-based table developed internally
- regularly assessing risks via:
  - prospective monitoring of yield commitments
  - detailed analyses and statistical studies of personal risk contracts, including loss monitoring (by contract/underwriting year/loss year) and tracking of the utilisation of reserves

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
- build up technical reserves and ensure their adequacy by performing liability adequacy testing (LAT), and calculating the amount and recoverability of deferred participation assets or reserves
- measure indicators such as the value of new business or embedded value (see embedded value report)
- measure the value of In-Force business and expected future cash flows used in goodwill impairment testing

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

- economic, demographic, social, legislative, regulatory or financial trends
- policyholder behaviour (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 provisioning rates, underwriting costs, embedded value and the value of new business, 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).

5.2. Risk factors linked to the financial markets

CNP Assurances must ensure that maturities and yields on plan assets always match its liabilities

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 plan 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 financial market behaviour for the assets side of the balance sheet, and measurement of insurance commitments under various different scenarios for liabilities.

The maturities of plan assets may then be matched to the profiles of the Group’s different liabilities. However, as with all modelling techniques, there are inherent risks. If assumptions used were to be invalidated by actual events or if a situation not provided for under any of the models were to arise, CNP Assurances may be forced to sell off assets at a loss or it may have insufficient amounts of profitable assets to meet its commitments to policyholders.

CNP 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 and the Group’s investment portfolios gradually decline (see Note 22.3 to the consolidated financial statements – Interest rate risk on financial assets).

A prolonged fall in interest rates makes planned premium loading more difficult and exposes the insurer to a risk of lower margins on traditional life insurance products.

In more extreme scenarios, despite the relatively low weighting of contracts with a guaranteed rate of return, there is a risk that yields would be insufficient to meet contractually guaranteed amounts, forcing the Group to eat into its own funds portfolio to pay the amounts in question.

Pension products – especially group pensions – as well as certain personal risk contracts are particularly exposed to the risk of a fall in interest rates.

These hypotheses have been confirmed by asset/liability simulations based on falling interest rates. However, the negative impact is attenuated by certain measures implemented in recent years such as limited yield guarantees and dynamic investment strategies.

In 2014, very low interest rates across all of Europe increased the Group's exposure to this risk.

A sharp rise in interest rates increases policy surrender risk

In the event of a sharp increase in interest rates, yields on the Group’s investment portfolios may lag behind the market, generating a mismatch between the interest being paid out on Group products and the returns available on other financial products.

CNP Assurances 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 return 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 our asset/liability management strategy.

Liabilities:

- combined unit-linked/traditional savings products 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 in floating rate and index-linked bonds
- investment in bonds with different maturities
- investing part of the portfolio 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 hedges against the risk of higher interest rates. In the case of a sharp rise 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 return 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 and 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 an investment-grade government bond with the same characteristics.

Credit spreads vary according to investor perceptions of the issuer's counterparty risk.

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

CNP Assurances would be exposed to losses in the event of one or a number of issuer defaults. But even without an actual default, at certain periods there may be an inflated perception of risk and spreads in general may reflect excessively gloomy business forecasts that push down the value of the investment portfolio.

Consequently, changing credit spreads directly impact the market value of the bond portfolio and by definition unrealised gains or losses thereon.

CNP Assurances manages this risk using a series of investment thresholds and by diversifying its portfolio and tracking its investments constantly.

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 overcollateralization (OC) arrangements are used to reduce counterparty risk through an exchange of collateral.

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

A large portion of the Group's investment portfolio is exposed to sovereign risk on government bonds

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

Sovereign debt 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 it holds, CNP Assurances has significant exposure to this type of risk.

During periods of increased government borrowing, fears may grow concerning 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, CNP Assurances may have to contend with an actual default or a debt restructuring and have to take a huge write-down on the securities in question.

Following the difficulties encountered by private issuers in 2008 and 2009, the past few years have been characterised by increased sovereign risk. The Greek debt crisis has heightened uncertainty over the ability of sovereign issuers to service their debt. Despite the creation of a European financial stability mechanism, these uncertainties spread to other European states, including Italy, Spain and Portugal.

A large proportion of the Group's financial assets is invested in European government – especially French – bonds and is sensitive to any widening in 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" governments has been monitored especially closely and the Group has also paid very close attention to the debts of sovereigns in whose countries its subsidiaries are located, i.e., principally Spain, Italy and Portugal. Consequently, over the past three years, CNP Assurances has stepped up its oversight of developments in these countries, as well as monitoring of their sovereign debt.

Outside the eurozone, the Group's investments may be subjected to country risk due to non-transferability of assets

CNP Assurances 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 relates chiefly to investments 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. For CNP Assurances, liquidity risk is the possibility that it will be unable to pay policyholders in the event of a sharp rise in surrender rates and it varies inversely with the trust of policyholders.

The Company could find that it has insufficient liquidity to deal with a wave of surrenders. A lack of confidence in the Group could also mean that it may no longer be able to find any takers on the market for its subordinated notes.

In practice, liquidity risk may be exacerbated by a sharp decline in new money, forcing CNP Assurances to sell off investments to make policyholder payments. In order to deal with such an eventuality, the Group maintains liquidity reserves and highly liquid investments. Although these are for large amounts, they could still prove to be insufficient under extreme conditions.

It should be noted that the Group's subordinated debt is not subject to financial covenants.

CNP Assurances is exposed to equity risk

See Note 20 to the consolidated financial statements – Investment income.

Equity risk measures the sensitivity of portfolio share values to changes in stock market prices. By extension, non-controlling interests in unlisted companies and funds with an equity bias are also considered equities. Volatility measures the extent of equity price changes and is used to quantify the equity yield and price risk. High volatility means high potential gains, however the risk of losses is high as well.

The insurer may have to set aside impairment provisions for unrealised losses on certain securities and this will negatively affect earnings.

For example, CNP Assurances may be carrying shares in relatively indebted companies whose value is underpinned by forecasts of future profitability. If the sales of such companies come in under plan, or if they have trouble making debt repayments, their share price may take a big hit.

Moreover, while CNP Assurances 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.

Although French and international equity markets have rallied since mid-2012, they remain volatile and subject to major fluctuations (see Note 22.4 to the consolidated financial statements – Sensitivity of MCEV® to market risks).

CNP Assurances has invested in real estate, infrastructure and private equity funds and is exposed to the risk of a fall in the value of these investments

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 (i.e., changes in supply/demand, vacancy rates and their impact on rental value) as well as to the risk of default by tenants and unfavourable movements in the underlying rent revaluation indices.

The value of real estate owned directly or through a fund is exposed to variations in rental income and in the investment market itself, as well as to the potential risks that certain buildings will be rendered obsolete by new regulations (on energy consumption, for example) that may result in losses in the event of sale or additional costs to renovate and restore the value of such assets.

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 and 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.

A decline in the value of such investments (equities, property, infrastructure, private equity or unlisted investments) can 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 publishes 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 Brazilian real. Indeed, the Brazilian subsidiary’s contribution to the Group’s performance – both in terms of premium income and earnings – is already substantial and continuing to grow so fluctuations in the Brazilian real have a material impact both in terms of consolidated net profit and cash flows. The Group has contracted currency hedges to manage this risk, however these are based on analyses and forecasts and could prove inadequate or ineffective.

With the exception of Caixa Seguros Holding, the bulk of asset portfolios are invested in the securities of eurozone issuers. As a result, the investment portfolios' exposure to currency risks is very limited.

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

CNP Assurances has issued deeply-subordinated notes denominated in US dollars and in sterling. It has contracted currency hedges for two of these issues and a third issue has been match-funded to investments denominated in the same currency.

See the following notes to the consolidated financial statements: Note 11.1 – Subordinated liabilities at 31 December 2014 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.

CNP Assurances 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 or ill-adapted to protecting the Group against increased exposure under extreme conditions or against losses that it had wished to contain, all of which would negatively impact the business, consolidated earnings and the Group's financial position.

Consequently, even the Group's comprehensive hedging strategies do not alleviate all risk of loss. Moreover, CNP Assurances may incur losses if one of the various instruments or hedging strategies it uses 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.

Risk management systems are designed to enhance operating managers' risk management capabilities and to be clearly identifiable to facilitate the crucial work of monitoring. Procedures are structured around the risk profile of the parent company and each of the subsidiaries. These operational risk management procedures round out the Group's internal control system – which could prove fallible – by tackling risks by category instead of using a unitary risk level approach based around processes and an upstream focus and they include risk mapping.

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

Subcontracting risk – as defined under Solvency II – has been highlighted as a significant Group risk within CNP Assurances' business model: activities may be outsourced to partners (sales and marketing and certain management operations, notably asset management) as well as to outside contractors.

The main subcontracting risks are reviewed on a regular basis – i.e., regulatory compliance, improper subcontracting practices, dependency, loss of know-how, conflict of interest, etc. – and areas at risk are gradually being secured. Group-wide processes are currently being rolled out to the main subsidiaries.

CNP Assurances may be exposed to compliance risk over its products and services

A number of changes have been made recently to the insurance regulatory framework, including the national inter-professional agreement on supplementary social protection.

By constantly monitoring regulations and industry standards, CNP Assurances keeps abreast of potential compliance risks throughout its diverse range of businesses.

The life insurance section of the CNP Assurances business model (covering insurer liability) is frequently prepared by the partner networks. The product range and policy terms and conditions must guarantee the Group appropriate legal protection and provide policyholders with clear information about the content and scope of all proposed guarantees or commercial offerings.

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

In the interests of customer service quality, over the past few years CNP Assurances has obtained quality certification labels from recognised professional standards bodies (ISO 9001 for key management or commercial activities, CMMI or ITIL for IT activities). The Group constantly uses new standards and ACPR guidelines as opportunities to reinforce or recast its processes. Nevertheless, the ACPR decided to fine CNP Assurances following a review of the treatment of unclaimed insurance policies, which also involved other major insurance companies.

The number of lawsuits brought by French policyholders has remained stable for the past three years and the use of mediation has become much more popular, especially as all correspondence with policyholders now clearly explains how to use the mediation service. Recourse to procedures of this type concern only a very small proportion of the total number of policies managed by the Group but a provision is set aside for the estimated financial risk when appropriate.

As a financial intermediary, the Company is exposed to the risk of money-laundering and fraud as well as to specific types of compliance risk

Combating money laundering and the financing of terrorism is a constant concern for the Company which is exposed to these risks due to the nature of the businesses themselves and our business model, in which a lot of operations are conducted by intermediaries, has shaped the related controls. The tasks entrusted by the Group to intermediaries are set out in the distribution agreements between CNP and its partners.

When policyholder relations are handled by our partners, they also play a key role in data gathering and know-your-customer processes. Most transactions go through customer bank accounts referenced in the networks of the partners who perform background checks on cash flows.

All of the Group's foreign subsidiaries sign a pledge to uphold either local legislation or French regulations, whichever is stricter.

Taking on board the observations of the French financial services supervisor (ACPR) and participating in industry studies helps the Group to adapt its processes where necessary and in particular to prepare for the Fourth EU Directive which will require stricter prevention mechanisms.

CNP also has to contend with fraud. In addition to leveraging processes and expertise already deployed to combat money laundering together with controls performed by our partners and our own in-house services, processes for analysing data on financial flows and contracts have also been beefed up. Any suspicion of fraud detected by our services – either inside or outside the Group – or ethically questionable practices or abuse of people in a vulnerable position by sales personnel are subject to an in-depth investigation by a specialised unit within CNP Assurances. The enquiry is followed up with a detailed report and recommendations where necessary.

Group entities have set up insurance programmes and contingency plans to mitigate operational risks
CNP Assurances has designed a series of measures to ensure that all potential risks are efficiently managed. 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 assets and cover liability risks, comprising 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 clients and partners an adequate level of service. Its practicality and effectiveness are tested several times a year, through emergency drills conducted at our various facilities.

This three-pronged approach – comprising crisis management, back-up facilities and an IT back-up plan – is essential to the entire Group which is constantly looking for ways of improving and adapting it. In particular, action plans are being developed to consolidate the process, including large claims management procedures, an IT back-up plan, key sub-contractor contingency plans and international deployment of existing action plans.

As a major global insurance player, any security incident exposes CNP Assurances' IT system and data to risk
The Group's business, sales and marketing operations are all organised around information systems. These systems are of critical importance and they must be able to adapt to a rapidly changing environment.

Granting access to partners and outside contractors exposes CNP Assurances to risks of intrusion and malicious acts that could result in the divulgation of sensitive data.

Although the Group has invested considerable resources 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 adversely impact activities.

The Group could be exposed to social or environmental risk
The Group's reputation could be adversely affected by poor Human Resources management. This could concern the handling of psychosocial risks or a failure to promote gender equality, for example. The Group's image could also be tarnished by poor management of its woodland or property portfolios and the related environmental risk.

5.4. Other risk factors

Changes in tax legislation may have a material impact on the Group's situation
Tax risk covers all taxes and levies that CNP Assurances collects on behalf of the government, as well as those it has to pay.

It concerns the application and interpretation – sometimes retrospectively – of changes to tax regulations and the risk of failure to comply with the Group's tax obligations.

Poor tax risk management can result in demands to pay additional tax charges and fines.

When CNP is devising new insurance products, particularly in life insurance, it takes many factors into account and one of these is fiscality and tax legislation currently in force. Any changes in tax regulations, particularly the removal of tax breaks, higher rates of taxation or new rules, could negatively impact current and future premium income, assets under management, net profit, cash flows and the Group's financial position and possibly even its share price.

Any ratings downgrade suffered by CNP Assurances could make it more expensive to raise debt

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

Consequently any ratings downgrade suffered by CNP Assurances can push up the cost of raising debt which may impact its future earnings.

Standard and Poor's regularly reviews the ratings of CNP Assurances and its subsidiaries and the Group seeks to maintain a healthy rating as proof of its financial strength.

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

Risks related to the Group's long-term partnerships

To consolidate its presence in certain markets and to spread its economic and financial risk exposure, CNP Assurances enters into long-term partnerships either directly or through one of its subsidiaries. These may be commercial arrangements such as a distribution arrangement or the creation of joint ventures.

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

As part of CNP's external growth strategy, whenever the Group identifies a potential acquisition, it commissions an in-depth audit of the target's financial position. Moreover, each stage of the operation is framed by governance processes that analyse the potential fit of the acquiree, thus enabling the relevant decision-making body to establish the conditions and parameters for finalising the operation.

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

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

Any partnership may have to be reviewed 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 and any necessary adjustments and corrective action is taken, sometimes in conjunction with the distribution partner.

Special attention is paid to when long-term partnerships are due to expire and the Group strives to anticipate these developments in good time as any change in situation will affect its earnings, financial position and business model.

For example, in November 2014, CNP Assurances announced the conclusion of a preliminary protocol setting out the proposed terms of the agreement renewing the partnership between CNP Assurances and BPCE Group for a seven-year period as from 1 January 2016.

Moreover in December 2014, CNP Assurances sold its 50% stake in Spanish-based CNP Barclays Vida y Pensiones (CNP BVP) to Barclays Bank for a total of €453 million, including a special dividend. The deal, which is subject in particular to approval by the relevant anti-trust authorities and the Spanish insurance supervisor, is scheduled to be completed before the end of the first-half of 2015.

CNP Assurances has entered into a long-term strategic partnership in Europe with Banco Santander by acquiring a 51% stake in Santander Consumer Finance's life and non-life insurance subsidiaries. It has also entered into an exclusive long-term distribution agreement covering a full range of protection insurance products in ten European countries where Santander Consumer Finance enjoys leading market positions (i.e., Germany, Poland, Italy, Spain, Austria, Portugal, Norway, Sweden, Denmark and Finland).

Risks related to new regulations
The introduction of new regulations either inside or outside Europe could prove both complex and costly for the Group, which may have to mobilise several different divisions, adapt Group-wide information systems and train people to comply with the new rules.

There are still big question marks over what the new prudential framework will look like and it may require the Group to make changes to its investment portfolio. This would require adjustments to work already carried out and the costs of implementation could be considerable.

CNP's 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, provident institutions, and 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 CNP Assurances 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

6.1. Social responsibility at CNP Assurances

6.1.1. Background of our engagement

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 Organisation and the national labour laws in 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 Argentina, Caixa Seguradora Holding 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 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

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.

Coordinated deployment in subsidiaries and shared programmes with partners

Consistent with the Group's business model, our main subsidiaries have one or several local partners, generally banks that distribute their products. These subsidiaries develop CSR policies in line with Group principles. There is regular dialogue between CNP Assurances and its subsidiaries and they share the same performance indicators.

6.1.2. Components of the CSR policy

CNP Assurances' CSR approach is organised around four strong commitments that inspire all our actions.

For protection for all:

- Efforts to fight financial exclusion
- Designing socially responsible products and services
- Policyholder satisfaction

For a sustainable economy:

- Responsible investment
- Supporting key challenges for the future: SMEs and the energy and environmental transition
- Responsible purchasing

For an attractive enterprise:

- Developing skills in line with the Group's strategy
- Providing a working environment that fosters well-being and performance
- Rolling out a strong policy on gender equality in the workplace

For a caring society:

- Reducing our environmental footprint
- Managing our carbon footprint
- Managing our local impact

6.1.2.1. Stakeholder dialogue

We maintain regular dialogue with the main stakeholders and conduct periodic stakeholder satisfaction surveys.

Thus, in addition to institutional labour relations and monitoring the employee satisfaction survey, a diagnostic review of psychosocial risks in 2013 made it possible to better understand how employees perceive their work environment. Furthermore, as part of the efforts to reorganise CNP Assurances' departments, we conducted an employee survey in two phases. The results of the survey were discussed by the occupational health, safety and working conditions committee. CNP CIH conducted an employee survey at its subsidiaries CNP Cyprialife and CNP Asfalistiki.

Regular client satisfaction surveys are conducted among policyholders and our distribution partners in France and worldwide. These surveys enhance the Company’s client service organisation. In addition, CNP Assurances and its main subsidiaries perform qualitative and quantitative studies to anticipate new needs arising from emerging social and demographic trends (see section 6.2.3. – Policyholder satisfaction).

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 General Meetings. We actively contribute to the work of the French Insurance Federation (FFSA) in the area of corporate social responsibility. 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, the French Expert of RI. The international subsidiaries also participate in local professional bodies. Caixa Seguradora Holding carries out an annual CSR assessment in conjunction with Ethos, a research institute.

6.1.2.2. Creating shared value and social value-added

Being a responsible insurer means acting as an informed financial intermediary between policyholders and an economy exposed to risks. CNP Assurances protects policyholders by minimising their exposure to risks related to day-to-day life. Its excellent risk assessment skills and long-term investment strategy allows CNP Assurances to fulfil its commitments. Beyond these commitments that constitute the insurance offer, CNP Assurances innovates by offering real social value-added.

6.1.3. CSR in action

This report presents, with concrete figures, the Group's entire CSR action plan including the priorities for each part of the policy and additional initiatives put in place. Questions related to governance and CSR risks are covered in Chapter 7 "Governance structure".

This report covers all the consolidated entities of the CNP Assurances Group. 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. One of our Statutory Auditors performed an analysis to verify the presence and fair presentation of information that falls under the scope of Article 225 of the French Commercial Code. Key data was subject to a fair presentation review which includes tests of details on corresponding quantitative indicators; the other data was reviewed for overall consistency as indicated in the concordance table at the end of the section.

The CSR indicators are broken down by entity and published in our 2014 CSR Report. Caixa Seguradora Holding puts out a sustainability report that is available online at www.cuidardofuturo.com.br.

6.1.3.1. 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.

The Green Group is responsible for CSR issues in Italy. Since 2013 sustainable development indicators have been included in the Management Committee's quarterly report.

In 2013 Caixa Seguradora Holding put in place, in addition to its Sustainable Development Committee, the Caixa Seguros Institute which strengthens its social, environmental and cultural programs.

At the end of 2014, CNP Argentine's CSR initiatives were included in the implementation of strategic objectives.

6.1.3.2. A measure of CSR performance

Progress in meeting CNP Assurances' objectives as of end-2014

- Make CSR an integral part of its strategy: launching initiatives to support the new ambition to "create value for all CNP Assurances' stakeholders as a responsible insurer and investor". For example:
    - Drafting a Shared Responsible Investor Charter outlining the principles and the responsibilities of the stakeholders directly and indirectly concerned
    - Creating a brochure on "CNP Assurances' Commitment to CSR" available to the Business Units to be shared with distribution partners and/or policyholders.
- Rate suppliers from a CSR perspective: 37% of the amount of purchases
- Continue to reduce CO_2 emissions per full-time equivalent employee generated by internal operations: reduction of nearly 2.5% compared with 2013.

2014 CSR rating

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.

Ratings summary (unsolicited)

Rating agency	CSR rating	Comments	Methodology
Sustainalytics	83/100 (August 2014)	Fifth out of 94 – insurance sector worldwide	http://www.sustainalytics.com/sustainalytics-global-platform
Oekom	Prime C+ - March 2013		http://www.oekom-research.com/index_fr.php?content=corporate-rating
Vigéo	54/100 2014 rating	Seventh out of 37 – insurance sector	www.vigeo.com
CDP	89 B	Eighth out of 12	

CNP Assurances' inclusion in SRI indices

CNP Assurances' shares are included in several European SRI indices. In particular, its presence in the Ethibel Sustainability Index Excellence Europe, the NYSE Euronext Vigeo – Eurozone 120 index and the MSCI Global Sustainability Indexes has been confirmed.

6.2. For protection for all

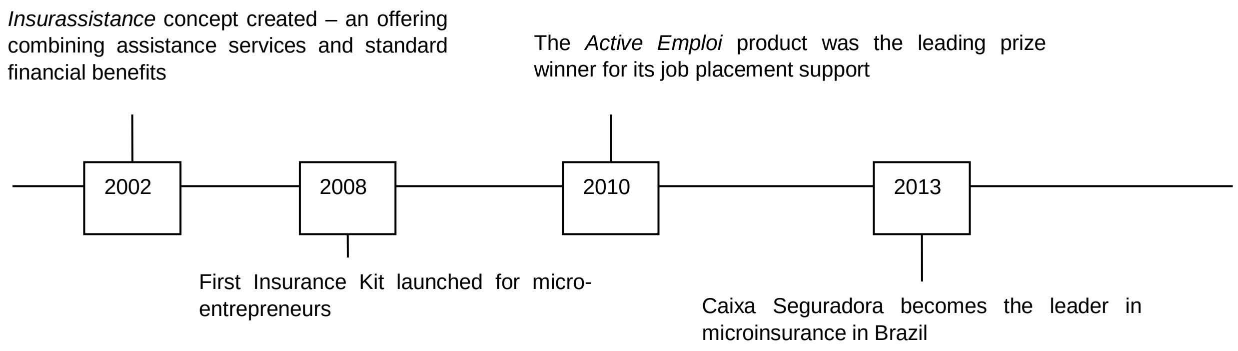
CNP Assurances wants to offer all policyholders guarantees that match their daily life, needs and budget as closely as possible. This is an ambitious goal because the Group encounters hugely diverse situations in its different markets.

Adapting to different situations is our way of contributing to combating financial exclusion. In certain cases, that means going beyond financial compensation by offering policyholders innovative services to help them overcome the difficulties they encounter.

Priority No. 1: Promoting access to insurance

Priority No. 2: Designing socially responsible products and services

Priority No. 3: Policyholder satisfaction



6.2.1. Priority No. 1: Promoting 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 offer products with deliberately low minimum premiums or investment amounts (€30 for life insurance), despite the extra administrative costs. The €30 tranche represented more than one-third of new money on these contracts in 2014.

LBP Prévoyance has offered long-term dependent care insurance with affordable premiums since the beginning of 2015. This cover, combined with public assistance, helps vulnerable policyholders stay in their homes.

CNP Assurances is a founding member of the *Entrepreneurs de la Cité* foundation, which aims to help micro-entrepreneurs obtain insurance, and is one of the co-insurers for the foundation's "Basic Insurance Kit", offering death/disability and health cover. Some 102 new Basic Insurance Kit contracts were sold in 2014.

In Brazil, successfully innovating in micro-insurance

In Brazil, Caixa Seguradora Holding is the first company to have introduced a micro-insurance product in the market. Launched in 2011, the Amparo product covered over 190,000 policies at 31 December 2014. The product includes accidental death benefit, cover for the cost of the funeral, along with comprehensive support services, a cash allowance, food aid for three months, and the opportunity to participate in a random draw to receive an additional monthly allowance.

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 each insured, is to ensure that the acceptance rate for disability and incapacity cover is as high as possible. In 2014, for the second year running, the specific disability cover provided for in the Aeras aggravated risk convention was made widely available. In addition, since 2012, the conditions of eligibility for the premium cap applicable to low income borrowers have been relaxed.

CNP Assurances' term creditor insurance rejection rate has remained at less than 0.2% for the past five years.

6.2.2. Priority No. 2: Designing socially-responsible products and services

CNP Assurances is continuing to update its offer to adapt to the latest changes in society, by enhancing existing offers and developing targeted prevention services.

6.2.2.1. An offer aligned with people's needs

Anticipating policyholder needs

In addition to studies carried out with the distribution partners, the Group's entities perform research to anticipate new needs arising from emerging social and demographic trends. In 2014, for CNP Assurances this research focused on anticipating policyholders needs for term creditor insurance, life insurance and products covering different generations, as well as distribution methods and gaining a better understanding of life insurance needs in Italy.

Every year LBP Prévoyance works with TNS Sofres to conduct a "long-term care survey" to understand the needs of people who are starting to require long-term care.

Innovative guarantees are available covering the problems of loss of autonomy, job loss and aging. In France for example, we offer an unemployment insurance product with a reduced premium or advisory services to help the insured 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. CNP Assurances is looking into a new offer to meet the evolving healthcare needs of employees in SMEs and micro-enterprises.

The Effinance term creditor insurance contract for home-buyers, co-insured with LBP Prévoyance, won an award in 2013 "for its broad acceptance criteria, useful guarantees, small number of exclusions and affordability".

In early 2015, LBP Prévoyance launched a new, comprehensive offer for long-term care to provide support when people lose autonomy. In addition to lump-sum payments and monthly benefits, the product offers assistance cover for example with a home visit service from a mail carrier or another person authorised by Filassistance International (a subsidiary of CNP Assurances).

6.2.2.2. Promoting good health

Making life-long support for insureds its mission, in 2003 CNP Assurances pioneered the integration of targeted assistance and prevention services in life insurance/savings and long-term care insurance contracts, in particular through its Filassistance International subsidiary. This positioning in local personal assistance services and daily care and living assistance was reinforced in 2014, notably by introducing a retirement assistance product and a “Care for Caregivers” offering that is specifically adapted to group plans.

6.2.2.3. Service quality aids

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 common and convergent quality initiatives were developed in 2013 with CNP Assurances’ partners to improve the quality of service for insurance advisors and policyholders.

The deployment of new technologies has made life easier for policyholders. For example, a website for reporting term creditor insurance claims set up in 2012 allows policyholders to submit scanned claim documents electronically, including by text message, and to track the claim’s status. A 100% online enrolment system with electronic signature was also launched at the end of 2013 for the term creditor policies of Boursorama Banque property loans. CNP Assurances also offers its term creditor insurance distribution partners the option of allowing policyholders to fill out their health questionnaire at home.

Caixa Seguradora Holding has responded to customer calls for an extension of its online services to include insurance underwriting, with specialists available via a forum to assist customers during the purchase process.

CNP Unicredit Vita has enhanced its website for direct access to insurance accounts, with downloadable information and claim forms.

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

6.2.3. Priority No. 3: Policyholder satisfaction

6.2.3.1. Doubling up satisfaction monitoring

Surveys are carried out periodically by Group entities among both policyholders and distribution partners, to obtain a comprehensive vision of customer satisfaction.

In 2014, four satisfaction surveys were conducted by CNP Assurances 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. The satisfaction rate of callers who purchased their policies from LBP and CNP Trésor was 88% in 2014. A satisfaction survey is carried out with CNP Assurances' partners during each customer communication campaign.

All of the international subsidiaries also conducted customer satisfaction surveys; however, for CNP BVP these surveys are carried out by the distribution partner. The surveys are conducted annually in Cyprus and up to monthly in Brazil. CNP Partners has been meeting distribution partners each month for the last few years to find out how they view the quality of services. The customer satisfaction score in 2014 was 4.2 out of 5.

For the second year running, Caixa Seguradora Holding, was chosen as the best insurance company by the website ReclameAQUI which gives out awards every year to companies for customer relations.

6.2.3.2. Following up policyholder requests

CNP Assurances regularly reviews a sample of letters sent to customers to respond to requests for information or complaints in order to assess the quality of these letters. The results are presented in reports and are given to the departments that issued the letters to help to them constantly improve the quality of their service.

CNP Assurances received AFAQ 9001 certification at the end of 2014. The client service organisation was a key part of certification – seeking to optimise response times and quality in the most important areas. Quality indicators have been set out and shared with the Business Units.

Mediation service

CNP Assurances has set up a mediation service, whose contact details are systematically specified in policy terms and conditions. This easy-to-use, free dispute resolution process improves relations with policyholders and frequently helps to avoid litigation. In 2014, 1,540 mediation procedures were initiated or reopened, an increase of nearly 12% compared with 2013, and 131% since the mediation was put in place in 1993.

Processing complaints more quickly

In 2013, CNP Assurances committed to replying within two months of a complaint being filed. The process has been extensively reorganised with input from the distribution partners to ensure faster response. Tools have been put in place to fine-tune the follow-up on and the analysis of claims and find ways to improve the quality of service.

Unclaimed settlements at CNP Assurances:

The French Act of 17 December 2007 introduced a requirement for life insurers to pro-actively identify any unreported claims, and to trace and pay the beneficiaries. The Act also gave insurers the legal and practical means of finding out when policyholders have died.

We have gradually increased our internal resources given the complex nature of these operations. The number of people working on unclaimed settlements has increased five-fold, and a team of 60 people is now dedicated to processing files prior to 2007.

CNP Assurances has noted the decision to sanction by the Prudential supervision and resolution authority (*Autorité de contrôle prudentiel et de résolution* – ACPR), which it deems harsh given the efforts made by the teams on a daily basis and the resources implemented since 2008.

It should be noted that CNP Assurances does not profit from unclaimed benefits: income from the benefits invested is not company income; rather it is added to the amounts due to all policyholders as is the case for all life insurance policies.

In 2014, CNP Assurances was able to find over 24,000 beneficiaries, representing over €60 million.

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. The Group takes great care to respect confidentiality rules. Customers' medical and personal information is protected by procedures that comply with local regulations in each host country. The French subsidiaries MFPrévoyance and LBP Prévoyance, which are particularly concerned by medical confidentiality, organise special training on a regular basis with the help of advising physicians.

In addition, policyholders must give their consent to using their email address for communications via email from CNP Assurances. A dedicated computer system is used to manage customer authorisations.

CNP Assurances has a Data Protection Officer for all Group companies. The Data Protection Officer leads an in-house network and circulates procedures, notably through a dedicated intranet site. Controls are performed to ensure that the procedures are applied and the data protection officer prepares an annual report.

Privacy by design is used to protect personal data for CNP Assurances' products and services. The Data Protection Officer is always consulted before any applications that include personal data are rolled out: verifying compliance of data processing, new contracts for service delegation or IT subcontracting, and of legal notices of websites, etc.

Product and services compliance

All of the Group's entities verify that contractual documents are compliant at every stage of the development of new products. Dedicated teams ensure that insurance products are compliant and that changes within the legal framework are taken into account.

In order to maintain yearly progress, the Group's entities conduct campaigns to obtain certification in new areas while ensuring that previous certifications are renewed. The main business processes of CNP Assurances and of several subsidiaries now have ISO 9001 certification.

Audits are carried out on a regular basis to assess Caixa Seguradora Holding's quality management system.

Measures in support of policyholder health

The CNP Assurances Group's core business does not have a direct effect on customers' health. Nevertheless, the Company's subsidiary, Filassistance, has developed a series of preventive measures to assist individuals in everyday health and safety issues, in the form of appraisals on "preventing loss of independence" and "prevention of memory loss", as well as ergonomic support, information services and psychological support.

Additionally, CNP Assurances deploys workplace programmes to promote the health and well-being of local government employees. CNP CIH also promotes preventive medical screening.

6.2.4.2. Encouraging policyholder commitment to sustainable development

SRI offering

In personal insurance, the only “green” products are 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.

SRI funds were promoted again by two major partners in 2014, particularly with fee discounts for unit-linked products for SRI Week. At 31 December 2014, some 96,600 life insurance policies included an SRI fund. SRI assets totalled €512 million, a gain of more than 13% over 2013.

Environmental, social and governance criteria are increasingly integrated into management of the assets underlying all our traditional savings products and own funds portfolios. A brochure on “CNP Assurances' Commitment to CSR” was sent to several thousand policyholders and included in the main materials used to present CNP Assurances' offers to its partners.

Furthermore, in 2014 La Banque Postale introduced two new structured funds sold, for example, through life insurance policies whose final performance depends on the average change on the Ethical Europe Equity index. These funds were very successful in helping promote responsible investment: investments totalled €143 million in two months for 35,000 CNP Assurances policies.

Examples of how the Group communicates

- To present the Group’s social and environmental challenges and results, Caixa Seguradora Holding has developed an informative “Caring for the Future” website (http://www.cuidardofuturo.com.br), which also hosts a blog about responsible consumerism.

- Over 18 million letters sent to policyholders highlight CNP Assurances’ pledge to uphold the United Nations Global Compact and its responsible investing strategy. Since 2011, this includes annual statements for all endowment policies (other than unit-linked contracts).

- 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.

6.3. For a sustainable economy

CNP Assurances' primary financial responsibility is to secure the commitments made to policyholders and guarantee a steady, optimised performance year after year.

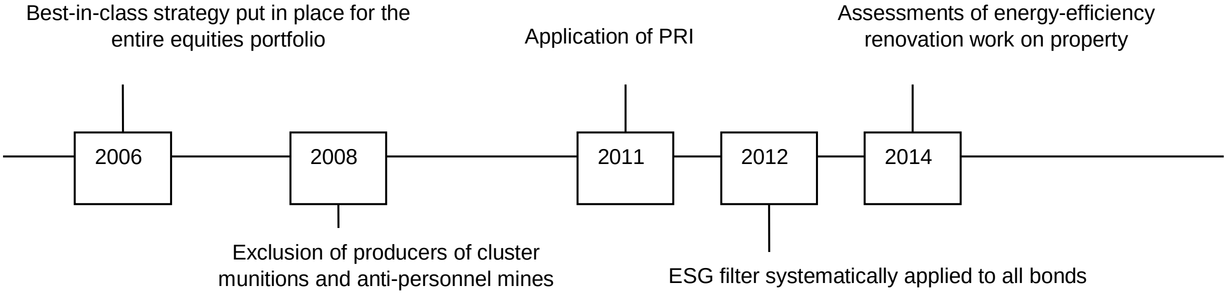
We are convinced that including socially responsible investment criteria in the investment selection process helps to create value and optimise the yield/long-term risk trade-off. For this reason we have for several years maintained a strategy of responsible investing for the majority of the Company's assets and those of its French subsidiaries (80% at end-2013).

This commitment also extends to suppliers. CNP Assurances has begun an auditing and improvement programme to steadily enhance the environmental and social responsibility performance of all its suppliers.

- Priority No. 1: Responsible investment
- Priority No. 2: Supporting key challenges for the future: SMEs and the energy and environmental transition
- Priority No. 3: Responsible purchasing

6.3.1. Priority No. 1: Responsible investment

Developments in CNP Assurances' responsible investor approach



6.3.1.1. <u>In France, a strategy defined by CNP Assurances and implemented by the asset managers</u>

The entities of the CNP Assurances Group are insurance companies. As such, they do not manage assets for others and entrust the management of its own assets to specialists. The responsible investor approach is defined and led by CNP Assurances, drawing on the SRI expertise of the asset management companies. CNP Assurances' strategy is used for all its assets and those of its French subsidiaries. This commitment was strengthened in 2011 with CNP Assurances' pledge to uphold the Principles for Responsible Investment (PRI).

Since 2008, CNP Assurances has chosen to exclude from its own funds portfolio arms manufacturers whose products include land mines or cluster bombs and firms that speculate in agricultural commodities. We also check that similar screens are applied to the 67 investment funds whose units are held in the portfolio. The last such check was carried out in October 2013.

In line with our responsible investing strategy, ESG screens are gradually being applied to all asset classes in the entire portfolio:

- Listed equities: selected according to best-in-class criteria. Quarterly monitoring since 2006 with Natixis AM's SRI analysts and since 2009 with LBPAM's specialists. Whenever a problem of non-compliance with ESG criteria is detected, constructive dialogue is engaged with the company concerned, either through our asset managers or during the lead-up to the Annual Meeting. When dialogue fails to produce results, other measures can be taken. These might include suspending purchases of the company's securities or even selling the existing portfolio.

- Government bonds and equivalents: ESG screening excludes countries rated as "not free" and "partly free" by Freedom House, and countries rated as "corrupt" by Transparency International.

- 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 Global Compact principles.

- Mutual funds: SRI funds held in general asset portfolios (excluding unit-linked) totalled €2.5 billion at 31 December 2014 in CNP Assurances' total mutual fund portfolio. For details of policyholder investments in SRI funds, see section 6.2.4.2.

Sustainably managing property assets

With €8.5 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 deal notably with 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 in 2014 establishing a "green works charter" to take into account the impact of all co-owned property management agreements on the environment, health and the safety of users.

Integrating environmental issues in woodland management processes

CNP Assurances is the largest private owner of woodland in France, with 54,414 hectares of forest at end-2014. Société Forestière, a 50%-owned subsidiary, applies sustainable management techniques of the forests, which are PECF and ISO 9001 certified.

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 new private equity investment. A total of 17 private equity funds were rated in 2014. In addition, CNP Assurances has invested in several SRI funds, for a total of nearly €143 million at end-2014 – for example, financing small businesses that have trouble raising capital due to social barriers, and supporting SMEs in financial difficulty.

CSR reporting is also used for new infrastructure investments. In 2014, 55% of our infrastructure funds took part in this reporting or voluntarily provided us with their own CSR reporting.

6.3.1.2. A responsible shareholder

Systematically exercising voting rights: since 2005, CNP Assurances has followed a policy of shareholder activism by systematically voting at the general meetings of listed companies in its portfolio. In 2014, CNP Assurances voted at the General Meetings of 99.9% of the French companies in its portfolio and some 20 European issuers. It voted against 17.8% of the proposed resolutions.

The principles are defined by senior management and are designed 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. Deploying ESG screening in international subsidiaries

Caixa Seguradora Holding excludes certain industries from its equity and government and corporate bond portfolios. At CNP Argentina, when choosing among investments with equivalent risk and yield profiles, priority is given to those with the best social and/or environmental profile. In 2014, 22% of its assets were dedicated to supporting projects in the real economy or with high-quality ESG criteria.

6.3.2. Priority No. 2: Supporting key challenges for the future: SMEs and the energy and environmental transition

6.3.2.1. Investing in SMEs

Supporting private equity

CNP Assurances has been active in the private equity market since 1992 and is one of France's largest investors in unlisted companies. Whether they are innovative start-ups or SMEs with an established presence in their market, operating in the high-tech sector or traditional manufacturing industry, these companies play a strategic role in strengthening France's economic base, creating jobs and attracting foreign investment.

In 2014, CNP Assurances strengthened its support in funds invested to support struggling companies, for a total of nearly €95 million at end-2014.

Investing in listed SMEs and mid-caps

In 2013, CNP Assurances invested €100 million in Novo bond funds focusing on providing funding for medium-sized companies and mid-caps, following on from the Nova funds in 2012.

6.3.2.2. The energy and environmental transition

CNP Assurances' responsible investor approach for listed equity funds takes into account the goal of energy and environmental transition, particularly with the development since 2014 by the SRI experts in our asset management companies of a carbon risk and opportunity approach. For example, the ESG rating of companies is favourable for technological innovations that promote energy and environmental transition.

Investing in property: improved energy performance

In its maintenance and renovation of the property assets in its portfolio, CNP Assurances constantly aims to make the properties more energy efficient. Renovation projects are carried out to the highest environmental standards (17% of office space is certified to HQE, THPE, BBC or Bream Very Good standards)

Since 2009, an environmental audit has been systematically carried out on all newly acquired properties. At 31 December 2014, energy performance assessments have been performed on 93% of residential property and 92% of commercial property.

A general audit of energy performance

To meet recent requirements introduced by France’s Grenelle I and II Acts, and pending the enactment of the relevant enabling legislation, 85% of CNP Assurances’ fully owned property assets have already been assessed for energy efficiency. Action plan scenarios adapted to each building were defined in order to reduce CO_2 emissions and energy use.

Investing in specific funds

At end-2014, CNP Assurances had €45 million invested in private equity funds in the clean energy, clean industry and clean tech sector. Investments in renewable energy infrastructure and water and waste treatment represented total assets of €128 million at 31 December 2014. An additional €388 million is invested directly in bonds related to specific environmental projects, or green bonds.

6.3.2.3. Forests: an environmental opportunity

Carbon sinks in France and Brazil

In 2014, the growth of CNP Assurances' trees helped to sequester 546,716 tonnes of carbon dioxide. After deducting timber sold or cut down during the year, a net 267,832 tonnes of carbon dioxide was added to the sequestered total.

Since 2007, Caixa Seguradora Holding has been offsetting its carbon emissions by financing NGO Green Initiative's tree-planting programmes in the Atlantic Forest, thus earning the subsidiary CarbonFree certification. 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. In all, 17 hectares of woodland have been planted and operations organised with CNP Assurances have added 5,335 trees to these plantations.

Anticipating climate change

The climate change issue is a key factor in managing CNP Assurances' 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 is preparing environmental zoning maps and launches initiatives each year to protect biodiversity. For example in 2014, in the Voudenay Forest, maintaining an unbroken forest canopy and naturally growing plots without timber harvesting helps preserve very rich pockets of biodiversity. For several years, the Gaudinière Forest (over 2,000 hectares) has been monitored by the not-for-profit organisation *Perche Nature* to analyse bird nesting. The results were very promising in 2014: 14 nesting boxes were occupied by tawny owls and 7 nests were occupied by hawks. Woodland management also prevents soil erosion and ensures water filtration and purification.

Caixa Seguradora Holding's reforestation operations promote biodiversity, protect water resources and participate in soil conservation.

6.3.3. Priority No. 3: Responsible purchasing

The Group's larger entities (CNP Assurances and Caixa Seguradora Holding) were the first to integrate CSR principles into their sourcing policy, but other subsidiaries are also making progress in this area, particularly CNP UniCredit Vita, with its Green Group.

6.3.3.1. CNP Assurances – deploying a commitment

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 programme of post-signature CSR audits of the main suppliers by EcoVadis is being deployed (see section 6.3.3.3).

Nearly all of CNP Assurances' suppliers of goods and intellectual or other services are based 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.

6.3.3.2. Caixa Seguradora Holding – CSR clauses in all contracts

Since 2008, Caixa Seguradora Holding has included CSR clauses in its supplier contracts based on the Global Compact principles (labour, the fight against organised crime and drug trafficking, the environment, fraud and money laundering). Contracts signed before 2008 have been amended to include these provisions. Suppliers and subcontractors working for the Caixa Seguradora Holding Group pledge to comply with regulations and act responsibly towards the environment. Non-compliance is grounds for termination of the contract or other appropriate legal responses.

6.3.3.3. A platform for supplier ESG audits

CNP Assurances has signed a partnership agreement with EcoVadis to pool supplier environmental, social and ethical performance tracking processes. The information is compiled through a collaborative platform that covers 150 business sectors and 95 countries.

For each consultation or new listing (tender procedure), supplier evaluations are requested, and a programme has been put in place to rate the main suppliers. At end-2014, 98 suppliers, representing 37% of total purchases, had been evaluated.

6.3.4. Other initiatives

6.3.4.1. Combating money laundering, terrorism and fraud

A shared requirement

As a financial intermediary, CNP Assurances is deeply involved in the fight against money laundering, the funding of terrorism and fraud. Given the business model, the main identification, "know your customer" and due diligence requirements are defined in the agreements signed with its distribution partners, who are in direct contact with customers. These same requirements are also at the centre of the procedures applied by the international subsidiaries, in compliance with local regulations.

End-to-end controls

In addition to the internal control process and the ethical standards deployed throughout the organisation, a system of cross-functional controls is in place to monitor compliance with procedures to combat money laundering, the funding of terrorism and fraud on a regular basis. These controls are updated to take into account changes to the regulatory environment.

Procedures stipulate the controls to be carried out, in particular by sales representatives or business partners when dealing with customers, particularly as concerns verifying the identity of the person paying the premium and the method of payment. In addition to these controls, our management systems are monitored throughout the Group to identify any anomalies.

Dedicated teams

Supported by 20 employees, a specific unit is dedicated to these controls both at CNP Assurances, and any employee can check the Group-wide anti-money laundering procedures on the intranet. Teams are in place in all subsidiaries and report to Executive Management.

Specific training

Training programmes are carried out regularly in subsidiaries with support from the corporate Risk Management department. In 2013, all CNP Assurances employees were invited to a presentation of measures to combat fraud, money laundering and terrorism organised with one of our major partners. In 2014, CNP Assurances employees who are exposed to risks (2,200 people) took an e-learning course developed by the *Fédération Française des Sociétés d'Assurances* (FFSA) and several major insurers. At end-2014, 85% had completed the training. Similarly, CNP BVP and CNP UniCredit Vita employees received anti-money laundering training in 2014.

6.3.4.2. The fight against corruption

Codes for all entities

All fund movements are traced to prevent corruption.

Updated and expanded in 2010, the Code of Conduct sets out standard operating procedures. It is posted on the intranet, and features in the Employee Orientation Guide for new hires. At the end of 2014, all employees were reminded of the rules governing corporate gifts and benefits. All other entities in the Group also have guidelines, charters and regulations.

Some more exposed professions have specific codes.

The CNP Assurances code of conduct includes rules on conflicts of interests and gifts, and an ethical purchasing guide provides practical guidance on applying the 2006 purchasing code of ethics in key situations encountered by the Company's buyers.

A specific code of ethics has also been prepared for CNP Trésor insurance advisors and the Compliance unit verifies that they comply with the regulations applicable to insurance sales.

Targeted training

Training based on the Code of Conduct was dispensed two years ago for all managers with supervisory roles, who then trained their staff.

In Italy, compulsory training was provided on corporate administrative responsibility. In Brazil, since 2012 Caixa Seguradora Holding has provided guidance on applying the Group's ethics code and code of conduct through its "The Challenge of the Code" training programme. A total of 92% of employees were trained in 2014. CNP Partners had all its employees sign the code.

Structured financial management

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 the purchasing contracts include a standard CSR clause requiring suppliers to commit to combating corruption, including on the part of their own suppliers and sub-contractors.

6.3.4.3. Corporate income tax

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

Corporate income tax payments

2014	France	Latin America	Europe excluding France	Total
Corporate income tax in millions of euros	(401)	(332)	(40)	(773)

The Group's insurance companies in France paid more than €1 billion in taxes on behalf of policyholders.

6.4. For an attractive enterprise

By promoting each employee's professional and personal development, CNP Assurances develops the skills that will make the Group successful today and tomorrow. The Group's active diversity policy is used for example to train young people, help people with disabilities to enter the workforce and promote gender equality in the workplace.

- Priority No. 1: Developing skills in line with the Group's strategy
- Priority No. 2: Providing a working environment that fosters well-being and performance
- Priority No. 3: Rolling out a strong policy on gender equality in the workplace

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

6.4.1.1. Human resources planning – prudent employee management

Number of Group employees

The CNP Assurances Group had a total of 4,705 employees at end-2014, representing a decrease of 2% from 2013.

The new subsidiary from the partnership between CNP Assurances and Banco Santander is not included in this section (see section 6.6 Methodology). It had 32 employees at 31 December 2014.

Headcount of entities	**Country**	**2014**	**2013**	**2012**
CNP Assurances	France	3,009 *	3,095 *	3,119
Caixa Seguradora Holding	Brazil	799	813	787
CNP UniCredit Vita	Italy	163	158	150
CNP Cyprus Insurance Holdings	Cyprus/Greece	283	290	360
CNP Partners	Spain (Italy, France)	164	152	136
MFPrévoyance	France	76	75	77
La Banque Postale Prévoyance	France	63	62	54
CNP Barclays Vida y Pensiones	Spain/Italy/Portugal	69	71	70
CNP Assurances Compañia de Seguros	Argentina	69	79	77
CNP Europe Life	Ireland	10	14	12
Consolidated total – Group		4,705	**4,809**	**4,842**

* *The reporting scope changed in 2013 and 2014 to include work-study contracts*

CNP Assurances is prudent when it comes to managing its workforce. Over 2014, CNP Assurances' number of employees under permanent contracts declined in line with the budget guidelines to control administrative costs.

This decrease was due to:

- a considerable increase in resignations and a large, but stable number of retirements compared with 2013
- greater vigilance in replacing people who left the company, with positions left vacant no longer filled systematically in the sluggish economic environment
- external hires targeted based on specific technical skills and
- an increased focus on internal mobility, with most vacant positions filled last year by internal candidates.

Characteristics of headcount

	2014	2013	Year-on-year change	Level of coverage
Percentage of employees with permanent employment contracts	96%	96%	0%	100%
Percentage of women	60%	60%	0%	100%
Average age of permanent employees	43.2 years	42.8 years	s.o.	100%

Almost all (99%) employees are covered by local insurance industry collective bargaining agreements. The only exceptions, in accordance with local regulations, are in Ireland and for 23 executives in Argentina.

Age pyramid

Breakdown (%)	2014	2013
< 20 years old	0.19	0.2
20-24 years	2.60	2.8
25-29 years	7.01	4.7
30-34 years	11.93	8.9
35-39 years	16.34	16.4
40-44 years	19.34	19.2
45-49 years	15.86	15.1
50-54 years	11.41	13
55-59 years	10.23	13.3
60-64 years	4.75	6.1
65 and over	0.33	0.3

The average length of service within the Group is 13 years and is stable compared with 2013.

A targeted hiring policy for CNP Assurances

CNP Assurances has had a policy for several years now that focuses on internal mobility. Nearly all vacant positions are handled by using skills available internally. This human resources planning meets two objectives: it keeps overall employee numbers under control in a sluggish environment, while giving existing employees the chance to move up in their career.

In 2014, this dynamic maintained by the number of departures was boosted by the career opportunities that were created through the new organisational structure, the Group's new business units as well as new Group functions.

As CNP Assurances focuses on hiring selectively externally to find specific skills that are not available internally or within the Group, internal mobility is boosted by helping employees to develop and put in place their career plans – particularly for those who want to pursue a degree (see section 6.4.1.2 on training) – and integrate into their new jobs and get training.

In 2014, most of the positions open to external candidates were for skilled professional work: finance/actuarial analysis/risk management as well as commercial positions.

All vacant positions (388 Group-wide) were filled in 2014. CNP Assurances did not encounter any particular hiring problems.

	2014	**2013**	**Year-on-year change**	**Level of coverage**
Number of new hires	388	415	-6,5%	100%
Percentage of new hires with permanent employment contracts	62%	55%	+12.7%	100%

Separations

	2014	**2013**	**Year-on-year change**	**Level of coverage**
TOTAL NUMBER OF DEPARTURES	490	521	-6%	100%
• including dismissals				
• including terminations by mutual agreement	71	80	-11%	100%
• including resignations	13	18	-28%	100%
• including retirements	159	97	+63%	100%
• including departures at the end of fixed-	75	135	-44%	100%
term contracts	145	176	-17%	100%
Turnover	**6.7%**	**6.9%**	**+2.9%**	**100%**

Turnover within the Group's entities reflects the varying situations in 2014: it remained low at CNP Assurances (3.9%), but much higher at MFPrévoyance (10.6%) although this figure was down. Caixa Seguradora Holding's employee turnover was well controlled in 2014, at 14% compared with 21% for the Brazilian insurance industry. Similarly, CNP CIH maintained 8% turnover despite the economic context.

The increase in resignations can be explained by the low turnover in 2013 within Caixa Seguradora Holding. The decrease in the number of retirements is the result of the voluntary early-retirement scheme at CNP CIH in 2013.

As regards CNP Assurances, half of the departures of employees under permanent contracts is due to retirements, which is in line with the age pyramid.

Mergers/acquisitions/disposals/restructuring

None of the Group's entities carried out a restructuring plan in 2014. A redundancy plan did not have to be put in place, thanks to the measures taken in Cyprus and Greece following the crisis that affected these countries in 2013.

Focusing on employee development

CNP Assurances has a well-established internal mobility policy. Nearly all vacant positions are handled by using skills available internally. In 2014, 74% of permanent positions were filled by internal candidates, thus allowing for targeted external hiring, to strengthen skills required to implement CNP Assurances' strategy.

Alongside the managed policy of opening vacant positions to internal candidates, internal mobility was further boosted by the programme of personalised support for employees in developing and implementing a career plan. In 2014, more than 400 employees were able to benefit from internal mobility and 150 employees were promoted.

Every year, managers are asked to conduct a performance review with each of their employees. In the Group, in 2014 95% of employees participated in performance appraisals. Annual performance reviews give managers and employees a special opportunity to talk. It is a time to recap all the events of the past year, highlight strong points and areas for improvement, establish expectations and objectives for the coming year, and also discuss employees' career plans.

6.4.1.2. Training – a strong and sustained commitment

	2014	2013	Year-on-year change	Level of coverage
Number of training hours(1)	95,019	98,251	-3%	99%
Amount allocated to training as a percentage of payroll	4.2%	4.3%	-2%	99%
Percentage of employees who received training	87%	86%	+1%	99%

(1) Of which 56,400 training hours for CNP Assurances in 2014 and 59,732 in 2013

The decrease in the number of training hours can be explained by the implementation of CNP Assurances' new organisation which required adjusting the training programme and moving a number of initiatives to the second half of 2014.

A wide range of training courses

Developing employee skills is at the centre of CNP Assurances' social policies. In recent years, CNP Assurances has invested the equivalent of over 5% (to be confirmed) of payroll to boost internal mobility and help all employees to prepare for changes in the Group’s professions. In 2014, 90% of employees attended a training course and 73 employees were able to work towards a diploma, in order to fulfil their professional ambitions within the Group, bringing this number to over 140 employees in the last two years.

CNP Assurances organised various training initiatives in 2014 – on social protection and services to support the Group in its ambitions in asset management activities for the high-level customer segment, as well as the training programme for insurance advisors and regulatory training with a new anti-money laundering campaign. Management initiatives were also continued, and all employees were encouraged to take part in an e-learning initiative on writing email within the scope of the Group's discretionary profit-sharing plan.

Within the Group, more people received training in 2014 in nearly all entities. The main training area is insurance techniques, followed by computer/office systems, sales and marketing, personal development, management skills and languages. In addition, during the last two years, targeted training initiatives have been organised to expand the risk management skills base. Individual training needs and requests are generally discussed during the annual performance reviews. Group training needs are analysed when the annual training plans are drawn up.

In 2014, CNP Unicredit Vita organised special diversity training for all middle and senior managers. This was the case as well in CNP CIH where 37% of employees (Cyprus) benefited from a special program for management and other training.

MFP Prévoyance continued – through very extensive training, representing more than 3% of payroll – to structure the acquisition of professional skills of teams, particularly those working on requirements related to Solvency II.

6.4.1.3. Remuneration

Average gross salary by country	2014	2013	Year-on-year change	Average annual increase by country
France	EUR 55,936	EUR 55,055	1.6%	0.7%
Brazil	BRL 64,337	BRL 58,573	+9.8%	6.7%
Italy	EUR 53,778	EUR 52,535	+2.3%	0.7%
Cyprus/Greece	EUR 36,052	EUR 40,000	-9.9%	0%
Spain	EUR 48,668	EUR 46,054	+5.7%	2.3%
Ireland	EUR 57,532	EUR 58,613	-1.8%	0%
Argentina	ARS 292,122	ARS 207,222	+40.97%	34%

For the consolidated CNP Assurances Group, the average across-the-board pay rise was 2.25%, with variations among countries due to inflation (leading to a near 40% increase in Argentina), or economic conditions (in Cyprus and Greece). CNP CIH had to decrease a small portion of salaries in light of these issues.

At CNP Assurances, €6,570,561 was paid out under the discretionary profit-sharing plan in 2014, €17,278,647 was paid out under the statutory profit-sharing plan, and €526,480 in profit-related bonuses were paid to seconded civil servants.

All CNP Assurances, MFPrévoyance and LBP Prévoyance 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.

6.4.1.4. Use of outside contractors – limited and supervised outsourcing

CNP Assurances makes limited use of outside contractors for specialised non-core business activities. There are 48 security staff, 74 cleaning staff (including Arcueil and Angers), 19 maintenance workers, and 8 receptionists, for a total of 149 outside contractors, compared with 157 in 2013. IT operations have been transferred to an intercompany partnership established in 2012 (CNP TI) which employs 330 people.

More temporary employees were used in 2014, in line with the decrease in the fixed-term contracts (excluding youth-employment contracts), based on the new strategy regarding temporary staffing.

There is significant use of outside contractors in Caixa Seguradora Holding and CNP Partners which outsource their IT operations (186 contractors). Like CNP Assurances, both entities ensure that the employees concerned are accorded the full protection of applicable labour legislation (see section 6.3.3.3. – Responsible purchasing).

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

The Group's human resources policy focuses on developing conditions that foster employee well-being at work and promotes personal enrichment and group performance. This requires a good understanding of stress factors and the deployment of the personalised support measures for struggling 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 ten employees. Caixa Seguradora Holding does not have a staff delegate. However, in accordance with the rules set out in the union of insurance workers' agreement, a representative of employees and the union president participate in meetings between employee and management representatives. 99% of Group employees are covered by an insurance industry collective bargaining agreement (except for employees and managers in Ireland and managers in Argentina). In total, 146 meetings between employees and management were held at the Group's various entities in 2014.

Working with employee representative bodies at CNP Assurances

The Human Resources department – in line with CNP Assurances' history, and in particular its agreements on union rights – maintains a high level of dialogue, respecting the roles of all those involved beyond regulatory requirements, 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.

The frequency of the meetings of these bodies has increased significantly over the last two years, given the consultation process with (i) the occupational health, safety and working conditions committee and (ii) the Workers Council, within the scope of the implementation of the Group's new organisation. Over a period of 15 months, nearly 40 special meetings were held with these bodies to address this topic.

Agreements to improve working conditions

CNP Assurances has agreements covering the main areas: classification and remuneration through the labour adjustment agreement, working hours (ARTT agreement), gender equality, employees with disabilities, union resources, psychosocial risks, PERCO voluntary pension plan, discretionary profit-sharing, statutory profit-sharing, etc. There is also the action plan for the inter-generational contract designed to put in place initiatives to help young people and seniors enter and stay in the workforce and develop their skills. In 2014, CNP Assurances signed an agreement within the scope of the mandatory annual negotiation, a supplemental agreement related to discretionary profit-sharing and a new seventh agreement on employment of people with disabilities.

As LBP Prévoyance exceeded the 50-employee threshold in 2014, it put in place a new framework for social dialogue with, for example, the first meeting for the mandatory annual negotiation and the first consultation of the Workers Council for the training programme.

Three agreements were signed at MFPrévoyance in 2014 involving working hours, gender equality and the mandatory annual negotiation. Agreements were also signed in Brazil on statutory profit-sharing, and a new collective agreement was signed at CIH and at CNP Argentina.

Spending on social and cultural activities for Group employees represented 1.6% of payroll in 2014.

The European dimension

The European Workers Council met twice in 2014, particularly in extraordinary sessions on the consequences of the disposal of Barclays' banking network in Spain, i.e., the plan to dispose of CNP Assurances' stake in CNP BVP as well as the change in the Group's activities in Greece and Cyprus.

CNP Assurances' focus on managerial communication

In addition to the HR intranet that centralises information from the Group on its various human resources activities, managerial communication is crucial for fostering relations with employees. Since 2013, CNP Assurances has rolled out at a number of initiatives to promote the role of managers and help them to communicate with their teams. Various management circles have been identified and communication processes have been put in place: conference calls with the CEO, special seminars, employee discussion programmes, etc.

For example, in 2014, the 250 main managers with supervisory roles were involved in the work led by the Executive Committee to develop action guidelines on managerial behaviour and how to be and act individually in order for the group to perform well. Four principles for behaviour were established: customer focus, initiative, inventiveness and confidence.

6.4.2.2. Promoting awareness of psychosocial risks and support systems at CNP Assurances

Within the scope of its work in the service sector, CNP Assurances has paid particular attention to preventing stress and psychosocial risks over the last ten years. Through its various initiatives (in-house mediation service, management training, outside counselling available to all employees, etc.), it has created an environment that helps limit the occurrence of these risks.

The agreement on this subject signed with trade union representatives in April 2012 provides a practical, shared framework in the shape of measures to identify, prevent and manage psychosocial risks.

A psychosocial risks and stress audit was carried out in 2013 in order to analyse relevant employee working conditions and experience. Levels of exposure to psychosocial risks were slightly less than those observed in a similar study carried out in 2005. An action plan was implemented in 2014 for the period covered by the agreement.

An anonymous group discussion platform set out under the 2012 agreement was put in place in 2013. Managers answer the questions raised in plenary sessions and then put them up on the platform. Some such 50 meeting were held in 2014.

In-house mediation: The in-house mediation service aims to prevent and deal with allegations of harassment and discrimination, stress and everyday conflicts. In 2014, it received 60 referrals, most of which concerned requests for advice and support.

A dedicated commission: A commission set up under the 2012 agreement with trade union representatives on psychosocial risks (notably to handle situations involving groups of employees) meets quarterly in each of the Paris, Angers and Arcueil sites. All employees also have access to a 24/7 hotline all year round (Filassistance), if they need to talk to someone.

6.4.2.3. Multiple initiatives in each subsidiary

The CEOs of the foreign subsidiaries all receive stress management training. In addition, Caixa Seguradora Holding and CNP BVP developed comprehensive workplace wellness programmes. Caixa Seguradora Holding organises a “health in the workplace” week every year.

MFPrévoyance’s occupational health, safety and working conditions committee started paying particular attention to psychosocial risks in 2012, and a special training course was included in the management training program. CNP Argentina’s Code of Ethics provides for the implementation of accident and occupational illness prevention programmes. CNP CIH 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 for middle managers in 2014.

6.4.2.4. Organisation of working hours

Annual number of hours

At consolidated Group level, annual working hours range from 1,575 to 1,980, depending on local legislation. At CNP Assurances and MFPrévoyance, full time corresponds to 1,575 hours per year (ARTT agreement of November 2001).

	2014	2013	Year-on-year change	Level of coverage
Average annual number of hours worked	1,671	1,671	0%	100%
Percentage of employees working part time	14%	14%	0%	100%
Number of overtime hours	23,918	28,417	-16%	100%
Percentage of overtime hours	0.29%	0.34%	-15%	100%

High take-up of part-time working options

Apart from four employees at CNP Partners, all employees who work part-time within the Group's entities chose to do so. At Group level, part-time employees represent 14% of the workforce. For CNP Assurances in 2014, 21% of the employees worked part-time, and almost all of them chose 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.

Flexible working time management

In addition, 68% of the workforce at CNP Assurances have personalised working hours to help them achieve better work/life balance and organise their working hours based on professional obligations.

6.4.2.5. Health and safety

Absenteeism

In 2014, the Group absenteeism rate rose very slightly.

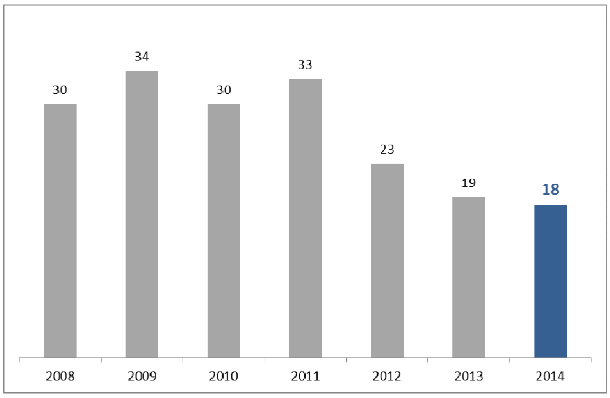
	2014	2013	Year-on-year change	Level of coverage
Absenteeism rate	6.28%	6.00%	+4.7%	100%
Absenteeism rate excluding maternity leave	5.15%	4.89%	+5.3%	100%

Health and safety

One victim of an occupational illness was reported in the Group. There were no deaths in 2014 resulting from a workplace accident or occupational illness.

	2014	2013	Year-on-year change	Level of coverage
Number of occupational accidents	18	19	-5%	99%
Work-related illnesses	1	1	0%	99%

Number of occupational accidents within the Group



At CNP Assurances, there were 11 occupational accidents leading to sick leave in 2014. The CNAM-measured lost-time incident frequency rate for 2013 was 1.2% for Paris with a severity rate of 0.19%. The rate for 2014 will not be published by the CNAM until later in 2015.

CNP Assurances is committed to ensuring the health and safety of its employees. Numerous health improvement programmes have been established within the Group's entities: CNP Assurances has an Occupational Health department in its three 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, conferences on cancer at the Angers site, etc. Similar initiatives have been undertaken at Caixa Seguradora Holding, where nutritionists work on-site.

Workplace health and safety agreements

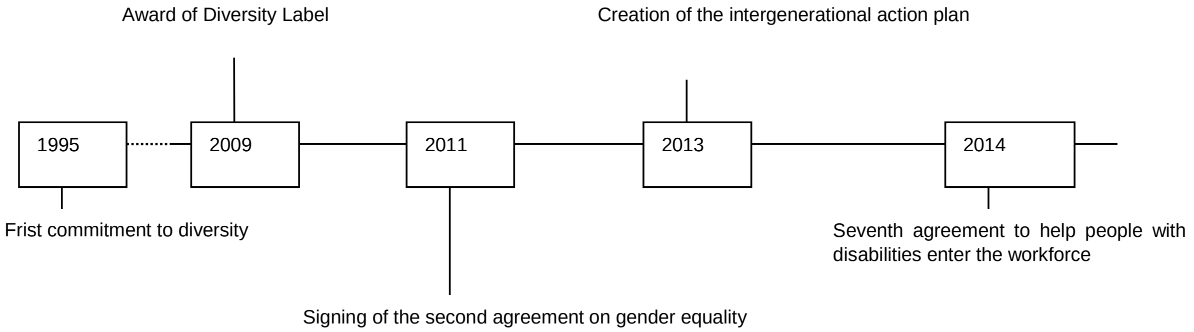
In all, 99.3% of the Group's employees are covered by collective agreements dealing with the main health and safety issues.

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 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 2014.

6.4.3. Priority No. 3: Rolling out a strong policy on gender equality in the workplace

Timeline



6.4.3.1. A strong Group-wide policy

CNP Assurances is dedicated to integrating youths and people with disabilities in the workplace, and promoting gender equality. CNP Assurances also constantly strives to prevent all forms of discrimination.

CNP Assurances received the Diversity Label in 2009 for its clear diversity and anti-discrimination policy, and was awarded this distinction again in 2014. 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 inter-generational contract initiative.

Several indicators – in addition to the Diversity Label – demonstrate the results of this policy:

- In 2014, CNP Assurances moved up to second place in the French Ministry for Social Affairs, Health and Women's rights ranking of the top 120 most advanced French companies in terms of gender equality, particularly the percentage of women in governing bodies.
- As for disabilities, the percentage of CNP Assurances employees with disabilities was 5.3% at end-2014, and CNP Assurances has just signed its seventh internal agreement with three union organisations for 2015-2018.
- In accordance with the agreement, employee representatives who devote more than half of their working time to their office receive a salary increase each year at least equal to the average of the individual raises of all the employees in their professional category.

A commitment applied across the Group: The commitment to fighting discrimination is shared across the Group, and features in the rules and regulations of CNP Assurances, Caixa Seguradora Holding’s code of conduct and CNP Argentina’s Code of Ethics. CNP CIH’s Code of Service also 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 work group to promote diversity at Unicredit Vita already put in place many initiatives in 2014.

A continual improvement process: 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 in Arcueil and Angers 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 for employee representatives.

6.4.3.2. Promoting gender equality in the workplace

The proportion of women in management and senior management is growing in the Group.

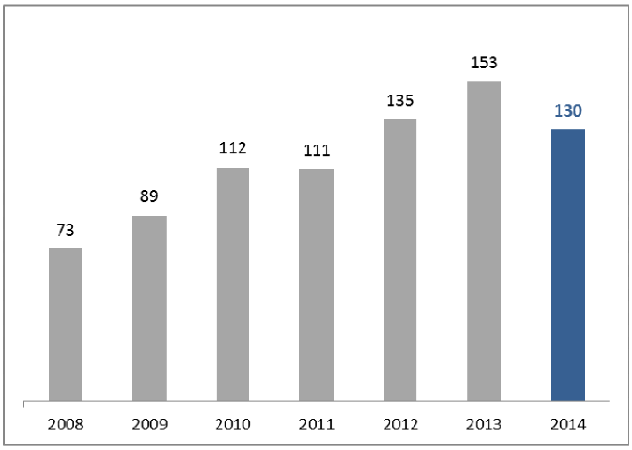
	2014	2013	Year-on-year change	Level of coverage
Proportion of female management-grade staff	50%	49%	+2%	100%
Proportion of female senior executives	33%	32%	+3%	100%
Average male/female income ratio by category	109%	109%	0%	99%

CNP Assurances constantly strives to reduce any observed gender gaps in remuneration and promotion. The second agreement on gender equality signed with trade union representatives on 18 November 2011 sets measurable goals in terms of gender parity, promotions, training and work/life balance. Particular attention is paid to women returning to work from maternity leave.

The proportion of women on the Board of Directors and the Executive Committee has increased steadily in recent years, reaching 33% and over 38% respectively at the end of 2014. To advance the cause of women in the workplace, CNP Assurances belongs to several women's networks: Financi'elles, a network for female management-grade employees in insurance, banking and finance, and Alter'égales, the network for female management-grade employees within the Caisse des Dépôts Group. A survey conducted by Financi'Elles in 2014 showed that CNP Assurances is seen by its employees as a company that promotes diversity.

6.4.3.3. The employment and integration of employees with disabilities

Number of employees with disabilities



Over the last 20 years, CNP Assurances has implemented an assertive policy to help people with disabilities enter the workforce. A seventh agreement was signed in 2014 for a period of four years and describes CNP Assurances' commitment to helping people with disabilities enter and stay in the workforce. Including the 113 disabled employees on permanent contracts and the employees of sheltered workshops used by the Company (35 units benefiting), the proportion of disabled employees stood at 5.3% of the workforce at 31 December 2014.

Accessibility audits were conducted for disabled access to all CNP Assurances facilities, in conjunction with the occupational health, safety and working conditions committee. An accessibility audit carried out in 2011 at the two main Paris sites found that the sites were respectively 77.4% and 73.2% 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 recommendations from the audit were implemented.

Caixa Seguradora Holding very often uses institutions that support the integration of people with disabilities to circulate job offers.

6.4.3.4. Fighting age discrimination

Hiring young people

CNP Assurances makes every effort to support young people. Permanent employees aged under 25 in 2014 accounted for 3% of the workforce. An inter-generational contract action plan was set out in 2013, laying out CNP Assurances' commitment to helping young people find lasting employment under a permanent contract. In 2014, 17 were hired under this action plan, and at 31 December 2014, CNP Assurances had more than 100 young employees on work-study contacts. MFPrévoyance signed an inter-generational contract with employee representatives in 2013.

Hiring seniors

CNP Assurances had 30 seniors on fixed-term contracts at end-2014. including 14 who were hired in 2014. Employees over 55 year old accounted for more than 20% of the workforce at end-2014, representing an increase of nearly 1 percentage point compared with end-2013. CNP Assurances' intergenerational plan sets measurable goals for the hiring and retention of seniors. In 2014, two fixed-term contracts for seniors were turned into permanent contracts.

As part of the inter-generational co-operation, 68 people took advantage of the "30s Club" that enables young people on fixed-term contracts who are going to turn 30 during the year to meet employees who have 30 years of service with the company.

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. This procedure is also available on the intranet. Many Articles on the implementation of the diversity policy and external links are also available on CNP's 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. In 2013, Caixa Seguradora Holding developed awareness initiatives to help teams welcome disabled workers.

6.4.4. Compliance with and promotion of the fundamental ILO conventions

In keeping with their adherence to the Global Compact, CNP Assurances, CNP Argentina, Caixa Seguradora Holding and CNP UniCredit Vita ensure that laws and regulations are complied with in each country where they operate.

All subsidiaries abide by its four guiding principles, namely human rights, freedom of association and the right to collective bargaining, long-term career support, and the promotion of equal opportunities. Each one submits an annual report on their CSR performance to CNP Assurances, with a special focus on these four criteria. Numerous procedures guarantee the respect of civil and political rights in force at CNP Assurances, in particular the internal code of conduct, the designation of a liaison officer at the National Commission for Data Protection (*Commission nationale de l'informatique et des libertés* – CNIL) and an agreement on the right of unionisation.

Employees are covered by insurance industry collective bargaining agreement (except for employees and managers in Ireland and managers in Argentina). CNP Assurances monitors the level of training and promotion of its staff representatives.

Our compliance with the ILO's fundamental conventions is reflected in our relations with suppliers and sub-contractors (see section 6.3.3), in our use of ESG screens in the selection of financial assets (these screens are applied to 80% of the portfolio in France and 100% of the portfolio in Brazil) and in our property management procedures.

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. Nonetheless, particular attention is paid to this subject in our purchasing policy (see section 6.3.3).

Building employee awareness and training in sustainable development issues:

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

Awareness campaigns

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.

- CNP Assurances has organised competitions, surveys and conferences, shared guidelines, and raised awareness on environmentally-friendly driving.

- A conference was held in Paris for all employees on socially responsible investment. It was also made available on the intranet. In addition, a sale for responsible products was organised at three sites in Paris, Arcueil and Angers. The money earned was matched through a sponsorship programme and donated to two not-for-profit organisations working in the area of sustainable development. A waste awareness initiative was organised by the centre in Angers for all employees.

- MFPrévoyance educated employees about selective sorting and LBP Prévoyance raised awareness about three eco-responsible habits (turning off lights and computers, limiting print-outs).

- Caixa Seguradora Holding continued its intense employee awareness campaign last year. In 2012 the subsidiary placed the “five Rs” – recycle, reduce, reuse, rethink, respect – on the computer desktop screens of all employees and service providers. It distributed the new Code of ethics and conduct to all Caixa Seguradora Holding employees, while maintaining its dedicated training programme “The Challenge of the Code”. In 2014, the various awareness initiatives focused on the environment.

- In Italy, the Green Group has promoted selective sorting awareness and, since 2012, the use of more eco-responsible means of transport and videoconferencing facilities. In 2014, it organised the second “green footprints” awareness day focusing on diversity, volunteering and a skills bank project.

Training

Caixa Seguradora Holding offers e-learning courses on socio-environmental responsibility for all staff, with 324 people trained in 2014.

CNP UniCredit Vita offered an external CSR training course in 2013 for members of the Green Group and launched an experimental internal CSR training programme. In 2014, it also gave some 50 managers diversity training.

6.5. For a caring society

Every year, when renewing their membership of the UN Global Compact, CNP Assurances and its various 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 are evidence of the importance the Group places on its impact on the world around it.

- Priority No. 1: Reducing our environmental footprint
- Priority No. 2: Managing our carbon footprint
- Priority No. 3: Managing our local impact

6.5.1. Priority No. 1: Reducing our environmental footprint

As CNP Assurances is a service company, its environmental footprint is related to employee behaviour and IT server activity. Everyone in the Group has a role to play in reducing its environmental impact, primarily by effectively managing the three main direct sources of greenhouse gas emissions: paper use for day-to-day administration and policyholder correspondence, business travel and office building management. Employee awareness initiatives have reduced this footprint. 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 by each entity. The resources mobilised for this purpose vary with the entity's size. Group subsidiaries report to the parent company on their environmental performance on an annual basis.

CNP Assurances has a sustainable development department, the head of which reports directly to the Chief Executive Officer. Environmental issues are addressed and monitored by the corporate Purchasing, Working Environment and Property Investment departments. 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.

At CNP UniCredit Vita, environmental programmes are handled by the Green Group, comprising employees who volunteer to help develop ideas for initiatives that address environmental concerns. Since 2013, CSR indicators have been included in the company's management reports.

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

6.5.1.2. Travel

Car travel is a big part of the Group's carbon footprint. The potential economic and environmental gains are therefore significant.

Training and awareness campaigns on road risks and eco-driving were established for all employees in 2013. This year, new employees of the sales network attended specific personalised modules.

Expanding video conferencing

The use of video and audio conferencing is now widespread within the Group. It is promoted to limit business travel. Caixa Seguradora 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 2014, 8,990 hours of video conferencing were recorded across the Group, of which 95% at CNP Assurances. For the first time this year, the number of hours of audio conferencing reached an all-time high of nearly 33,700, of which 67% at Caixa Seguradora following the introduction of a new system, which has proved extremely popular.

Commuting

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

Business travel

	2014	2013	Year-on-year change	Level of coverage
Million km travelled by plane	13.9	12.3	+13%	99%
Million km travelled by train	3.9*	2.9	n.m.	99% +CNP TI
Million km travelled by car	0.9	0.7	+29%	(35% excluding CNP Assurances)

** including CNP TI as of 2014*

The increase in air travel is attributable chiefly to CNP Assurances and Caixa Seguradora.

CNP Assurances has prepared a written travel policy, providing a framework for employee practices to reduce the impact on the environment, while continuing to ensure the comfort and safety of travellers.

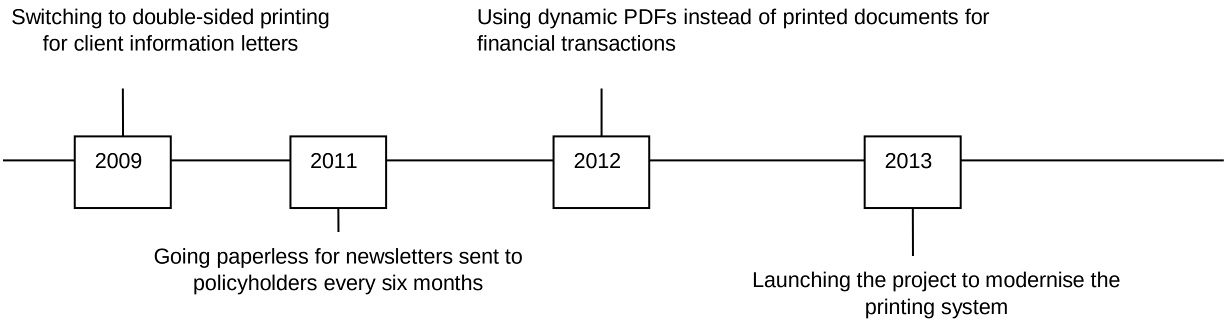
Train travel relates mainly to CNP Assurances. Employees travelled 3,713,541 kilometres by train, of which more than half between its main sites in Angers and Paris. For CNP Assurances, car travel is monitored in terms of fuel consumption: 491,681 litres were consumed in 2014, compared with 524,737 litres in 2013.

A large number of subsidiaries cut back on business travel or opted for cleaner modes of transport in 2014. CNP UniCredit Vita continued its employee awareness campaigns (train *vs* plane and public transport).

6.5.1.3. Reducing 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 put in place within the Group's entities to reduce the volume of paper consumed. In 2013, for instance, CNP UniCredit Vita's paper consumption was included as a key indicator in the monthly report presented to the Management Committee. This year, CNP Partners posted on its intranet site a guide to good practice to reduce paper consumption by employees.

Reducing paper use at CNP Assurances



A reduction in Group-wide paper use for internal operations

	2014	2013	Year-on-year change	Level of coverage
Paper consumption for internal purposes	35.5 million sheets	36 million sheets	-1.4%	99%
Proportion of recycled paper used for internal purposes	17.2%	18.7%	-8%	95%

Thanks to the concerted efforts of employees, CNP Assurances is reducing its paper use year after year, with savings of 11% in 2012 and 5% in 2013. CNP BVP and CNP Argentina have significantly reduced their paper purchases for internal purposes, by 35% and 15% respectively. CNP UniCredit and CNP Europe Life only use recycled paper for internal purposes.

Business paper consumption

	2014	2013	Year-on-year change	Level of coverage
Paper consumption excluding internal purposes(1)	86 million sheets	103 million sheets	-16%	95%
Proportion of paper certified as environmentally sustainable(2)	90%	89%	+1%	95%

(1) Contractual documents, claims management, customer communication and corporate brochures (France)

(2) All paper, excluding chemical carbon paper limited to contractual documents

The reduction in paper consumption is attributable chiefly to the drop in the number of contractual documents at CNP Assurances, resulting from a decline in the number of regulatory updates and the switch to paperless applications.

A total of 74.2 million sheets of paper were purchased for CNP Assurances' corporate brochures, information for policyholders and contractual documents, a reduction of 18%. A first major step in reducing paper volumes was taken in 2009 with the introduction of duplex printing for most customer information letters (leading to a 42% drop in 2009 and a 26% drop in 2010). Some customer correspondence was printed on recycled paper for the first time this year.

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

Changes in CNP Partners's legal requirements and new regulatory constraints in Italy related to the fight against money laundering have increased the volume of customer correspondence.

Ninety per cent of paper used by the Group (including for internal purposes) has a sustainable management label such as FSC, PEFC or EU Ecolabel.

Paperless operations – a rapidly expanding approach

Digital conversion of certain documents and procedures has increased at CNP Assurances: the CNP Trésor network started going paperless for marketing correspondence in 2011, and emails had replaced almost all paper correspondence in 2014.

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 new 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.

6.5.1.4. Office building environmental management

Controlling energy consumption

Energy consumption of the CNP Assurances Group corresponds to heating, cooling and office equipment used by employees and computer servers. Electricity is the main form of energy used. A very slight 4% reduction was observed in 2014 due to weather conditions.

	2014	2013	Year-on-year change	Level of coverage
Electricity consumption	21.6 million kWh	22.5 million kWh	-4%	92%
Gas consumption	2.3 million kWh	2.3 million kWh	0%	98%
Fuel oil consumption	56,010 litres	93,016 litres	-40%	64%

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.

Significant work has been carried out to reduce energy use. Notable initiatives include:

- 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 multi-year plan (2014-2018) has begun with renovation work on the refrigeration system. This will allow compliance with regulations aimed at phasing out R22 and replacing open air-cooling towers, which consume large amounts of water, with closed towers, which, by virtue of their design, do not consume water.
- The renovations carried out following the purchase of a new office building in Paris included the replacement of the control system for technical equipment with a new centralised management system and the installation on three levels of new terminal units to control fan convectors. The installation of terminal control units is also part of a multi-year renovation programme.

A total of 3.9 million kWh of heating supplied by the CPCU district heating network in Paris was used to heat CNP Assurances' Paris offices in 2014. Fuel oil use only concerns the power generators at the major sites in France. It is exceptional and not material.

CNP Assurances' subsidiaries have also gradually adopted measures to reduce electricity use, notably for lighting, heating and IT servers. Caixa Seguradora has been a forerunner in the use of virtual servers, which it installed in 2009. In 2012, it replaced its computer hardware with more energy-efficient equipment. In addition, awareness campaigns have been carried out for employees across the Group's entities (see Building employee awareness and training on sustainable development issues).

The buildings used by Group entities are not currently equipped with systems for generating renewable energy.

Water consumption

	2014	2013	Year-on-year change	Level of coverage
Water consumption in cubic metres	71,960	91,307	-21%	92%

An analysis of local restrictions on the Group's water use, based on the Global Water Tool 2012.V1, shows that 4% of its water use is in water-scarce areas (Cyprus), 54% in water-sufficient areas and 42% in water-abundant areas (see the area definitions at http://www.wbcsd.org).

The reduction in water consumption recorded in 2014 is attributable to the removal of open air-cooling towers at CNP Assurances and maintenance work at the headquarters of Caixa Seguradora.

Waste management

	2014	2013	Year-on-year change	Level of coverage
Proportion of employees with access to waste sorting	89%	90%	-1%	95%
Tonnes of waste paper and cardboard recycled	179	164	+9%	83%

The waste-sorting system set up within the Group's entities makes it possible to recycle printer cartridges and paper used in offices for internal purposes. The financial benefits of recycling are donated to NGOs in Argentina and 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 within the company and a survey of employee behaviour.

Computer equipment is also a significant source of waste: some obsolete equipment (43% at CNP Assurances in 2013 and 3% at CNP Partners) was sold or given away, and the rest was dismantled for recycling by a specialised firm. This year, Caixa Seguradora conducted a major internal e-waste collection campaign.

Uncertainty about the 2013 data from CNP CIH resulted in the adjustment of the 2013 data.

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. However, on the woodland that it owns, CNP Assurances operates a policy of forestry management for soil protection against erosion, filtration and water 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.

The Group has not been subject to any court rulings, nor incurred non-pecuniary environmental penalties.

6.5.1.5. Reducing the environmental footprint in our business

The environment as an investment criterion

As the largest private owner of woodland in France, CNP Assurances helps to capture a significant quantity of CO_2. Note (see section 6.3.2.3 Forests: an environmental opportunity) that tree growth made it possible to sequester 267,832 tonnes of CO_2 in 2014. 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.

CNP Assurances applies environmental screens to all of its equity and corporate bond portfolios (see section 6.3.1 Responsible investment), thereby prioritising, as for CNP Argentina, companies with a good environmental performance. It has also developed CNP Développement Durable, an SRI fund focusing on environmentally responsible investments, which is marketed through the CNP Trésor 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 prevailing standards. Caixa Seguradora has a policy of not investing in property projects that pose a potential danger to the environment.

Through their investment policies, CNP Assurances and its two subsidiaries in Brazil and Argentina promote reductions in the environmental footprint of the entire economy. With the same objective, environmental criteria are used to choose suppliers (see section 6.3.3).

6.5.2. Priority No. 2: Managing our carbon footprint

The Group's carbon footprint has been measured on various scopes. As CNP Assurances is a service company, its environmental footprint is related to employee behaviour and IT server activity. The biggest sources of emissions are travel, paper consumption and management of office buildings.

6.5.2.1. Greenhouse gas emissions audit

CNP Assurances' greenhouse gas emissions audit

CNP Assurances' emissions of CO_2-equivalent have been monitored for five years. Since 2012, they have been measured in accordance with Article 75 of France's Grenelle Act of 12 July 2010, and came to:

	2014	2013	Year-on-year change	Level of coverage
Direct greenhouse gas emissions (scope 1)	2,643 t. CO_2	2,859 t. CO_2	-8%	64%
Indirect greenhouse gas emissions related to energy consumption (scope 2)	2,074 t. CO_2	2,015 t. CO_2	+3%	64%

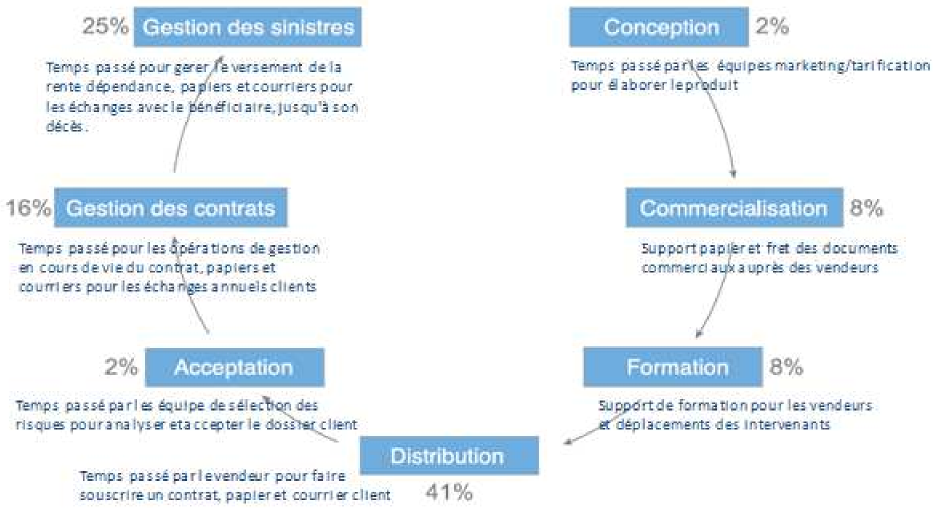
Detailed information by source as reported to the French authorities is available in French at http://www.cnp.fr. Changes in emission volumes are attributable to the reduction in the use of petrol for cars and fuel oil in generators (scope 1).

Caixa Seguradora's greenhouse gas emissions

Caixa Seguradora's carbon footprint, measured in terms of business travel and buildings (based on the GHG protocol), totalled 2.28 tonnes of CO_2-equivalent per employee. With its emissions offset by reforestation in the Atlantic Forest carried out with *Iniciativa Verde*, Caixa Seguradora has earned CarbonFree certification several years in a row.

6.5.2.2. Impact of an insurance product

The cradle-to-grave carbon emissions associated with an insurance product were assessed in 2010, in line with the greenhouse gas analysis method. For example, a Trésor Prévoyance Autonomie policy generates 12 kilograms of CO_2 over its lifetime, as follows:



We used the results of this analysis to set priorities for action, leading to our current work on the life cycle stages:

- "Distribution", focusing on eco-driving
- "Contract administration", by expanding paperless operations
- "Claims management", with online follow-up

6.5.2.3. Climate change

The CNP Assurances Group's largest entities and Caixa Seguradora have undertaken significant work in response to this issue. Their greenhouse gas emissions have been reported to the Carbon Disclosure Project since 2005, and CNP Assurances has signed the Kyoto Statement of the Geneva Association.

The most significant issues for CNP Assurances are its woodland (54,414 hectares) and property assets (3.5 million sq.m.), see section 6.3.2.

As a provider of homeowner and automobile insurance, Caixa Seguradora is also conducting research on the impact of climate change, both internally and jointly with government agencies, NGOs and private companies.

Caixa Seguradora offsets its emissions through reforestation in the Atlantic Forest, and has earned CarbonFree certification for several years in a row.

6.5.3. Priority No. 3: Managing our local impact

6.5.3.1. Local impact

Local employment

CNP Assurances has been an active employer in the regions where it has been operating for close to a century: 90% of CNP Assurances employees work at one of the Paris, Arcueil or Angers sites. Expatriate workers represent 0.3% of headcount at foreign subsidiaries. These companies also participate in their local job markets, including for senior management positions: at end-2014, 75% of Executive or Management Committee members had been hired locally.

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 insured find a new job and, in Brazil, the job search support service offered by Caixa Seguradora.

Impact as an insurer and 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, we play a major role in financing the economies of our host countries.

All sectors of the economy receive support to foster long-term development. We promote corporate social responsibility among the companies in the portfolio, through our policy of being a responsible investor and shareholder (see section 6.3.). Similarly, Caixa Seguradora's financial investments are carried out entirely in Brazil.

Actions in the local community

The Group's entities also help to resolve the community's current concerns. For example:

- Filassistance's assistance and prevention services meet the needs of people made vulnerable by age, disability or illness
- Caixa Seguradora 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 improving access to jobs among young people in the surrounding region, in partnership with local cultural centres. Recognised for its original approach, since 2010 the programme has been managed in partnership with the United Nations Office on Drugs and Crime (UNODC). In 2014, Caixa Seguradora trained 840 suburban youths in expression and entrepreneurship workshops, hosting nearly 14,000 at participatory events and exchanges

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*. We help 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 systematically acts through industry organisations, in particular the *Fédération Française des Sociétés d'Assurances* (FFSA). In the area of sustainable development, it takes part 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).

Group entities do not make donations to political parties. Such donations are specifically prohibited in the codes of CNP Argentina and CNP BVP.

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 proposed by employees. Employees in Brazil take part in organising corporate sponsorship initiatives. Furthermore, Caixa Seguradora has cooperation agreements with UNODC and UNESCO, as well as service agreements with *Iniciativa Verde*, an NGO. In 2013, it created the Caixa Seguros Institute to structure its actions with the UN to improve social behaviour. CNP Partners sponsors a charitable association.

Partnership or philanthropy initiatives:

- policyholders, training/research: CNP Assurances maintains close relations with ENASS, France's leading business school specialised in the insurance sector. It also funds training centres such as IFPASS and ADAPT, and provides financial assistance to educational institutions through the apprenticeship tax. As part of its philanthropic activities, CNP Assurances finances the Risk Foundation's "Demographic Transitions, Economic Transitions" chair.

- integration: CNP Assurances has a tradition of helping young people acquire work experience. At the end of 2014, CNP Assurances had 101 employees on combined work-study or apprenticeship contracts, as well as 182 interns.

CNP Assurances is 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 Business Angels, the *Cités Partenaires II* investment fund, which is dedicated to helping entrepreneurs from underprivileged areas. Caixa Seguradora is heavily involved in the *Jovem de Expressao* programme (see section 6.5.3), and signed a cooperation agreement with UNESCO in 2011 to develop community-based communication and youth health promotion initiatives as part of this outreach programme.

- health: the CNP Assurances Corporate Foundation committed itself in 1999 to the fight against pain, and selected five new projects in 2014 in a total amount of €196,000. Since the beginning of its commitment on cardiac arrest and first aid in 2009, the foundation has devoted €1,937,000 to support, primarily for local authorities: 2,800 defibrillators have been placed in nearly 2,000 towns, and the general public has been trained to use them. In 2014, the foundation also provided support to 18 employee projects in the field of health. After 21 years of commitment, the foundation has opted to open up to more social issues, without compromising its focus on public health.

The subsidiaries have set up numerous programmes in partnership with non-profit organisations, such as the reforestation campaign in Brazil with the NGO *Iniciativa Verde*, a waste management initiative with *Amis du Futur*, an HIV prevention programme with UNESCO, and in 2014 the renewal of the survey of the sexual and reproductive health of young Brazilians. CNP Partners continues to provide support to socially vulnerable people.

The Green Group manages the philanthropic work of Unicredit Vita and has a budget of €12,000. In 2014, it collected donations from employees – matched by the employer – that were passed on to families affected by floods in late 2013.

6.5.3.3. Human rights

The guiding principles of the Global Compact

In line with our 2003 pledge to uphold the UN Global Compact, we ensure that each local organisation complies with human rights laws and regulations. Following the lead of CNP Argentina and Caixa Seguradora, CNP UniCredit Vita also pledged to uphold the Compact in 2010. Caixa Seguradora has its corporate social responsibility audited by Ethos on an annual basis to verify compliance with the Global Compact principles.

Each year, these companies reaffirm their commitment to upholding the Compact’s principles and promote it among their asset managers and suppliers. This commitment is reflected in the integration of environmental, social and governance criteria in financial asset management strategies. Respect for human rights is one of the criteria used to select equity and bond investments. This commitment was strengthened in 2011 with CNP Assurances’ pledge to uphold the Principles for Responsible Investment (PRI). In signing the UDA responsible communication charter, CNP Assurances has also pledged to respect human rights and diversity in all of its advertising and corporate communications.

Dedicated procedures

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 review of its CSR performance to CNP Assurances, 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 6.3.3) and in its property management processes. 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 presents 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 2014 Corporate Social Responsibility Report presents 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 persons involved at CNP Assurances and at all subsidiaries in preparing this section. 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 the 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, unless otherwise stated: CNP Assurances (for environmental data excluding 3,000 sq.m. at regional sites), CNP IAM, Previposte, ITV, CNP International, LBP Prévoyance, MFP Prévoyance, CNP Partners (for environmental data excluding CIS offices in Italy and France), CNP Assurances Compañia de Seguros, Caixa Seguradora, CNP UniCredit Vita, CNP Cyprus Insurance Holdings, CNP Europe Life and CNP Barclays Vida y Pensiones (for environmental data excluding offices in Italy and Portugal), and their consolidated subsidiaries. Indicators from the Group's consolidated subsidiaries are presented without applying a proportion. The entities covered were the same in 2013 and 2014.

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 90% of CNP Assurances employees.

The new subsidiary created under the partnership between CNP Assurances and Banco Santander is not included in this reporting scope. It had 32 employees at 31 December 2014.

The level of coverage for each indicator is presented in the tables. It represents the headcount of entities used in the calculation of the indicator divided by the total workforce of the consolidated group, excluding both branches in Italy and Denmark, and the subsidiary created under the partnership with Banco Santander. Section 6 therefore covers a total of 98.89% of the consolidated Group's employees at 31 December 2014.

Change is the percentage difference between the 2013 and 2014 data. Generally speaking, significant changes attributable to major scope adjustments are explained in the commentary.

Period under review

Indicators mapping movements cover the period from 1 January 2014 to 31 December 2014 (excluding CNP Assurances business travel, which is presented over a trailing 12-month period from 1 November 2013 to 30 October 2014); indicators of stocks are as at 31 December 2014

Historical date and change in scope

The consolidated entities in this section for 2014 are the same as for 2013. Changes in scope can nevertheless appear when indicators have not been provided for an entity or sub-entity in 2013, but have been in 2014.

Method for reporting, control and consolidation

Indicators are reported by operational departments (HR, building management and purchasing), and are broken down by site where necessary. An IT accounting consolidation tool is used for reporting. A CSR Officer is appointed for each entity (a total of 18 CSR Officers) and prepares the first level of consolidation within the entity concerned. Thirteen 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.

The introduction of CSR reporting from 2006 gradually improved the quality of CSR data, particularly data relating to the environment. Certification by the Statutory Auditors and the use of data collection software at Group level for the past three years have also enabled quality standards to be tightened. By promoting the management of initiatives within each business, these factors contribute to the progress of the Group's CSR programme.

The consolidated ratios for all entities are calculated based on ratios reported by weighting employees for each entity.

Limitations to the completeness and reliability of information

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

Verification

One of our Statutory Auditors performed an analysis to verify the presence and fair presentation of information that falls under the scope of Article 225 of the French Commercial Code. A fairness review was performed for the most significant information, including detailed tests on the corresponding measurable indicators, and the other information was reviewed for consistency. The audit report is provided at the end of this section.

Names of entities

To make this report easier to read, the names of certain entities have been simplified. For example, CNP Argentina is used for CNP Assurances Compañia de Seguros, LBPP for La Banque Postale Prévoyance, CNP CIH for CNP Cyprus Insurance Holdings, and CNP BVP for CNP Barclays Vida y Pensiones. Note that Caixa Seguros changed its name in 2014, and is now known as Caixa Seguradora.

6.7. Concordance table for labour, environmental and social 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.

Social indicators	Level of assurance	Section
a) Workforce		
- Total workforce and breakdown by age, gender and geographic region	Fairness	6.4.4.1
- Hires and terminations	Fairness	6.4.1.1
- Remuneration and changes in remuneration	Fairness	6.4.1.3
b) Working hours		
- Organisation of working hours	Fairness	6.4.2.4
- Absenteeism	Fairness	6.4.2.5
c) Employee relations		
- Organisation of social dialogue (employee information and consultation procedures and negotiation processes)	Fairness	6.4.2.1
- Agreements with employee representatives	Fairness	6.4.2.1
d) Health and safety		
- Workplace health and safety conditions	Fairness	6.4.2.5
- Health and safety agreements signed with trade unions and other employee representatives	Consistency	6.4.2.5
- Workplace accidents, frequency, seriousness and occupational illnesses	Fairness	6.4.2.5
e) Training		
- Training policies	Fairness	6.4.1.2
- Total number of training hours	Consistency	6.4.1.2
f) Equal opportunity		
- Measures taken to promote gender equality	Fairness	6.4.3.2
- Measures taken to promote the employment and integration of people with disabilities	Consistency	6.4.3.3
- Anti-discrimination policy	Fairness	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	6.4.4/6.4.2.1
- The elimination of discrimination in respect of employment and occupation	Consistency	6.4.4/6.4.3
- The elimination of forced and compulsory labour	Consistency	6.4.4
- The effective abolition of child labour	Consistency	6.4.4

- Environmental indicators	Level of assurance	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	Box at end of 6.4
- Resources allocated to preventing pollution and other environmental risks	Not covered in view of the Group's activities as a service provider	
- Environmental provisions and warranties	Consistency	No provisions or guarantees
b) Pollution and waste management		
- Measures to prevent, reduce and remedy air, water and soil pollution seriously affecting the environment	Not covered in view of the Group's activities as a service provider	
- Measures to prevent, recycle and eliminate waste	Consistency	6.5.1.4
- Measures to address noise and other forms of pollution specific to an activity	Consistency	6.5.1.4
c) Sustainable use of resources		
- Water use and supply in relation to local restrictions	Consistency	6.5.1.4
- Raw materials use and the measures taken to use them more efficiently	Fairness	6.5.1.3
- Energy use and the measures taken to improve energy efficiency and increase the use of renewable energies	Fairness	6.5.1.4
- Land use	Consistency	6.5.1.4
d) Climate change		
- Greenhouse gas emissions	Fairness	6.5.2.1
- Measures taken to adapt to climate change	Fairness	6.5.2.3/6.3.2.3
e) Biodiversity protection		
- Measures taken to protect or develop biodiversity	Consistency	6.3.2.3

Social indicators	Level of assurance	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	Fairness	6.5.3.2
c) Subcontractors and suppliers		
- Integration of social and environmental issues in purchasing policy	Fairness	6.3.3
- The level of outsourcing and the extent to which ESG criteria are taken into account in relations with suppliers and contractors	Fairness	6.3.3
d) Fair practices		
- Action taken to prevent corruption	Fairness	6.3.4.2
- Measures taken to promote the health and safety of consumers	Consistency	6.2.4.1
e) Other action taken to promote human rights	Consistency	6.5.3.3