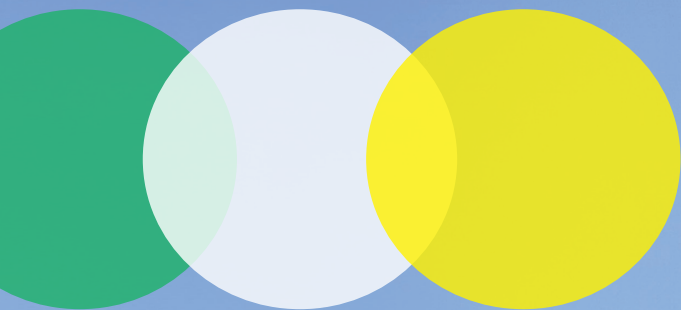


RESPONSIBLE INVESTMENT STRATEGY



Report pursuant to Article 173 of the French
Energy Transition and Green Growth law



**BNP PARIBAS
CARDIF**

The insurer
for a changing
world

1. BNP PARIBAS CARDIF: A RESPONSIBLE INVESTMENT APPROACH

P.4

1.1 Overview

- Scope
- Philosophy and approach
- History of the approach
- Adherence to codes and support of initiatives

1.2 Implementation of the approach

- Organisation and means
- Responsible investment in BNP Paribas Cardif's CSR strategy
- Informing subscribers and contributors

2. AN APPROACH WHICH VARIES ACCORDING TO THE TYPE OF ASSETS

P.10

2.1 Directly held securities

- Responsible investment in directly held securities
- BNP Paribas Cardif's approach
- Results and impact
- To go even further

2.2 Focus on the analytical method and ESG/carbon filters

- ESG criteria
- Carbon criteria
- Integration of results

2.3 Measurement of portfolio emissions and contribution

- Carbon footprint of directly held securities
- Energy mix of investments
- To go even further

2.4 Voting policy and shareholder engagement

- BNP Paribas Cardif's approach
- To go even further

2.5 Indirectly held securities

- Responsible investment in indirectly held securities
- BNP Paribas Cardif's approach
- Results and impact
- To go even further

2.6 Real estate

- Responsible investment in real estate
- BNP Paribas Cardif's approach
- Results and impact
- To go even further

3. WELL-TARGETED FINANCING AND INVESTMENTS

P.18

3.1 Green bonds: growing, innovative green investments

3.2 BNP Paribas Cardif invests in SMEs and mid-caps

3.3 BNP Paribas Cardif invests in the Social Economy

GLOSSARY

APPENDIX

Introduction

Through its life insurance business BNP Paribas Cardif is a long-term investor. This activity and the large amount of capital managed enable it to play an active role in the financing of the economy, whether via equity financing through its portfolio of shares or via debt financing through its portfolio of bonds.

Its customers' desire to build long-term savings enables the insurer to hold assets over the long term and manage them accordingly. The assets in the general funds are selected by the investment teams based on several key criteria, including expected long-term performance and risk management. The use of extra-financial ESG¹/Carbon criteria – introduced by the company in 2008 – alongside financial criteria, is indispensable to filter broad investment universes.

As a responsible investor, BNP Paribas Cardif is convinced that a company attentive to its impact on the environment, good governance practices and good employee management is forward-looking. Such a company takes the required measures to cope with any adverse situations it may encounter. Financially speaking, this ensures good strategic visibility, better resistance to crises, and lower risk.

By directly querying companies on their concrete progress in terms of ESG/Carbon strategy, the investor/insurer promotes the continuous improvement of good ESG practices. BNP Paribas Cardif analyses companies' practices, but more importantly appraises the dynamics of their action plans.

BNP Paribas Cardif has long held the conviction that the gradual generalisation of the ESG/Carbon approach will contribute to the preservation of better living conditions for the future. The company already strives to satisfy its customers through a range of responsible assets which combine long-term performance and optimised risk management.

While the challenges to be overcome are numerous, consciousness is growing and ESG/Carbon analysis methods and techniques are improving. BNP Paribas Cardif wants to firmly assert its ongoing commitment in this regard and is making this a strategic focus of development over the upcoming years. The company is thus calling for broader use of this approach by long-term investors and is pushing for the recognition of ESG/Carbon criteria as long-term risk management criteria.

Through this report, BNP Paribas Cardif wishes to share its strong convictions by detailing its responsible investment strategy.

This report also sets out the insurer's approach on matters relating to the law on energy transition and green growth².

¹ ESG criteria: Environmental, Social and Governance criteria.

² Report pursuant to the French law on Energy Transition and Green Growth and Decree no. 2015-185 pursuant to Article 173.

1.1 OVERVIEW

GENERAL FUNDS

Also known as "euro funds". Traditionally composed of bonds, shares and real estate assets, they serve as investment vehicles for life-insurance contracts. For general funds, the amount of the insurer's commitment is expressed in euros. For unit-linked contracts, the commitment is expressed in units, the value of which varies according to market fluctuations.

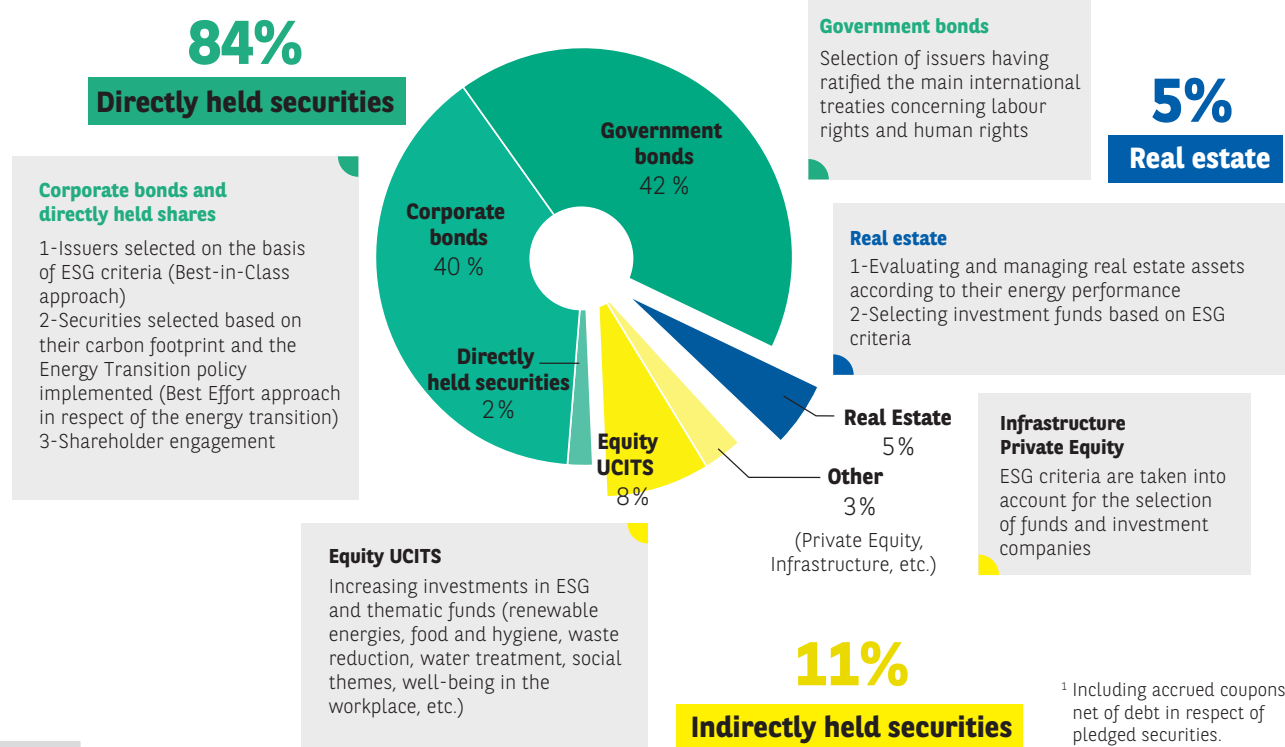
Scope

BNP Paribas Cardif manages assets totalling €226 billion, spread across general funds and unit-linked funds collected on its domestic markets (France, Italy and Luxembourg) and international markets, covering 36 countries in Europe, Asia and Latin America.



At the end of 2016 in France, the assets managed by Cardif Assurance Vie through its main general fund had a net book value of €92.5 billion¹, i.e. a market value of €108.1 billion. Investments representing unit-linked contracts amounted to €38.5 billion.

At 31 December 2016, the assets in the main general fund of Cardif Assurance Vie, excluding assets covering unit-linked commitments, broke down as follows:



¹ Including accrued coupons, net of debt in respect of pledged securities.



Philosophy and approach

As a committed institutional investor and through its responsible investment policy, BNP Paribas Cardif helps to make the economy more sustainable by encouraging companies to gradually change their Corporate Social Responsibility (CSR) practices.

BNP Paribas Cardif places all of the premiums collected on its life-insurance contracts in its general funds according to a responsible management approach which varies according to asset classes.

BNP Paribas Cardif applies an exclusion filter for investments that are subject to specific sectoral policies², in fields such as defence, palm oil production and nuclear energy.

For directly held securities, BNP Paribas Cardif examines the issuers' ESG performance, their carbon footprint in absolute terms, as well as their ability to implement an energy transition policy.

For indirectly held securities, BNP Paribas Cardif ensures that investment companies take ESG criteria into account and examines the ESG approach of the funds in its investment choice. BNP Paribas Cardif thus promotes a low-carbon economy by investing, in particular, in thematic funds focused on energy efficiency, air pollution, etc. The share of investments in ESG and thematic funds is growing.

The responsible investment policy applies to BNP Paribas Cardif's entire investment cycle (research, analysis, voting, dialogue and shareholder engagement with companies) and covers investments in marketable securities as well as real estate.

² To check that the sectoral policies are implemented in all entities and business lines, the BNP Paribas Group has been deploying a CSR operational control plan at all levels since 2015, thereby establishing the required continuous improvement dynamics for the proper management of ESG risks.

For more details on applicable sectoral policies, see the Appendix.



INTERNATIONAL INVESTMENTS

All BNP Paribas Cardif subsidiaries apply the investment restrictions relative to sensitive sectors (sectoral policies). In 2016, they secured the commitment of all their external asset management partners to this approach.



DIRECTLY HELD SECURITIES

These are the securities which are directly held by BNP Paribas Cardif. They may consist of shares or bonds.



INDIRECTLY HELD SECURITIES

Unlike directly held securities, these are collective vehicles which take the form of mutual funds of various types. In turn, these collective investment vehicles are composed of directly held securities chosen by the fund manager.

COMPANIES' ESG PERFORMANCE

Analysis of companies based on non-financial criteria, examining their social, environmental and governance-related impacts.

Environmental aspects

Product life cycle management, waste management, reduction of greenhouse gas emissions, etc.

Social aspects

Prevention of accidents, respect of employees' rights, subcontracting chain, etc.

Governance

Independence of the Board of Directors, reliability of control mechanisms, etc.

This analysis of companies' ESG performance is also known as "extra-financial analysis".

In France, BNP Paribas Cardif has been taking ESG criteria into account in all its investment flows since 2008. Thus, at 31/12/2016,

56%

of the assets in the general fund had been subjected to an ESG filter.



RESPONSIBLE INVESTMENT

This is a generic term which refers to the various approaches considering Environmental, Social and Governance aspects in financial management. When responsible investment is done in a well-structured, systematic way to select securities for a specific fund aimed at financing players in an inclusive, low-carbon economy, the term used is Socially Responsible Investment, or SRI.

Source: www.novethic.fr

History of the approach

BNP Paribas Cardif was one of the pioneers of the SRI¹ approach.. As early as 2007, the company rated its euro fund based on ESG criteria. At the time, a survey conducted with its customers had shown significant expectations in this area: for 86% of respondents², "increasing the SRI share of the general fund while maintaining its financial performance is a good initiative"; 56% of them felt that "life-insurance is a suitable vehicle for SRI". Starting in 2008, investment flows were gradually subjected to ESG filters. The approach, initially implemented for equities, was then extended to bonds and disseminated outside France to certain countries such as the Netherlands. Investments focused on "green" structured products³ as well as environmental bonds known as "Green Bonds"⁴ which began in 2014.

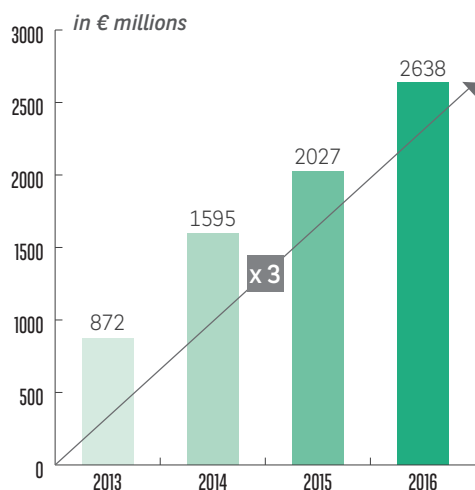
This responsible investment approach continued with the development and extension of the ESG process through SRI investments focused on social and environmental themes. An investment strategy incorporating energy transition concerns was introduced in 2016 and will be further developed in the years to come.

Responsible investment in unit-linked funds: a choice supported by our customers

In unit-linked life insurance contracts, BNP Paribas Cardif offers its subscribers various types of investment vehicles, including SRI funds. These can be "Best-in-Class" funds, which give preference, in each business sector, to companies recognised for implementing the best environmental, social and governance practices. Funds focused on social or environmental themes are also offered, such as the BNP Paribas Aqua fund, which invests in international water companies, and BNP Paribas SMaRT Food, which selects food-sector companies actively involved in the reduction and recycling of waste, the lowering of CO₂ emissions, etc. At the end of 2016, the assets of SRI funds within unit-linked life insurance contracts totalled €2.6 billion.

The responsible investment policy of BNP Paribas Cardif presented in the rest of this document applies to the general fund.

Change in SRI funds relating to BNP Paribas Cardif's unit-linked contracts over the 2013-2016 period



Amounts as of 31 December

¹ SRI: Socially Responsible Investment.

² Survey conducted by TNS-Sofres in December 2007 with 850 people.

³ Structured product: a financial product comprising at least two components – in general, a bond component and an optional component. It is designed to meet specific objectives in a given market context, whether present or future.

⁴ cf. Green bonds: growing, innovative green investments, p. 19.



Adherence to codes and support of initiatives

In 2013, BNP Paribas Cardif signed the French Charter on the energy efficiency of commercial buildings, thereby undertaking to improve the energy efficiency of its buildings.

In 2016, the company reaffirmed its responsible investor commitment by becoming a signatory to the Principles for Responsible Investment (PRI), introduced by the United Nations Environment Programme (UNEP Finance Initiative) and the UN Global Compact. The purpose of the PRI is to promote the incorporation of ESG (Environmental, Social and Governance) criteria. This signature confirms BNP Paribas Cardif's commitment and provides a framework for the development of SRI in-house and with its partners.

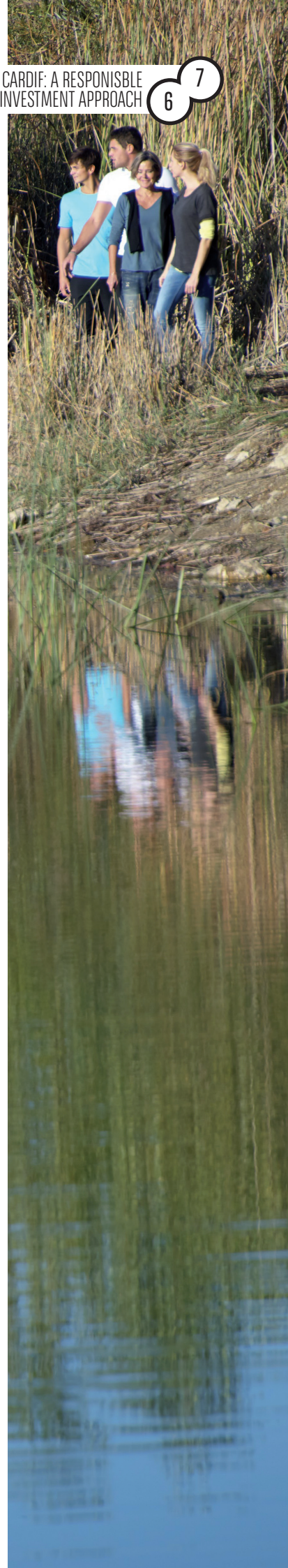
In 2016, BNP Paribas Cardif signed the Montreal Carbon Pledge, which raises investor awareness on the issue of global warming, firstly by inciting them to measure the carbon footprint of their portfolios, and secondly by getting them to publicise this measurement. This enables BNP Paribas Cardif to meet energy transition challenges, in line with the commitments made by the BNP Paribas Group.



PRINCIPLES FOR RESPONSIBLE INVESTMENT (PRI)

- Incorporate ESG issues into investment analysis and decision-making processes.
- Be active investors and incorporate ESG issues into ownership policies and practices.
- Seek appropriate disclosure on ESG issues from the entities in which the company invests.
- Promote acceptance and implementation of the Principles within the investment industry.
- Work together to enhance our effectiveness in implementing the Principles.
- Report on our activities and progress towards implementing the Principles.

Signatory of:



1.2 IMPLEMENTATION OF THE APPROACH

Organisation and means

Since 2007, BNP Paribas Cardif has had a CSR Department, which includes a person dedicated to Responsible Investment. A community of CSR correspondents in the subsidiaries contribute to the local implementation of the policy. Within the asset management committee directorate, a SRI Officer ensures cross-divisional compliance by portfolio managers. The teams from the CSR Department and asset management committees work in close collaboration.

At the Executive Management level, a CSR/ SRI asset management committee meets once a year to ensure the strategic integration of the responsible investment policy, and its constant adaptation to financial and regulatory changes. The SRI approach (including low-carbon targets) is regularly discussed during the monthly asset management committees. The strategy and specific achievements in the management of real estate assets are also examined during these meetings.

The principles applied in France are progressively incorporated in the investment policies of subsidiaries, while taking local specificities into account.

Responsible investment in BNP Paribas Cardif's CSR strategy

In 2016, the CSR Department of BNP Paribas Cardif restructured its CSR policy in order to define the main orientations of its CSR strategy. "Responsible Investment" constitutes one of its major orientations, along with "responsible products and services", "a company centred on people" and "a socially responsible company".

Three commitments were thus formally laid down concerning socially responsible investment:



The incorporation of ESG criteria

in all its investments, and the deployment of this approach in its main countries of operation.



Le développement des investissements à impact positif

by taking into account the carbon footprint of its financial assets and asserting its shareholder commitment to encourage companies to implement their energy transition.



The development of positive-impact investments

on the environment and on society as a whole with a commitment to **double its green investments¹** by 2020.

¹ "Green investment is related to Social Responsible Investment (SRI or RI). It applies to all operations (...) aimed at improving the environment, such as promoting the energy transition and mitigating the ecological footprint."

Source: www.novethic.fr.

Cf. Green bonds:

growing, innovative green investments, p19.



INTERVIEW

Éric Béquet,

Head of Insurance Asset Management

By assessing companies through extra-financial filters in addition to the conventional financial criteria, we contribute to the better incorporation of sustainable development issues in our asset management, while ensuring additional, sustainable performance for our assets. Alongside corporate governance and the valuing of human resources, environmental issues have been rising in prominence in our investment criteria. We are well aware of our role in the fight against climate change and the management of the carbon footprint of the companies in which we invest.

For us, climate change was a major issue in 2016. Accordingly, we introduced new processes in order to invest in companies recognised for their commitment to the energy transition. The 2° target will only be achieved through the efforts of everyone, including those of high-emission companies.

Our commitment is thus to play a more influential role as an institutional shareholder, in order to incite these companies to make the required efforts to reduce their carbon emissions.

The implicit carbon footprint of our investment portfolios will evolve in a favourable direction through our exclusion and filtering actions with respect to the footprint of the investments included in our portfolios.

Within the framework of our CSR strategy, our 2020 commitment is to significantly increase our share of positive-impact investments and rapidly deploy our ESG policy across all our countries of operation. We want to show stronger shareholder engagement with the companies with the highest emission levels within our portfolio in order to encourage them to continue their energy transition efforts. These are ambitious goals which are fully in line with our model of a "smart and friendly insurance partner".



Informing subscribers and contributors

The BNP Paribas Cardif website provides investors with information on our commitments and achievements as a responsible investor.

Events focused on the importance of responsible savings are organised for our employees, our sales reps, our advisors and our partners.

In 2016, BNP Paribas Cardif provided information to its customers on SRI issues via its Independent Financial Advisors (IFAs).

- A detailed document dedicated to BNP Paribas Cardif's CSR approach reports on projects, progress and significant results in this area (<https://www.bnpparibascardif.com/fr/un-assureur-engage>).
- The SRI infographics produced during the Responsible Finance Week³ (26/9-3/10/2016), puts forward key figures (<https://fr.pinterest.com/pin/300685712605482886>).
- This responsible investment strategy document is updated annually by BNP Paribas Cardif.

³ The 2016 responsible finance week, held from 26 September to 3 October 2016 (www.semaine-finance-responsible.fr).



Documents available
on our website
www.bnpparibascardif.com



2.1 DIRECTLY HELD SECURITIES



Results and impact

Based on the analysis conducted, certain issuers are excluded; they account for around one third of the initial investment universe. With the ESG and Carbon filters set up by BNP Paribas Cardif, the energy transition score of its Equity and Corporate Bond portfolios is higher than that of their benchmark investment universe:

ENERGY TRANSITION RATING	
BNP ParibasCardif Equity portfolio	53/100
BNP ParibasCardif Corporate Bond portfolio	52/100
Stoxx Europe 600	45/100

To go even further

This policy, which is currently implemented in France is being deployed in Italy and Luxembourg. It will gradually be improved and extended to international subsidiaries, in accordance with local specificities.

Responsible investment in directly held securities

Directly held securities are held in the general fund portfolios. In France, in these equity or corporate bond investments, BNP Paribas Cardif is able to select securities according to financial as well as relevant extra-financial (ESG) criteria.



BNP Paribas Cardif's approach

BNP Paribas Cardif has gradually moved toward an approach which applies extra-financial filters ahead of its investment decisions.

Firstly, an ESG filter selects securities with a "best-in-class" strategy, i.e. a strategy which favours the best-rated companies in each sector in terms of ESG performance.

Secondly, a Carbon filter is applied. It allows the selection of securities through the assessment of the companies' carbon footprint, in absolute terms, and regarding their progress in the deployment of an energy transition policy. BNP Paribas Cardif's implementation of this so-called "best-effort" strategy also encourages companies to set up an energy transition policy and reduce their carbon footprint. The analysis uses the extra-financial ratings supplied by a provider of extra-financial data. The application of these two filters to the initial investment universe is combined with other factors such as portfolio balance, presence in indices and overall liquidity. This narrows down the base of the portfolio's direct investments.

A list of issuers whose ESG and Carbon performance is deemed too low by BNP Paribas Cardif is compiled. Any investment on this list generates an alert for managers, who are thus prompted to reconsider their decisions.

2.2 FOCUS ON THE ANALYTICAL METHOD AND ESG/CARBON FILTERS



ESG criteria

BNP Paribas Cardif uses the rating method of Vigeo Eiris¹. The rating agency, a leading European expert in this area, measures companies' performance and risks over six areas of social responsibility (see opposite). Founded in 2002, Vigeo Eiris offers a wide range of services aimed at institutional investors (incorporation of risk factors in investment processes). BNP Paribas Cardif has chosen to use these six domains and give equal importance to all criteria. An internal score is thus given to each security or issuer. The securities are divided into 10 deciles, according to the quality of their ESG rating.

¹ www.vigeo-eiris.com

VIGEO EIRIS' FRAMEWORK OF ANALYSIS IS BASED ON 38 GENERIC CRITERIA, SPREAD ACROSS THE FOLLOWING SIX AREAS:

1.

Environment

Protection, safeguarding and prevention of damage to the environment, set-up of an appropriate management strategy, eco-design, protection of biodiversity, and rational control of environmental impacts over the entire product/service life cycle;

2.

Human resources

Continuous improvement of professional relations, employee relations and working conditions;

3.

Human rights in the workplace

Respect for freedom of association and collective bargaining rights, non-discrimination and promotion of gender equality, elimination of all forms of prohibited work (child labour and forced labour), prevention of inhuman and degrading treatment such as sexual harassment, protection of privacy and personal data;

4.

Market behaviour

Taking customers' rights and interests into account, integrating social and environmental standards in the selection of suppliers and across the entire supply chain, effectively preventing of corruption, fair competition;

5.

Community involvement

Effectiveness, managerial integration of the commitment, contribution to the economic and social development of the countries of operation and their human communities, concrete commitments to control the social impacts of the products and services, transparent and participative contribution to good causes;

6.

Corporate governance

Efficiency and integrity, assurance of the independence and effectiveness of the Board of Directors, effectiveness and efficiency of audit and internal control mechanisms, inclusion of social responsibility risks, respect for shareholders' rights, in particular minority shareholders, and transparent and reasonable compensation of executives.

Carbon criteria

Companies are classed by category, from the lowest carbon emissions (rated A) to the highest (rated D). In its investment range, BNP Paribas Cardif has chosen to favour securities with a carbon footprint rated "A - Moderate" and "B - Significant" according to the rating scale of the Vigeo Eiris agency¹.

Issuers falling into higher categories "C - High" and "D - Intense" undergo further analysis on a second criterion relative to their energy transition strategy.

Companies' carbon emissions

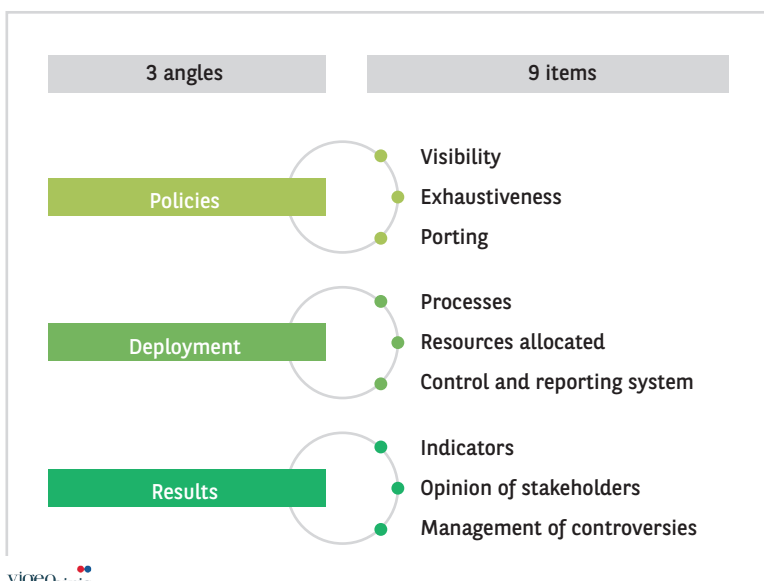
RATING	EMISSIONS (T CO ₂ EQ.)	CATEGORY
A	< 100 000	Moderate (A)
B	≥ 100 000 et < 1M	Significant (B)
C	≥ 1M et 10M	High (C)
D	≥ 10M	Intense (D)



In addition to carbon emission levels, the companies' energy transition strategy is assessed. This measurement is based on several factors:

- the relevance of energy transition policies;
- remove the consistency of the implementation of the policies;
- results effectiveness;

Energy transition strategy



The analysis of these factors makes it possible to determine an energy transition rating ranging between 0 and 100 and to establish a classification.

SCALE	ENERGY TRANSITION SCORE	CATEGORIES
++	60 - 100	Advanced
+	50 - 59	Robust
-	30 - 49	Limited
--	0 - 29	Weak



Issuers classed in the "Weak" energy transition category are excluded from the investment universe. Investments in the "Advanced", "Robust", and even "Limited" categories may be maintained.

¹ www.vigeo-eiris.com

INTEGRATION OF RESULTS

Securities with a low ESG rating by Vigeo Eiris (falling in the last 3 deciles), as well as issuers whose carbon footprint exceeds 1 million tonnes of CO₂ emissions and whose energy transition strategy has been deemed "weak" by Vigeo Eiris, are candidates for the exclusion list. The exclusion list (ESG and Carbon) is taken into consideration ahead of the process and integrated in management tools, thereby narrowing down the investment universe in line with the responsible investment policy of BNP Paribas Cardif. Daily pre-trade and post-trade checks ensure the proper unfolding of the investment process.

2.3 MEASUREMENT OF PORTFOLIO EMISSIONS AND CONTRIBUTION



Carbon footprint of directly held securities

In 2015, BNP Paribas Cardif introduced a procedure aimed at producing a report on the carbon footprint of its investment portfolio in France. By signing the Montreal Carbon Pledge, BNP Paribas Cardif undertook to publish and update this data annually.

The measurement covers the general fund's directly held equities and corporate bonds in France (excluding government bonds and real estate investments), which account for 33.6% of the fund, i.e. around €34.8 billion at 31/12/2016.

To go even further

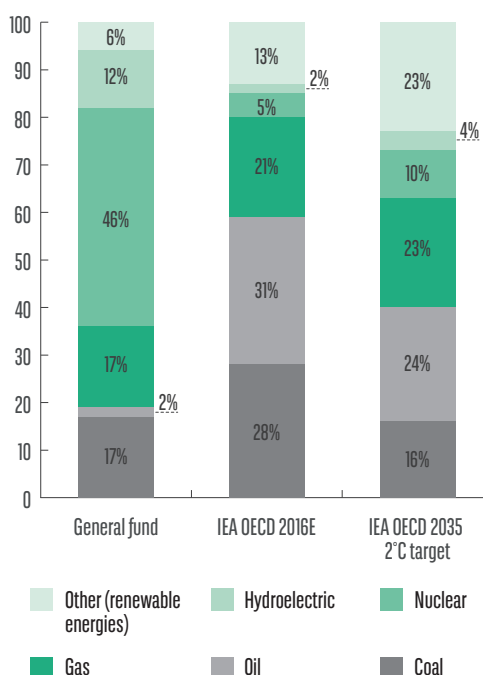
BNP Paribas Cardif will gradually take account of climate-related financial risks.

These may consist of physical risks (linked to extreme or chronic climatic or meteorological events) or transition risks, i.e. those stemming from an adjustment to a low-carbon economy (change in legal framework, technological innovations, change in market expectations and reputational risks). They may also provide new opportunities in terms of efficiency of resources, diversification of energy sources, product/service innovations new market segments and increased residence level. BNP Paribas Cardif is attentive to the development of new frames of reference making it possible to take account of climate issues from a strategic and financial point of view as well as ways to integrate climate-related risks and opportunities in investment strategies. It will be able to rely on the recommendations of the "Task Force on Climate-related Financial Disclosures".



Energy mix of investments

In line with the international objective to limit global warming to the indicative targets set (2°C by 2050, see the example below for 2035), BNP Paribas Cardif publishes the energy mix of the Utility¹ companies in which it holds investments via its general fund (equities and bonds totalling nearly €2.5 billion).



The energy mix of the investments concerning the most carbon-intensive fossil energies (coal and oil) represents 19% of BNP Paribas Cardif's general fund, compared with an average of 59% for the global energy mix (OECD) at end-2016. This 19% figure is in line with the global objective set by the International Energy Agency (IEA) and on course for the 2°C target. Moreover, BNP Paribas Cardif will continue its investments in the less polluting energies, in particular in the renewable energy sector.

CARBON FOOTPRINT OF EQUITY AND CORPORATE BOND PORTFOLIOS IN FRANCE

287 tonnes of CO₂ equivalent per million euros of revenue at 31/12/2016 (Vigeo Eiris methodology).

¹ Utilities: community service companies such as those which produce and distribute water, gas and electricity.

2.4 VOTING POLICY AND SHAREHOLDER ENGAGEMENT



Exercising voting rights at general meetings and shareholder dialogue are key elements of BNP Paribas Cardif's responsible investment strategy. Since 2007, BNP Paribas Cardif has been implementing a voting rights policy which lays down the conditions under which it will exercise the voting rights attached to the securities it holds in its portfolios. This policy was defined to encourage companies to adopt a more efficient ESG strategy. While this shareholder practice varies from one country to another, the overall trend is that of mobilisation and growing engagement. Electronic signature, which facilitates the process, was set up in several countries. The voting process, principles and policy will be updated in keeping with regulatory changes, the tools set up and the experience gained. Taking on an active shareholder role through the voting policy also makes it possible to influence companies with respect to the 2°C target and within the scope of the French law on energy transition for green growth.

BNP Paribas Cardif's approach

The fund managers specialised in equities and the portfolio managers are tasked with examining and analysing the resolutions submitted on behalf of BNP Paribas Cardif and its French subsidiaries.

To this effect, the managers base themselves on the voting policy of BNP Paribas Cardif, as well as the analyses and voting recommendations provided by the proxy voting firm ISS¹. BNP Paribas Cardif's voting policy covers the following:

- approval of the financial statements and appropriation of earnings;
- appointment and dismissal of company executives;
- compensation;
- shareholders' rights – share issue and buyback programme;
- regulated agreements;
- decisions involving the amendment of the articles of association;
- good governance practices;
- initiatives in support of the energy transition.

BNP Paribas Cardif updates this voting policy in keeping up with changes in carbon-related initiatives.

Concerning the Cardif Assurance Vie general fund, voting rights have been exercised at general meetings for 90% of directly held shares.

At those general meetings, BNP Paribas Cardif voted in favour of the resolutions in 93% of cases, and against in 7% of cases.

The shareholder engagement of BNP Paribas Cardif may take several forms. ESG issues are always brought up in coordinated dialogue with issuers during road shows (presentation of quarterly results, travel of brokers) and at meetings with the company's management team.

To go even further

BNP Paribas Cardif wishes to set up a specific shareholder dialogue with companies with the highest carbon emission levels, whether or not they have already initiated an energy transition process.

¹ ISS proxy voting service: platform for the remote execution of voting rights.

2.5 INDIRECTLY HELD SECURITIES (FUNDS, UCITS, ETC.)



BNP Paribas Cardif's approach

The investment policy is applied to the funds in several ways. In general, BNP Paribas Cardif selects its suppliers and deals with investment companies which are recognised for their ethical and responsible practices. In the specific case of asset management mandates and dedicated funds, BNP Paribas Cardif requires the implementation of sectoral policies and/or examines the ESG practices of the investment companies and funds to which it subscribes. Along with this global responsible investment approach applicable to all funds, BNP Paribas Cardif strives to increase the share of SRI investments in its UCITS compartment.

The selected SRI funds fall into two main categories:

- funds which follow an ESG approach (by selecting securities based on ESG criteria: Best-in-Class, Best-in-Universe, etc.);
- investment funds with a specific theme (social or environmental).



Results and impact

An internal SRI report is produced and communicated each semester.

Responsible investment in indirectly held securities

For investments in funds (e.g. UCITS), ESG and Carbon criteria cannot be applied directly to the securities in the fund. ESG criteria are thus used in selecting the funds and within the asset management mandates. BNP Paribas Cardif increasingly invests in ESG funds and funds focused on environmental and social concerns. This process is easier to implement in mandates and dedicated funds ("tailored" funds), than in open funds (in which BNP Paribas Cardif is one of many investors).

To go even further

In the future, ESG/Climate criteria will take on special importance in the selection of all funds and asset management companies. The company will focus particular attention on developments in the extra-financial reports of the funds and asset management companies. BNP Paribas Cardif is planning to continue its positive-impact investments and even double its green investments by 2020.



SRI FUNDS

At present, the market offering for SRI funds covers only part of our investment areas. This coverage should gradually expand, at the instigation of civil society and new regulations.

60%

of SRI funds are dedicated funds

At end-December 2016, the Equity UCITS compartment was composed of

24%

SRI funds.

Within the general fund, our responsible investments¹ totalled more than €3 billion at end-2016, of which €1.3 billion in ESG funds.

¹ At end-December 2016, all general fund assets (bonds, equity funds and infrastructure funds).

2.6 REAL ESTATE



The responsible management of BNP Paribas Cardif's real estate assets involves an environmental strategy based on:

- the Grenelle I (2009) and Grenelle II (2010) laws;
- the Charter on the "Improvement of the energy efficiency of commercial buildings" signed by BNP Paribas Cardif in 2013.

This is a voluntary, pragmatic approach based on field experience in a sector where experimentation is an important factor.

Responsible investment in real estate

Investment projects and buildings works are examined in light of their energy performance.

The management of our buildings, whether handled in-house or outsourced, and the management of our real estate investment funds are entrusted to players who develop their own CSR policies.

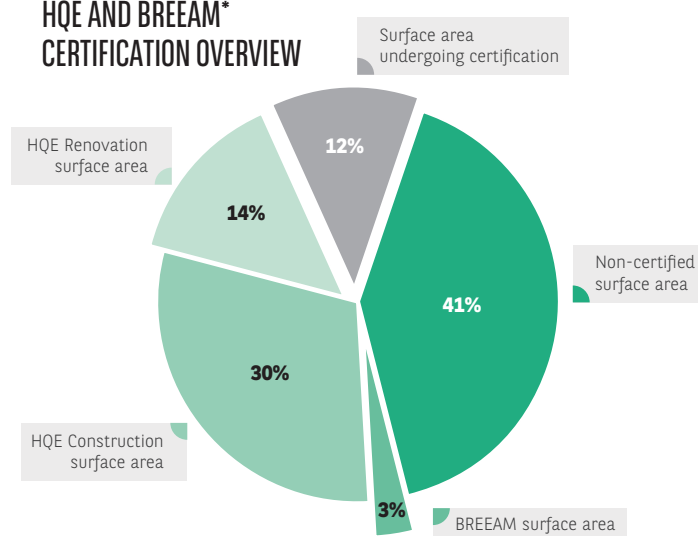
BNP Paribas Cardif's approach

An energy efficiency map was produced in 2011 for our directly held office buildings. Their performance is assessed annually and communicated to independent bodies (CSTB – IFPEB).

To effectively control the energy footprint of its real estate assets, BNP Paribas Cardif has made several commitments:

- improve buildings energy efficiency when renovation work is undertaken, while maintaining a balanced budget;
- talk with the manager and tenants in order to improve the use of the building and its amenities;
- encourage the environmental certification of its real estate assets (59% of its office space is already certified or in the certification process). For shopping centres, the asset management company – Klépierre – has already had 37% of BNP Paribas Cardif's assets certified.

HQE AND BREEAM* CERTIFICATION OVERVIEW



* Non-cumulative certification

- In the chart, buildings with both HQE Construction and HQE Operation certifications are considered as HQE Construction certified only.
- Renovation and Operation certified buildings are considered as HQE Renovation certified only.
- In the chart, buildings with both HQE Construction and BREEAM certifications are considered as HQE Construction certified only.
- Buildings with both HQE Renovation and BREEAM certifications are considered as HQE Renovation certified only.

HQE: High Environmental Quality.

BREEAM: Building Research Establishment Environmental Assessment Method.

Results and impact

The energy renovation work undertaken since 2011 has resulted in a 21% reduction of the consumption observed in 52 buildings. Moreover, €600 million has been invested in buildings with a high certification level, such as the CityLights building in Boulogne-Billancourt.

To go even further

BNP Paribas Cardif wants to lower the energy consumption of its office buildings by 30% by 2020. To achieve this goal, the following action plan is being rolled out:

- set up a single energy consumption data repository in 2017;
- gradually install smarter meters in the buildings in order to facilitate energy management and exchanges with tenants to optimise their energy consumption;
- systematically improve energy efficiency and the carbon footprint during renovation work on all real estate assets (insulation, heating and cooling). In housing units in particular, old boilers are thus replaced along with radiators;
- contribute to innovation: off-plan acquisition of 23,000 m² of office space in Paris with an alternative cooling system avoiding air-conditioning;
- extend the reporting requirement to the residential asset manager in 2017.

Target:
reduce office
buildings' energy
consumption by

-30%

by 2020



OUR COMMITMENT FOR INTERMEDIARY HOUSING AND HOUSING FOR PEOPLE IN NEED

Intermediary housing

BNP Paribas Cardif has invested in the first specialised investment fund in intermediary housing –the Fonds de Logement Intermédiaire (FLI). It is managed by SNI, the general-interest real estate subsidiary of Caisse des Dépôts et Consignations. The company's commitment amounts to 7.7% of the FLI fund and 8% of its housing allocation.

Housing for people in need

BNP Paribas Cardif contributes to a special fund for the housing of people in need. This is part of an initiative launched by the French government to provide accommodation for people in need by booking hotel rooms. Faced with a growing demand for accommodation, the French Ministry of the Interior and the Ministry of Housing launched two calls for tenders, which were won by ADOMA. SNI created the Hémisphère fund to acquire hotels, that are subsequently rented to ADOMA which handles their operation. BNP Paribas Cardif holds a 20% stake in the Hémisphère fund and thus finances emergency accommodation for over 6,000 people.



3.0

WELL-TARGETED FINANCING AND INVESTMENTS

In addition to the approach used for the entire portfolio, BNP Paribas Cardif has developed an investment compartment focused on specific issues like the energy transition (green investments¹), the real economy, the financing of infrastructure projects and issues concerning solidarity, employment, social integration, etc.

RESPONSIBLE INVESTMENT AT BNPPARIBASCARDIF THROUGH THEMATIC FUNDS

THEME	AMOUNT AT END-2016 (€ MILLIONS)
Green investments (including green bonds and infrastructure funds)	1 227
Financing of the real economy ²	350
Social-impact investing (including SSE ³)	96
Food/Hygiene	20
TOTAL	1963

¹ "Green investment" is a practice related to Social Responsible Investment (SRI or RI). It applies to all operations (...) aimed at improving the environment such as promoting the energy transition and mitigating the ecological footprint."

Source: www.novethic.fr

² The sphere of economic activity which solely covers the production of goods and services, as opposed to the financial sphere which includes dematerialised goods.

³ Social and Solidarity Economy



FOCUS ON THEMATIC INVESTMENTS

Through a theme-based strategy which diversifies the portfolio, BNP Paribas Cardif selects investment vehicles linked to sustainable development and social issues.

The thematic funds specifically address:

- climate change;
- the energy transition (reduction of energy consumption, renewable energies, etc.);
- food and hygiene, food waste reduction
- the preservation of natural resources (drinking water and wastewater treatment, control of pollution);
- social themes, such as well-being in the workplace, occupational integration, the aging of populations, etc.

3.1

GREEN BONDS: GROWING, INNOVATIVE INVESTMENTS

Our green investments mainly consist of green bonds, investments in funds with an environmental focus and infrastructure funds linked to the energy transition, such as the Meridiam Transition fund.



GREEN BOND

A Green Bond is a bond issued with the aim of financing a specific project with high environmental added value. Green bonds may consist of securities issued by companies, entities or countries (in which BNP Paribas Cardif may invest directly) or funds (collective investment vehicles).



FOCUS ON THE FINANCING OF INFRASTRUCTURE PROJECTS

BNP Paribas Cardif supports the Meridiam Transition Fund created during the COP21 climate change conference. This fund, which totals €425 million, is aimed at financing infrastructure projects concerning European companies' energy efficiency (Greenfields): local energy services, electricity and gas networks and green energies. Another special feature of this fund is that it has a 20-year maturity, in order to cover long-term projects and address the challenges of the energy transition and climate change.

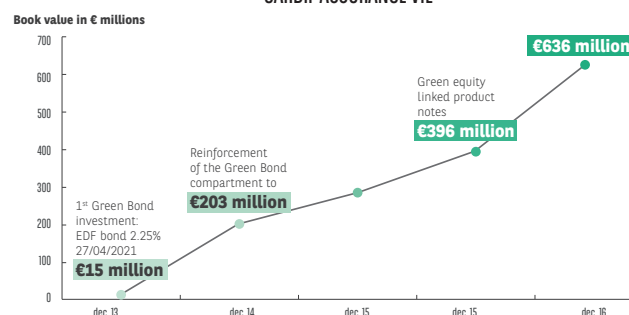
BNP Paribas Cardif first invested in Green Bonds in December 2013. After having played a major role in the success of the first green bond issues – including the World Bank's structured bond issue in 2014 and Tera Neva in 2015 – BNP Paribas Cardif continues to increase its investments linked to the energy transition.

So far in 2017, BNP Paribas Cardif has made two investments in green bonds. The first (January 2017) concerns the green bond issued by the French government (OAT⁴) which finances national projects aimed at combating climate change such as those focused on renewable energies, the protection of biodiversity, waste recycling and recovery.

Then, in March 2017, BNP Paribas Cardif took part in the financing of environmental and social projects falling within the remit of the United Nations' International Agenda, through its contribution to the "SDGs everyone" initiative. The agenda comprises 17 goals adopted by UN members in 2015 – the Sustainable Development Goals (SDG).

The green bond issued by the World Bank will finance environmental projects beneficial for combating climate change, as well as social projects (reducing poverty and inequalities, the promotion of education, etc.) worldwide.

CHANGE IN GREEN BOND HOLDINGS - CARDIF ASSURANCE VIE



At end-December 2016, the general fund comprised 10 Green Bond investments totalling

636M€

⁴ OATs (Obligations Assimilables du Trésor) are French government bonds whose maturities may range between 5 and 50 years. They are government debt securities. On 24 January 2017, France thus borrowed €7 billion to finance its energy transition through this bond with a maturity of 22 years – the biggest issue on the young green bond market, and that with the longest maturity.

Source: www.ecologique-solidaire.gouv.fr/france-emet-premiere-obligation-souveraine-verte

3.2 BNP PARIBAS CARDIF INVESTS IN SMES AND MID-CAPS

In addition to green investments, BNP Paribas Cardif targets financing operations with a direct impact on the economy, employment and social integration. These investments also meet the sustainable development goals such as reducing inequalities and supporting industries, innovation and infrastructures.

Over recent years, the company has stepped up its role in the financing of SMEs by participating in numerous market initiatives in France. Some of these initiatives – like the NOVA, NOVI and NOVO¹ funds – were launched by the community of insurers.

BNP Paribas Cardif also invests in BNP Paribas France Crédit, a mutual fund which offers new funding to French mid-caps.

These funds finance the growth and innovation of SMEs and mid-caps. At end-2016, they accounted for €350 million within the company's general fund.

Under the Macron law authorising the integration of private equity in insurance contracts, BNP Paribas Cardif has included a unit-linked private equity vehicle in the range of life insurance and capitalisation contracts of BNP Paribas Banque Privée. This investment vehicle supports the development of unlisted mid-size French and European companies.

¹ Initially launched by Caisse des Dépôts et Consignations (CDC) in July 2013, the NOVO fund enables investors to lend money to unlisted mid-caps. After NOVO 1 and 2, other variants such as NOVA and NOVI have been offered.



PRIVATE EQUITY

Private equity represents fundamental support for unlisted companies at each stage of their development, as they sometimes find it difficult to obtain capital funding.



3.3 BNP PARIBAS CARDIF INVESTS IN THE SOCIAL ECONOMY

As a committed investor, BNP Paribas Cardif also makes investments with a strong social impact. The company has thus participated in the financing of the NovESS fund launched by Caisse des Dépôts et Consignations to scale up companies in the Social and Solidarity-based Economy (SSE).

Moreover, BNP Paribas Cardif invests in several solidarity funds¹ such as BNP Paribas Insertion Salariés which finances unlisted social enterprises and organisations with a social purpose, and the BNP Paribas Social Business France fund. The latter contributes to the financing of local companies based in France dedicated to the fight against exclusion, and social innovation in the fields of health and the environment.



"Since their creation in France in February 2001, **so-called "90-10" solidarity funds** have been required to invest 5 to 10% of their assets in approved "solidarity enterprises". They have rapidly become the main tool for collecting solidarity-based savings. The development of these innovative products has been regularly encouraged by public authorities, in particular through the French Law on the Modernisation of the Economy (LME) of 4 August 2008. Under this law, Company savings plans are required to present at least one solidarity fund to employees eligible for company savings schemes.

With €6.1 billion at 31/12/2015, the holdings of the "90-10" fund increased 4-fold in 6 years (€1.5 billion at end-2009).

Social enterprises produce goods or services with a high social and/or environmental utility. They operate in various fields and play a concrete role in solving general-interest problems: combating unemployment and inadequate housing, developing organic agriculture and renewable energies, developing entrepreneurship in developing countries, etc. In France, the best-known solidarity enterprises include Habitat et Humanisme, Chênelet, Bretagne Ateliers and Varappe."

Source: www.finansol.org

Within the general fund, BNP Paribas Cardif has been investing in the BNP Paribas Social Business France fund (Finansol label) since 2008.



¹ cf. Green bonds: growing, Innovative green investments p. 19.

Glossary

CARBON FOOTPRINT OF A COMPANY:

Refers to the measurement, at time "t", of the volume of carbon dioxide (CO₂ eq.) emitted in relation to the company's revenue. This is a prospective and dynamic measurement: it provides basic information on each company's capacity to reduce its future carbon emissions. It is an improvement initiative which goes beyond the simple will to reduce emissions. This indicator must thus be analysed in light of the progress made in taking ESG criteria into account.

Scope 1 : sum of direct emissions generated through the combustion of fossil fuels (oil, gas, coal, peat, etc.) by facilities owned or controlled by the company.

Scope 2: sum of indirect emissions generated through the purchase or production of electricity.

Scope 3: sum of all other indirect emissions.

SSE (SOCIAL AND SOLIDARITY BASED ECONOMY):

this term currently combines the initial social economy players – i.e. NGOs, mutual insurance companies, cooperatives and foundations – with new forms of social entrepreneurship, i.e. commercial companies which pursue a social utility goal and choose to apply the principles of the Social and Solidarity Economy to their own businesses.

GREEN INVESTMENT: this is a practice related to Social Responsible Investment (SRI or RI). It applies to all operations aimed at improving the environment such as promoting the energy transition and mitigating the ecological footprint.

HQE (HIGH ENVIRONMENTAL QUALITY) AND BREEAM (BUILDING RESEARCH ESTABLISHMENT ENVIRONMENTAL ASSESSMENT METHOD):

these are environmental evaluation methods for the design and construction of buildings. HQE is a French label while BREEAM is a British label.

GREEN OATS (OBLIGATIONS ASSIMILABLES DU TRÉSOR):

these are French government bonds whose maturities may range between 5 and 50 years. On 24 January 2017, France thus borrowed €7 billion to finance the energy transition through a 22-year bond, the biggest issue on the young green bond market, and that with the longest maturity.

SDG (SUSTAINABLE DEVELOPMENT GOALS):

these 17 goals are at the heart of the 2030 Agenda. The three dimensions of sustainable development (Economic, Social and Environmental) are now integrated across the board. The SDGs cover all issues, including climate, biodiversity, energy, water, as well as poverty, gender equality, economic prosperity and also peace, agriculture, education, etc.

¹ Source: www.economie.gouv.fr/ess-economie-sociale-solidaire/loi-economie-sociale-et-solidaire

² Source: www.novethic.fr

³ Source: www.ecologique-solidaire.gouv.fr/france-emet-premiere-obligation-souveraine-verte

⁴ Source: www.ecologique-solidaire.gouv.fr/ODD

Appendix

Sectoral policies: investment in sensitive sectors

The following eight sectors are subject to specific sectoral investment policies applied by BNP Paribas Cardif:

DEFENCE: while recognising the right of countries to defend themselves and ensure their national security, the Group takes into consideration the fact that the defence sector presents specific ESG risks linked to the status of certain arms, their potential end use and the risk of corruption.

PALM OIL: this activity is an essential source of income and the livelihood of millions of people living in developing countries. However, the exploitation of palm oil plantations can result in various types of damage with respect to local communities, climate change and ecosystems.

PAPER PULP: the production of pulp is an important source of income which provides an adequate standard of living for millions of people in developed and emerging countries. However, demand for paper-based products is set to increase over the coming decade and this change is likely to have global impacts on the environment.

NUCLEAR ENERGY: the countries which have chosen to develop their nuclear industries consider that nuclear energy has a positive impact, in particular on economic development, the security of their power supply, and the reduction of greenhouse gases. By publishing this policy, BNP Paribas wants to ensure that the projects that it helps to finance comply with the principles of control and mitigation of environmental and social impacts applicable to the nuclear energy sector.

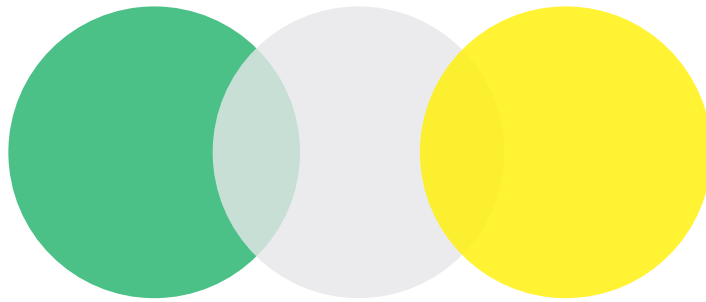
PRODUCTION OF ENERGY FROM COAL:

coal can contribute to the economic development of certain countries by providing economical and reliable access to electricity and by supporting their energy independence. A right balance must therefore be found between the need for increased access to electricity and economic development, and the need to reduce CO₂ emissions from human activities, which is essential to limiting change climate.

AGRICULTURE: representing 6% of global GDP and 30% of global employment, agriculture is a key sector of the economy. However, if it is not managed in an appropriate way, its development could have numerous adverse effects on local communities, ecosystems and climate change.

MINING INDUSTRY: the mining industry extracts mineral resources which are basic components for most economic sectors. It also accounts for a large part of GDP in numerous countries. However, these aspects must be examined in the light of the environmental, social and governance risks associated with the mining industry.

TOBACCO INDUSTRY: smoking has been recognised by the WHO as one of the major causes of avoidable death worldwide. BNP Paribas considers that tobacco companies have a role to play to minimise the risks associated with tobacco production and consumption and to encourage its customers to conduct their activities in compliance with the best international practices.



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