



The insurer for a changing world

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The asterisks that you will find throughout this report refer to the glossary (page 64).



Editorial

Chief Executive Officer of BNP Paribas Cardif



This report aims to explain the alignment of our investment strategy with the Paris agreements and to illustrate our consideration of biodiversity issues.



According to the Intergovernmental Panel on is at the heart of our 2025 strategic plan, which is Climate Change (IPCC), climate change affects all on our ecosystems and our societies. Insurers and Sustainability (GTS). have an essential role to play in the preservation of our planet. The publication of our first Article 29 report, which, in accordance with the regulations, succeeds the Article 173 report, helps ecological transition, in a spirit of transparency. It also gives us the opportunity to reaffirm the importance of our responsible investment strategy, initiated in 2008. We have long been convinced that the incorporation of non-financial criteria into our asset management is a source of performance for our customers' savings and can have a positive impact on society. This 2021, a year marked by strong report aims to explain the alignment of our investment strategy with the Paris agreements issues. We also highlight the fact that our risk management integrates Environmental, Social and Governance (ESG) issues.

Sustainability, a key component of our 2025 strategic plan

Our policyholders, the customers of our distribution partners, are increasingly integrating impact into
In line with our commitment to positive impact their consumption behaviour. Their expectations are aligned with our desire to strengthen our positive impact on the environment and society. This ambition investments were focused on projects that address

in line with that of the BNP Paribas Group and is **geographical areas and has serious consequences** structured around three pillars: Growth, Technology

In this context, we are pursuing the objective of devoting an average of €1 billion per year by the end of 2025 to positive impact investments. We also created **us manage our contribution to the energy and** an Impact and Innovation Department in February 2022 to further enhance our positive impact product offering for our customers and partners. In line with our mission to make insurance more accessible, we aim to make our offers and services more accessible. We also want to make the impact of our investments on the environment and society more transparent.

commitments

and to illustrate our consideration of biodiversity In 2021, we strengthened our commitment to the climate by joining the UN-backed Net-Zero Asset Owner Alliance (NZAOA) and the investor-led Climate Action 100+ initiative. These two initiatives are a powerful lever for promoting the energy transition. In this context, we are setting new targets to reduce our carbon footprint by 2025 and contribute to achieving carbon neutrality by 2050.

> investments, we have invested €1.5 billion in such assets within our France general fund in 2021. Our

various environmental issues, such as the energy transition and the protection of terrestrial and aquatic ecosystems, but also societal issues, such as the fight against social inequalities and to promote diversity.

This report, called for in the Energy and Climate Act, gives an account of our achievements and the road ahead. For example, we want to increasingly focus our investments on social issues in our general fund. Preserving biodiversity is another priority.

Sustainable Finance regulations, powerful catalysts

2021 was also marked by the application of the first level of the European Sustainable Finance Disclosure (SFDR) regulation, which allowed us to question our sustainable investment approach with the necessary hindsight. It was an opportunity to establish a framework, particularly at the methodological level, in order to respond to future regulations, such as the need for our various distribution partners to take account of their customers' preferences in terms of sustainability. We will continue to roll out the implementation of the various components of the European Green Deal, such as sustainable investments or the inclusion of ESG criteria in risk and solvency monitoring.

Our employees are aware of these issues and are committed to achieving our ambition to remain among the leaders in responsible investment in Europe. We are committed to making a significant contribution to a more sustainable and inclusive society.



Executive Summary



Committing

-23%

The carbon footprint reduction target* of the directly held corporate equity and bond portfolios*

between the end of 2020 and the end of 2024 (scopes 1 and 2) -12%

(scopes 1 and 2)

The target for reducing the carbon intensity of directly owned office buildings between the end of 2020 and 2030

+€1 billion

positive impact investments per year on average by 2025, including €800 million in environmental investments

Exit from thermal coal*:

- by 2030 for European Union and OECD countries
- by 2040 for the rest of the world

Measuring

ESG criteria integration

General fund:

95%

of assets covered by ESG analysis in the France general fund

98%

participation in Annual General Meetings (at market value*)

Unit-linked funds* offered:

48%

of assets are invested in funds that promote environmental and/or social characteristics (article 8* according to the SFDR - Sustainable Financial Disclosure Regulation*)

18%

of assets are invested in funds that contribute to an environmental and/or social objective (article 9* SFDR -Sustainable Financial Disclosure Regulation*)

Climate and biodiversity indicators

51 tCO2eq/M€ invested⁽¹⁾

-19% compared to 31 December 2020 - **Carbon footprint** (scopes 1 and 2) of the corporate equity and bond portfolios as of 31 December 2021

2,5°C(2)

Estimated temperature of the corporate equity and bond portfolios at 31 December 2021

0.06 MSA.m²

per thousand euros invested - dynamic aquatic biodiversity footprint of the corporate equity and bond portfolios over 2021

3 MSA.m²

per thousand euros invested - dynamic terrestrial biodiversity footprint of the corporate equity and bond portfolios over 2021

87%

Share of companies in the corporate equity and bond portfolios in the "low" risk area

Sustainable real estate

32 %

Reduction of energy consumption between 2011 and 2021 for office buildings

56%

Reduction of energy consumption between 2013 and 2021 for shopping centres

Scope: BNP Paribas Cardif
 Scope: Cardif Assurance Vie

Introduction

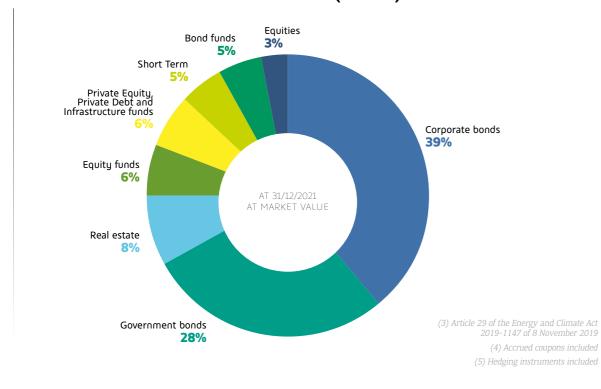
improve the transparency of financial products Cardif Assurance Vie. and thus enable capital to be redirected towards financing more sustainable activities.

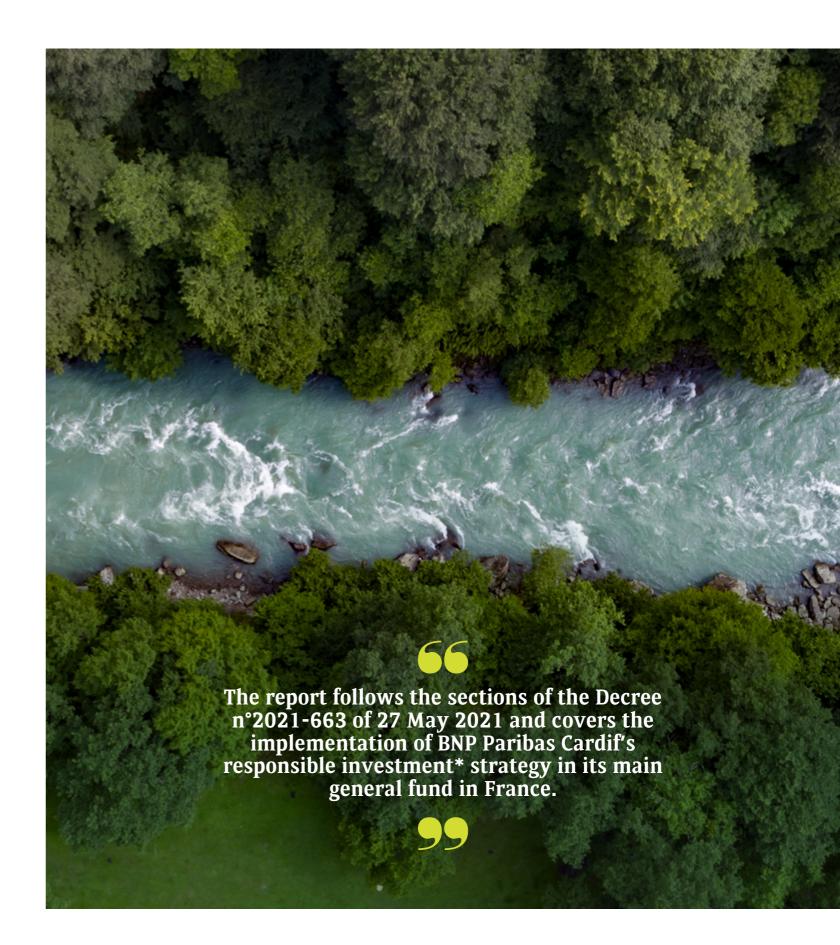
ESG methodologies described in the report are also France general fund is presented below^(S).

The drafting of this report falls within the applied by general funds* in Luxembourg and Italy, framework of Article 29 of the Energy and representing BNP Paribas Cardif's two main markets **Climate Act(3). Regulatory requirements for non**- in Europe after France. This report also includes a **financial disclosures are increasing in order to** section dedicated to the SCI Cardimmo managed by

Present in 33 countries, BNP Paribas Cardif designs, develops and markets savings and protection offers The report follows the sections of the Decree n°2021- to insure people, their projects and their assets. As at 663 of 27 May 2021 and covers the implementation of 31 December 2021, €282 billion in assets are under BNP Paribas Cardif's responsible investment* strategy management worldwide. These assets are funded in its main general fund in France. It also provides by general funds and unit-linked funds offered to an overview of how this strategy is incorporated into policyholders. Unit-linked funds totalled €97 billion, unit-linked funds* in France. Without specific mention, of which €50 billion in France. The main general funds the figures presented in the report and the name Cardif located in France, Italy and Luxembourg represent Assurance Vie are associated with its general fund in respectively €131 billion, €24 billion and €10 billion France. These figures have not been certified. The in market value*(4). The asset allocation within the

Asset allocation of Cardif Assurance Vie (France)







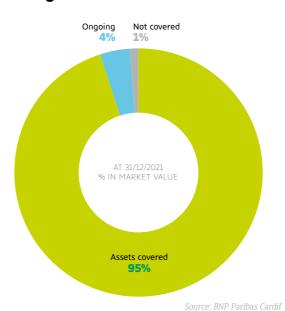
1. General approach of the entity

1.1 ESG analysis

BNP Paribas Cardif's responsible investment policy applies to the assets held in general funds in the main countries of operation (France, Italy, Luxembourg). When making investments, BNP Paribas Cardif examines Environmental (E), Social (S) and Governance (G) issues. This analysis can be qualitative and/or quantitative. To do this, BNP Paribas Cardif collects ESG data specific to each asset class, which is then analysed and integrated into the investment process. The investment universe is thus reduced and compatible with its responsible investor approach.

In 2021, Cardif Assurance Vie increased its non-financial analysis coverage to 95% of assets⁽⁶⁾. The share of assets on which analysis is ongoing is 4%, and 1% for assets not covered (ESG analysis not adapted for money market and alternative assets).

ESG coverage



ESG analysis methodologies are adapted to the specificities of each asset class.

ESG integration for securities held directly, via funds and unit-linked funds is described in this section.

ESG process for directly-held securities

STATES

In addition to the BNP Paribas Group's country policies, Cardif Assurance Vie analyses the ESG performance⁽⁷⁾ of countries in order to exclude the worst performing countries on these issues. This ESG filter is applied to securities issued directly by the countries (government bonds) and securities issued by companies (corporate equities and bonds) whose registered office is in the excluded countries. Only countries with a satisfactory ESG score are retained in the investment universe:

- The Environment pillar takes into account the country's energy mix, the national carbon footprint as well as the ratification of treaties, in particular the Paris Agreement. The analysis also reflects indicators on greenhouse gas emissions, such as CO₂ emissions compared to gross domestic product.
- The **Social** pillar measures the policies implemented by the countries with regard to poverty, access to employment, access to electricity and the ratification of treaties on labour rights and children's rights.
- The **Governance** pillar includes respect for Human Rights and respect for labour rights.

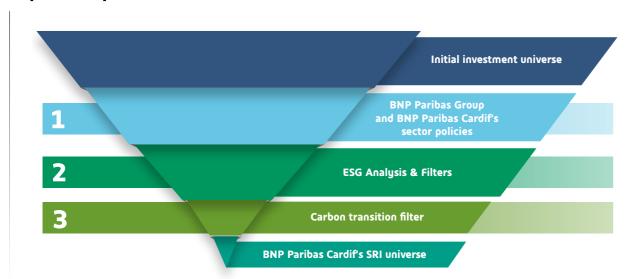
⁶⁾ Data have been rounded to the unit.

⁽⁷⁾ ESG rating provided by Moody's ESG: https://esg.moodys.io/solution

CORPORATE EQUITIES AND BONDS

The responsible investment process for securities held directly by Cardif Assurance Vie is described in the diagram below:

Non-financial analysis process for Cardif Assurance Vie's corporate equities and bonds



EXCLUSIONS AND TREATMENT OF SENSITIVE SECTORS

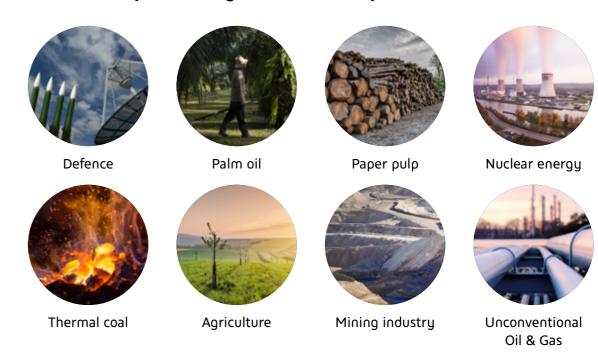
For all investment projects, an initial analysis verifies compliance with international standards and treaties (regulatory and legal filters). **The activity of the company** or the country in which it operates must not be subject to an embargo or financial sanctions.

Sector exclusions are applied. These exclusions are based on the **BNP Paribas** Group's sector policies and cover investments in sectors with environmental or social issues. These policies are available online on the BNP Paribas website⁽⁸⁾ and apply to the Group's business lines. They are regularly extended or revised, and reflect a committed position with regard to these sectors.

at-the-service-of-our-clients-and-society



BNP Paribas Group's financing and investment policies



Group's current unconventional oil and gas sector policy. This policy covers shale oil and shale gas, tar sands and offshore oil and gas resources in the Arctic

Thus, the exclusions of investments concern:

- Exploration and production companies for which portion of their total reserves;
- and production of unconventional oil and gas subsidiaries(10) internationally. represent a significant portion of their total revenue;
- Trading companies for which unconventional oil and gas resources represent a significant portion of their business portfolio;

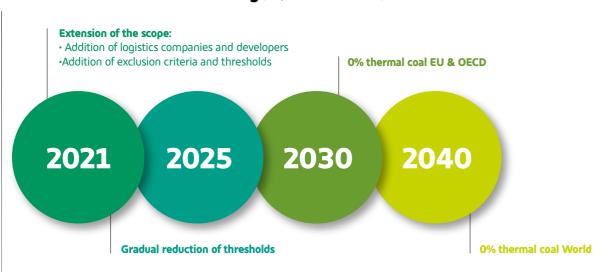
In 2021, BNP Paribas Cardif applied BNP Paribas • Companies that own or operate pipelines or LNG export terminals fed by a significant volume of unconventional oil and gas.

In addition to the BNP Paribas Group's financing and investment policies, BNP Paribas Cardif has made specific commitments concerning the tobacco and **coal sectors**. The insurer applies these exclusions to unconventional oil and gas represent a significant corporate equities and bonds held directly in general funds in France, Italy and Luxembourg, in dedicated • Diversified companies⁽⁹⁾ for which the exploration funds* and mandates and to all majority-owned

production activities as well as mid-stream and/

Tobacco exclusions: Since 2017, BNP Paribas Cardif Thermal coal exclusions*: In 2020, the insurer has applied a "tobacco-free" investment policy in its published a timetable for phasing out thermal coal. It portfolios. The insurer has also been a signatory of applies to investments for electricity production and the Tobacco Free Finance Pledge since 2018 (11). BNP provides for a definitive exit from the sector by 2030 Paribas Cardif excludes manufacturers, wholesalers for the countries in the European Union and the OECD and distributors whose revenue is more than 10% and by 2040 for the rest of the world. derived from tobacco.

Schedule for BNP Paribas Cardif's strategy to exit the thermal coal industry (Scope: BNP Paribas Cardif)



DEVELOPERS		2021	2025	2030	2040	
New projects (coal mining, coal-related infrastructure, thermal coal-based power plants, transport capacities)			0 thermal coal			
MINING COMPANIES (exploration and extraction of the	ermal coal)	2021	2025	2030	2040	
Percentage of thermal coal in revenue	As % of revenue	10%	0% (stock : 10%)	0%	0%	
Thermal coal mining (millions of tonnes extracted)	In M Tonnes	10	0 (stock : 5 M)	0	0	
LOGISTICS (transport and storage of thermal coal)		2021	2025	2030	2040	
Share in revenue	As %	20%	15%	10%	0%	
				0%*		
ELECTRICITY GENERATION FROM COAL		2021	2025	2030	2040	
Share in revenue	As %	20%	15%	10%	0%	
				0%*		
	As % of the mix	20%	20%	10%	0%	
				0%*		
Electricity generation from coal (real generation)	In Giga W	10	8	5	0	
				0*		

* UE / OECD

ESG ANALYSIS AND INTEGRATION

equities and bonds and is based on the Moody's ESG Solutions rating methodology. This method uses 38 criteria to assess non-financial opportunities and risks. The criteria are grouped into six categories: environment, human resources, respect for human rights at work, market behaviour, civic engagement and corporate governance.

The ESG analysis applies to directly-held corporate
Cardif Assurance Vie uses a best-in-class* **sectoral approach**. Each company is given a score according to its level of performance in each of the six categories, thus obtaining an overall ESG performance (ESG scoring).

> Companies are classified by decile according to an overall score. Within each sector, this score excludes companies whose ESG rating is in the last three deciles.

CARBON TRANSITION FILTER

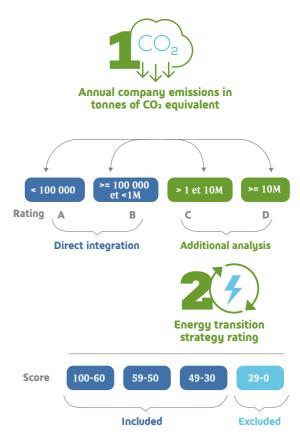
The carbon transition filter is also based on Moody's ESG Solutions rating methodology and reinforces the sector exclusion policies and ESG analysis. This filter identifies companies engaged in the transition to a low-carbon economy.

This carbon transition filter is structured as follows:

- **1. Carbon emissions:** A carbon rating ranks companies according to their greenhouse gas emissions in tonnes of CO2 equivalent (scopes 1 and 2(12)). Companies are rated from A to D, in ascending order of carbon emissions.
- **2. Energy transition strategy:** Companies rated C and D are subject to an additional analysis that assesses:
 - energy transition policies relevance;
 - policies implementation consistency;
 - results effectiveness.

Companies that emit more than 1 million tonnes of CO2 equivalent and whose energy transition strategy is considered low (score less than 30) are excluded from the investment universe.

Carbon transition filter: company exclusion process



(12) The definition of the various scopes according to the GHG protocol can be found in Appendix 2.



ESG process for investments via funds

LISTED FUNDS

Cardif Assurance Vie analyses the non-financial process of the funds in which it invests via a questionnaire sent to asset management companies. The analysis is carried out **at fund level** but also **at** the level of the asset management company.

This analysis makes it possible to identify **for each fund**: its level of ESG integration, a possible thematic (Environmental or Social), and to validate whether it is a positive impact fund*.

At the level of the management company, Cardif Assurance Vie analyses the shareholder engagement policy through **PRI questionnaires*** completed by the signatory companies. At the same time, due diligence questionnaires*, designed by Cardif Assurance Vie, are sent to the funds in order to measure more precisely - via an internal scoring - the fund's integration of ESG criteria. These two questionnaires also allow managers to engage in dialogue with management companies(13).

UNLISTED FUNDS

(Private equity funds, private debt funds and infrastructure funds)

Upstream of a financial commitment, management companies are systematically asked about their **ESG integration process**: initially, at the level of the management company and its governance, then at the level of the companies financed by the fund. **This** due diligence makes it possible to establish an ESG score that will be taken into account by the Asset Management department when validating the investment.

A cover letter in addition to the subscription form ("side letter"), negotiated between the parties, makes it possible to implement sector exclusions.

(13) Asset management companies engagement is presented in section 2.3

Non-financial analysis of unlisted funds

Due Diligence

MANAGEMENT COMPANY

PRE-INVESTMENT

SUIVI DE L'INVESTISSEMENT

- General ESG policy (labels, charters, etc.
- ESG Team Resources and Experiences
- Environmental, Social and Governance

- ESG investment criteria of companies during:
 - The due-diligence phase (method and criteria)
 - The investment period (ESG awareness)
 - Exiting the investment

ESG scoring

Side Letter

Issuance of a side letter between BNP Paribas Cardif and the asset management company. This legal document includes, among other things, the investment policies and sector exclusions of the BNP Paribas Group, in particular:

- Compliance with the **10 Global Compact principles**
- Compliance with the **Ottawa Convention** on the Prohibition of Anti-Personnel Mines and the **Oslo Convention** on the Use, Production, Trade and Stockpiling of Cluster Munitions
- Compliance with policies on thermal coal, unconventional oil and gas, tobacco, palm oil and paper pulp.

ESG indicators

Ongoing work on non-financial data collection at management company and fund level.

Some examples of indicators:

MANAGEMENT COMPANY

- PRI signatory
- % of women in the investment team
- % of investments subject to ESG analysis

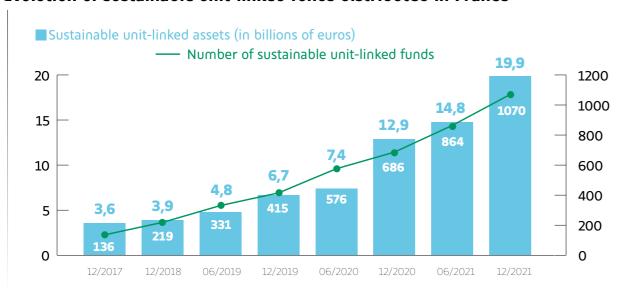
FUNDS

- Carbon footprint
- Employee turnover rate
- % of companies that have formalised a CSR policy

ESG approach for unit-linked funds

Unit-linked vehicles represented €50 billion in France in 2021, **of which nearly 40% were sustainable vehicles (€19.9 billion) compared to 30% in 2020**. Sustainable unit-linked vehicles continue to show strong growth, both in terms of assets under management and the number of vehicles.

Evolution of sustainable unit-linked funds distributed in France



(14) The list of Article 8 and 9 unit-linked funds within the meaning of the SFDR regulation is available in addition to this report on the insurer's website (https://www.bnpparibascardif.com/en/ corporate-social-responsability) In 2021, the methodology for qualifying sustainable funds evolved to take into account regulatory changes. A unit-linked fund qualifying as "sustainable" must now meet at least one of the following criteria:

- Be certified by an independent body,
- Be declared Article 9* within the meaning of the SFDR* regulation⁽¹⁴⁾.

BNP Paribas Cardif also monitors unit-linked funds from the SFDR regulation standpoint. As of 31 December 2021, the unit-linked products referred to in Article 8 and Article 9 were broken down as follows:

Unit-linked funds according to SFDR Article 8 and 9 classification, as at 31/12/2021

	Assets in millions of euros	% Total Assets ⁽¹⁵⁾	Number of funds	% Total numbers
Article 8 Fund	22 200	48%	2 024	39%
Article 9 Fund	8 378	18%	382	7 %
Total Art 8 and 9	30 578	66%	2 406	46%
		(15) Total unit-li	nked funds	

The BNP Paribas Cardif Group, in particular through Cardif Assurance Vie, also markets real estate unit-linked funds that integrate an ESG approach into their management. This is detailed in section 4.

1.2 Transparency

BNP Paribas Cardif prepares several publications on sustainable finance and ESG issues (press releases, social network publications, annual report). Some documents are more in line with regulatory requirements, others reflect a desire for transparency and awareness of the approaches adopted. This documentation meets the objective of publicly communicating the ESG approach and the commitments made by the insurer. These publications are aimed at all its stakeholders: financial market players, regulators, non-governmental organisations, partners, customers and civil society as a whole.

At BNP Paribas Group level, the most recent examples include: the Integrated Report 2021⁽¹⁶⁾, the Climate Analysis and Alignment Report⁽¹⁷⁾, the 2021 Universal Registration Document⁽¹⁸⁾, the 2021 TCFD report⁽¹⁹⁾, and the Sustainable Finance and CSR component of the 2025 Growth Technology Sustainability (GTS) strategic plan⁽²⁰⁾.

At BNP Paribas Cardif level, the CSR page⁽²¹⁾ of its website bnpparibascardif.com contains its commitments to transparency in terms of sustainability, in compliance with the SFDR* regulation. Press releases, social networks and the annual report are also an important channel for institutional communication on BNP Paribas Cardif's ESG commitments.

BNP Paribas Cardif markets its life insurance products through distribution partners. In 2021, distribution partners and networks increased communications with policyholders to inform them about ESG criteria and the sustainable investment vehicles available:

• BNP Paribas' Banque Commerciale en France (BCEF) provides information to all its customers - BCEF retail, BNP Paribas Banque Privée and Hello Bank⁽²²⁾ - on savings and responsible investment, in particular via the Annual Information Letter 2021 (AIL).

- BNP Paribas Cardif distributes life insurance, capitalisation and individual pension products through a network of brokers and partner wealth management advisors. The Finagora extranet provides access to the list of unit-linked funds with a French sustainable label⁽²³⁾ and/or classified as Article 8 or 9 according to the SFDR regulation.
- The Corporate Savings & Retirement (CS&R) activity offers savings and retirement solutions to companies. The CS&R 2021 trend barometer "Corporate savings, a key issue for society" (24) includes a complete section on sustainable savings, underlining CS&R's commitment to the promotion of responsible employee savings products (25).

These documents are also circulated within the Company to promote the dissemination of knowledge on ESG issues⁽²⁶⁾ and on BNP Paribas Cardif's commitments.

- $(16)\ https://integrated-report.bnpparibas/2021/page/1$
- (17)https://group.bnpparibas/uploads/file/bnpp_climateanalytics_ alignmentreport_final.pdf
- (18) https://invest.bnpparibas/en/document/universal-registration-document and-annual-financial-report-2021
- (19) https://cdn-group.bnpparibas.com/uploads/file/tcfd_report_2021_fr.pdf
- (20) https://invest.bnpparibas/en/document/gts-2025-techno-and-esg-en
- (21) https://www.bnpparibascardif.com/en/corporate-social-responsability
- (22) BNP Paribas online banking
- (23) SRI, GreenFin or Finanso
- (24) https://fr.zone-secure.net/131142/1492207/#page=27
- (25) https://www.epargne-retraite-entreprises.bnpparibas.com/epargnants/ Pages / Hebergement / Partenaires solidaires / index.aspx
- (26) Internal communications and training are presented in section 2.1.b

1.3 Adherence of the entity, or products, to a charter, code, initiative or label based on **ESG** criteria

BNP Paribas Cardif is involved in some key initiatives around ESG considerations in investment decisions.

In 2021, BNP Paribas Cardif became a signatory to two new major initiatives, reinforcing its commitment to the fight against global warming:

- Climate Action 100+
- Net-Zero Asset Owner Alliance (NZAOA)

(28) https://www.unpri.org/ (29) https://www.unpri.org/montreal-pledge (31) https://www.unepfi.org/psi/tobacco-free-finance-pledge/ (32) https://www.cdp.net/en (33) https://www.unepfi.org/net-zero-alliance/ (34) https://www.unepfi.org/net-zero-banking/ (35) https://www.climateaction100.org/

History of BNP Paribas Cardif's affiliations



2016 BNP Paribas Cardif signs the Principles for Responsible Investment (PRI)⁽²⁸⁾. Initiated by the United Nations, their aim is to develop a common framework for integrating ESG issues in the financial sector.



2017, membership of the Green Building Observatory (OID)(30): The OID brings together private and public professionals from the French real estate sector to promote sustainable development and innovation



2020, membership of CDP⁽³²⁾ (formerly Carbon Disclosure Pledge). CDP encourages investors, companies and cities to measure and understand their impacts on the environment. The organisation holds the largest environmental performance database. It collects information on greenhouse gas emissions, water management and the impact on forests.



2021, support for the Climate Action 100+initiative⁽³⁵⁾: Its signatories act collectively to encourage the world's largest emitters of greenhouse gases to take the necessary measures to combat climate change.



2013, membership of the Sustainable Building Plan⁽²⁷⁾: BNP Paribas Cardif signed the charter for the energy efficiency of public and private service buildings, initiated by the Sustainable Building Plan.

..:PRIIMontrealPLEDGE

2016 signature of the Montreal Carbon Pledge⁽²⁹⁾: BNP Paribas Cardif is committed to raising investor awareness of climate issues and measuring the carbon footprint of its portfolios.

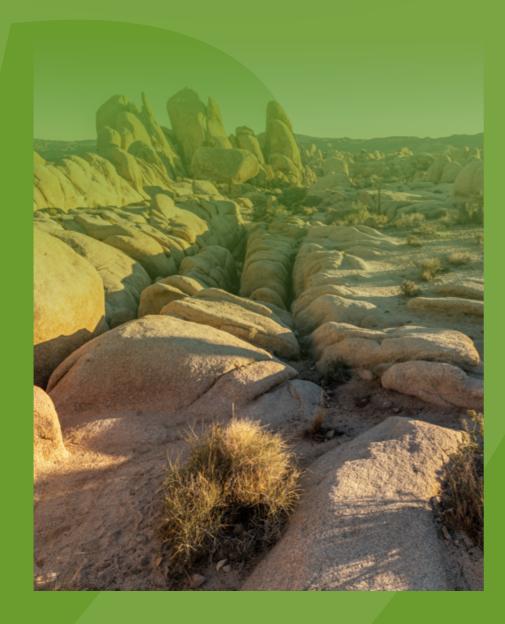


2018, signature of the Tobacco-Free Finance Pledge(31): BNP Paribas is a founding signatory of the Tobacco-Free Finance Pledge and contributes to its development within the financial sector. Thus demonstrating its commitment to disengage from the tobacco sector. In 2017, BNP Paribas Cardif ceased its investment activities in the tobacco sector and joined the Tobacco-Free Finance Pledge in 2018.



2021, Net-Zero Asset Owner Alliance(33): BNP Paribas Cardif has joined the Net-Zero Asset Owner Alliance (NZAOA) and is committed to aligning its investment portfolio towards a carbon neutral trajectory by 2050. The aim is to contribute to limiting global warming to 1.5°C above pre-industrial temperatures, in line with the Paris Agreement. BNP Paribas has also joined the Net-Zero Banking Alliance(34).





2.ESG integration within the entity

2.1 Internal resources deployed by the entity

Resources dedicated to ESG

A BNP Paribas Cardif CSR department, which reports to Executive Management, coordinates and monitors its CSR policy, in line with the guidelines defined at BNP Paribas Group level. The central teams are supported by a network of 60 CSR correspondents in the 33 countries where the insurer operates.

BNP Paribas Cardif's investor activity is mainly managed by the Asset Management department in conjunction with the Company's other functions, mainly CSR, Risk Management, Legal and Compliance.

In France, BNP Paribas Cardif has 2,838 employees (full-time at the end of 2021).

Seven full-time positions are specifically dedicated to ESG issues, representing 6% of the Asset Management department's total workforce. Four full-time equivalent employees in the RISK, Marketing and CSR departments complete the system.

In addition to the human resources deployed to implement BNP Paribas Cardif's CSR strategy, most of the financial resources are devoted to acquiring the ESG data used in the investment process. BNP Paribas Cardif makes a financial contribution to alliances such as the PRI, the Net Zero Asset Owner Alliance and the Green Building Observatory. External consulting costs have also been incurred to support the roll-out of ESG processes.

The Asset Management teams are actively involved in taking non-financial issues into account throughout the investment process..

- The managers monitor the evolution of ESG indicators in their position-keeping tools and through dedicated reporting. Periodic meetings organised by the SRI team with the management teams of the three main general funds (France, Italy, Luxembourg) enable the system to evolve and to make the managers aware of the new non-financial and regulatory issues.
- The SRI team is responsible for integrating nonfinancial criteria into investment processes (data, indicators, exclusion lists, etc.) in collaboration with the management teams. It integrates regulatory developments in the field of sustainable finance into asset management and monitors BNP Paribas Cardif's commitments to responsible investment.
- A responsible investment coordinator monitors changes in the non-financial environment and Sustainable Finance regulations. The latter ensures that they are taken into account within the Asset Management department.

This operational monitoring involves other company functions:

- the BNP Paribas Cardif CSR teams for integration with the Company's CSR strategy, coordination with the BNP Paribas Group policy, and cross-functional coordination:
- the RISK, Compliance and Legal departments, more specifically with regard to controls and compliance with regulations.



Increase over the period

to support internal capabilities and further roll-out process used in investment management. its ESG strategy.

employees.

development focused on:

- "WeEngage": a BNP Paribas Group awareness themes to be included in the portfolio. programme for all employees worldwide dedicated economy and greater social justice;
- skills of BNP Paribas Group employees in the field of sustainability. This programme is divided into the positive impact or the energy transition. modules on different themes, including sustainable finance:
- (RISK, CSR, Asset Management, Marketing, etc.).
- change and their consequences.

BNP Paribas Cardif uses various levers to deploy its on the various sector policies of the BNP Paribas Group. **ESG** strategy. To this end, in 2021, the insurer has The employees most directly concerned by the ESG **strengthened a number of mechanisms and actions** approach also received training in 2021 on the ESG

In 2021, BNP Paribas Cardif stepped up its ESG strategy BNP Paribas Cardif, with the support of the BNP integration into investment decisions resulting Paribas Group, has set up **a training programme to** in more stringent requirements for management raise awareness of the major ESG issues for all its companies. For example, the Asset Management department supported the transformation of a For 2021, employee training in sustainable dedicated fund by working with the third-party management company to enhance the sustainable

to sustainable finance and current environmental and
The Asset Management department can also rely on social issues. The programme, which is divided into **BNP Paribas Cardif's internal communication** short online modules, aims to develop employees' **system**. This introduces employees to the sustainable skills in guiding customers towards a low-carbon approach in place in the management of the general fund and disseminates a broader ESG culture through • "Bivwak! Upskill": a programme to develop the conferences on various topics such as the results obtained at COP26, the challenges for biodiversity,

BNP Paribas Cardif also contributes to the NEST • External expert and certifying training courses, such network (Network of Experts in Sustainability as the one offered by the Cambridge Institute for Transitions), a network of internal experts launched Sustainability Leadership (CISL)(36). This course was by the BNP Paribas Group at the end of 2021 to attended by employees from various departments accelerate the eco-logical and social transition. This new network is composed of more than 350 experts • Fresques du Climat , collaborative workshops to in fields such as the energy transition, the circular acquire a systemic vision of the challenges of climate economy, biodiversity, agriculture, Human Rights, diversity and social inclu-sion. The objective of this international network is to deploy, amplify and share In addition, all employees of the Asset Management expertise to accelerate the transition of our customers, department in France have taken e-learning modules both in their assets and their activities, and build knowledge of sustainable deve-lopment among all stakeholders

In 2021, BNP Paribas Cardif included in its **internal** policies (investment policies and compensation policy) the new provisions in terms of integration of sustainability risks, required by the SFDR* regulation under its Articles 4 and 5. This information is available on the BNP Paribas Cardif website (Cardif Assurance Vie's commitment to transparency on sustainability(38)).

A new Impact and Innovation department was set up in April 2022 and integrated the CSR teams at headquarters (corporate) and in France to capitalise on better knowledge sharing and coordination of actions. Its mission is to define and implement BNP Paribas Cardif's CSR strategy, as part of the BNP Paribas Group's Growth Technology Sustainability plan for 2025. This department interacts with the various internal stakeholders, BNP Paribas Cardif functions, the BNP Paribas Group or external stakeholders. It relies on a network of ambassadors within each function, as well as the regions and countries where the insurer is present.

It leads cross-functional strategic initiatives and monitors and coordinates internal and regulatory reporting on sustainability.

(38) https://www.bnpparibascardif.com/en/corporate-social-responsability

(36) https://www.cisl.cam.ac.uk/ (37) https://fresqueduclimat.org/



2.2 Approach to ESG criteria at the entity's governance level

ESG governance of the BNP Paribas Group⁽³⁹⁾ sets out the consideration of ESG issues and the strategic orientations related to the climate taken by Executive Management. BNP Paribas Cardif contributes to this process in the same way as all the Group's business lines. BNP Paribas Cardif's management bodies define the responsible investment strategy. They also ensure the application of BNP Paribas Group policies. Governance is structured around the Board of directors and committees involving management and operational teams (Asset Management, Impact and Innovation, RISK, Compliance, Finance, Actuarial and Capital).

Knowledge, skills and experience of governance bodies

- BNP Paribas Cardif's Board of Directors plays a major role in controlling and supervising the management of the Company. In accordance with its internal rules, the Board of Directors determines the direction of the Company's activities and ensures that they are implemented by the Executive Management, taking into account the social and environmental challenges of the Company's activities⁽⁴⁰⁾. Among the specialised committees responsible for assisting the Board of Directors, two are particularly involved in non-financial matters:
- The Appointment and Compensation Committee (ACC) is responsible for monitoring issues relating to the appointment of directors and corporate officers and heads of key functions. It ensures the integrity and skills of prospective candidates and ensures that the directors have the necessary skills to understand the risks, challenges and strategy of the Company.

regard to conflicts of interest.

In terms of compensation, the ACC gives an opinion on the compensation policy and verifies that its application is in line with the BNP Paribas Cardif compensation policy. In 2021, the Committee took note of the roadmap of the "All equal" action plan, which aims to reduce the also worked within BNP Paribas Cardif on missions pay gap between women and men and increase the proportion of women in top management.

Committee (AIRMC) ensures the effectiveness of the risk management system, including social allocation strategy.

ESG issues were the subject of specific items at the required to perform their duties. The ACPR is notified Board meetings in 2021, such as the approval of the Report on the Responsible Investment Strategy and at the strategic seminar devoted to the presentation of the 2025 strategic plan. The Board was informed of the year's achievements including, in particular:

- the actions taken by Cardif Assurance Vie and the BNP Paribas Cardif Group to strengthen their commitment to the energy transition over the past year;
- the classification of general funds in France, SFDR regulation;
- the update of Cardif Assurance Vie's investment policy, which takes into account the new ESG integration and analysis standards in line with the provisions of the new European SFDR regulation;
- the support measures taken by BNP Paribas Cardif the SRI Strategy Committee, involving the heads of in connection with the health crisis: participation of €1 billion in the "Prêts Participatifs Relance" scheme and exceptional support measures for customers and partners.

It reviews the directors' annual declarations with In addition, the Board approved the compensation policy updated in 2021 with the new provisions relating to Article 5 of the SFDR Regulation.

The directors all have a variety of skills and experience gained throughout their professional and personal careers. The members of the Board of Directors have related to ESG issues, whether in the context of the development of the strategy and sustainability policies or their validation. One of the directors is • The ALM and Insurance Risk Management particularly involved through his role as Treasurer of the GoodPlanet Foundation.

The regulations applicable to Cardif Assurance Vie and environmental risks, and reviews the asset require that the members of the Board of Directors and the executive officers have at all times the good repute, knowledge, skills, experience and time of the appointment of the executive officers. To date, Cardif Assurance Vie has not received any notification from the ACPR of non-compliance with these criteria. In addition, for the past year, the Asset Management department has reported to members at each Board meeting on the environmental and social contributions of asset management and on developments in ESG investment strategy.

Luxembourg and Italy according to the European At executive level, the Asset Management Department (AMD) runs two committees where ESG issues are discussed:

- the Asset Management Committee: involving the heads of each of the Company's departments on a monthly basis;
- the RISK, IMPACT and AMD departments on a quarterly basis. Various topics are reviewed, including responsible investment, sustainable finance regulations, and the ESG orientations of the BNP Paribas Group.

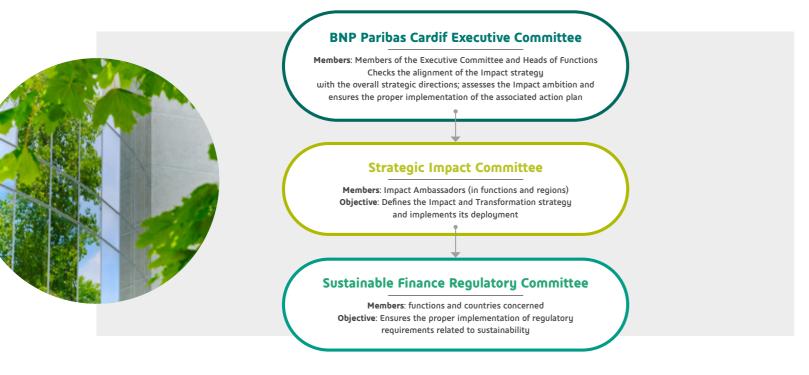
(39) See Governance of the BNP Paribas Group's climate challenges, part 1 of the TCFD 2021 report https://cdn-group.bnpparibas.com/uploads/fil

(40) Internal rules of the Board of Directors, Article 1

In addition, at the end of 2021, the Risk Committee, chaired by the Chief Executive Officer of BNP Paribas Cardif, expanded its tasks to include the identification, monitoring and follow-up of sustainability risks.

In 2021, the Executive Committee validated a 2022-2025 plan that puts sustainability at the heart of its strategy. In this plan, BNP Paribas Cardif affirms its ambition to have a positive impact on the environment, society and its employees. These new orientations, in line with those of the BNP Paribas Group, are structured around three pillars: Growth, Technology and Sustainability (GTS).

In 2022, **BNP Paribas Cardif's new Impact and Innovation department** will focus on impact. Its mission is to define the impact strategy, in line with the CSR and commitment orientations of the BNP Paribas Group. This strategy aims to make insurance products and services more accessible and to pursue a responsible investment policy based on environmental, social and governance criteria. The head of this new department is a member of the Executive Committee. The Impact and Innovation department is also establishing a dedicated ESG governance with two committees (illustrated below). The action plans will be implemented by internal functions and rolled out in the regions where the insurer is present.



The implication of various decision-making bodies and functions of the Company allows for reactive consideration of non-financial issues, thus contributing to risk management and to a dynamic process.



Being a positive impact insurer is central to our strategy. As an investor, making positive impact part of our investment strategy means both playing a responsible role in society by being aligned with the Paris Agreements and being attractive to our policyholders.

> Nathalie Doré Head of Impact and Innovation

compensation policies

excessive risk in terms of the sustainability of investments and financial products governed by the SFDR

has been set a specific target for taking sustainability risks into account.

In addition, BNP Paribas Cardif's key employees(41) benefit from a three-year loyalty plan in which nine of the indicators from the BNP Paribas Group's CSR scorecard⁽⁴²⁾ are included and account for 20% of the payment conditions. Two of these criteria are directly related to energy and climate change issues⁽⁴³⁾.

ESG criteria integration in the internal rules of the Board of Directors

The purpose of the internal rules is to specify the rules of operation of the Board of Directors. They aim to balance the composition and functioning of the Board in order to act in the best interests of the Company and to exercise genuine control over management(44).

The Directors' Charter defines the principles and rules applicable to the directors of Cardif Assurance Vie (loyalty, honesty and integrity, compliance, obligation of discretion, competence and good repute, protection of the Company's interests, prevention of conflicts of interest, transparency). It complements the BNP Pa-Integration of Sustainability risks in ribas Group's Code of conduct. Cardif Assurance Vie's Board of Directors is composed of seven directors. There is a balanced representation of women and men on **Cardif Assurance Vie's compensation policy** was the Board of directors, with three women and four supplemented in 2021 by new provisions relating men. When the Appointment and Compensation Comto Article 5 of the SFDR Regulation. These additions mittee examines the skills and experience of potential confirm that Cardif Assurance Vie's compensation po- directors, it ensures that the diversity and collective licies and practices do not encourage financial market competence of the Board of Directors is maintained in participants - through variable compensation - to take consideration of the strategy of Cardif Assurance Vie and the BNP Paribas Cardif insurance group.

Since 4 January 2016, Cardif Assurance Vie has sepa-Since 2021, 24% of the asset management workforce rated the functions of Chairman and Chief Executive Officer, in accordance with the highest governance standards.

(41) Key employees: senior managers, high-potential employees or key local resource

(42) The nine indicators are presented on p547 of the URD https://group.bnpparibas/uploads/file/bnp2020_urd_en_final_version_21_03_12.pdf

(43) Amount of financing dedicated to renewable energies and assessment of greenhouse gas

(44) Article 1 of the Internal rules of the Board of Directors

2.3 Engagement policy and strategy

In accordance with the provisions of the PACTE law^(4S) and the European directive on shareholders' rights(46), Cardif Assurance Vie publishes details of its shareholder engagement policy on its website, as well as an annual report on the implementation **of this policy**⁽⁴⁷⁾. In 2021, the exercise of its voting rights covered 98% of the assets concerned in terms of market capitalisation.

Cardif Assurance Vie also engages in a dialogue and climate issues into their management process.

In 2022, Cardif Assurance Vie will continue to strengthen this dialogue to encourage management companies to align their investment portfolios with a 1.5°C scenario, consistent with the Paris Agreement.

with management companies. They complete a PRI questionnaire and another questionnaire designed by Cardif Assurance Vie specifically for ESG practices (48). Based on the responses, the manager engages in a dialogue with the management companies in order to encourage them to further integrate non-financial

(47) Both reports are available online: (48) This process is presented in section 1.1 ESG analysis of investments via listed funds

on the growth and transformation of businesses: https://www.legifrance.gouv.fr/jorf/id/JORFTEXT000038496102/

(45) Law no. 2019-486 of 22 May 2019



We have a responsibility to support the transition to a more sustainable world. For BNP Paribas Cardif, this conviction is reflected in dialogue and collaboration with various institutional investors.

Olivier Héreil,

Chief Operating Officer, Asset Management at BNP Paribas Cardif





3. Strategy for alignment with international standards

3.1 Strategy for alignment with the objectives of the Paris Agreement

The publication of the final part of the 6th Intergovernmental Panel on Climate Change (IPCC) report in April 2022 is a reminder of the scientific consensus on climate change. The unprecedented acceleration of greenhouse gas emissions would result in a global warming trajectory of +4°C by 2100 compared to the pre-industrial era. The objectives of the Paris Agreement are to limit the increase to 2°C or even 1.5°C.

The assessment of the carbon footprint of portfolios and their alignment with the Paris Agreement are therefore essential measures that are integrated into BNP Paribas Cardif's ESG strategy. There is still room for improvement in these indicators and they are subject to methodological bias. To date, there is no consensus on a methodology for calculating the temperature of portfolios.

Net Zero Asset Owner Alliance

As part of its membership of the NZAOA^{(49)*}, BNP Paribas Cardif has completed its system to meet the four pillars identified by the Alliance:

- Measuring the alignment of investment portfolios with the Paris Agreement and reducing their carbon footprint;
- Setting decarbonisation targets for the sectors with the highest greenhouse gas emissions;
- Developing investments linked to the climate transition;
- Engaging in shareholder dialogue with companies and asset managers to steer them towards carbon neutrality.

(49) Presented in section 1.3 Entity affiliation



Joining the Net-Zero Asset Owner
Alliance was an important milestone in
BNP Paribas Cardif's responsible
investment strategy. This major initiative
is a concrete expression of our commitment
and a powerful lever in favour of
the energy transition.

Pauline Leclerc-Glorieux, hief Executive Officer of BNP Paribas Cardif

BNP Paribas Cardif objectives

In 2022, BNP Paribas Cardif extended its commitment to the climate while continuing its efforts of recent years by setting the following objectives:

Greenhouse gas reduction targets

- Reduce the carbon footprint (scopes 1 and 2⁽⁵⁰⁾) of directlyheld corporate equity and bond portfolios by at least 23% between the end of 2020 and the end of 2024 (53% reduction has already been achieved between 2017 and 2020). This reduction target will be reviewed every five years until 2050.
- Reduce the carbon intensity (scopes 1 and 2⁽⁵¹⁾) of directly-owned office buildings⁽⁵²⁾ by at least 12% between 2020 and 2030 (32% reduction has already been achieved between 2011 and 2020).

Sector targets

- Final exit from thermal coal* by 2030 at the latest for European Union and OECD countries, and by 2040 at the latest for the rest of the world^(S3).
- Implement the BNP Paribas Group policy on unconventional oil and gas⁽⁵⁴⁾.

Transition financing objective

• Invest an average of €1 billion per year by the end of 2025 in positive impact investments*, including at least €800 million in environmental investments.

Commitment target

 Dialogue with companies (via the Climate Action 100+ initiative) and asset managers to encourage them to implement a climate strategy consistent with the Paris Agreement

BNP Paribas Cardif will communicate annually, in future Article 29 reports, the progress made in achieving these targets and any difficulties encountered in implementing them.

(50) Without standardisation of scope 3 measurement, BNP Paribas Cardif is focusing on setting targets for scope 1 and 2 (the definition of the scopes according to the GHG protocol is presented in appendix 2), in order to be in line with the Alliance, while continuing to calculate and analyse the impact of its portfolios on all three scopes.

- (51) Reducing the carbon intensity of buildings also includes the consumption of electricity, heat and cooling by tenants.
- (52) The strategy for aligning office buildings with the objectives of the Paris Agreement is presented in section 5
- (53) The policy and timetable for the phase-out of thermal coal are presented in section 1.1. ESG strategy for directly-held securities
- (54) Presented in section 1.1 ESG strategy for directly-held securities

Investment in the energy transition

BNP Paribas Cardif invests in environmental-themed projects related to the energy and ecological transition. The following two funds are examples:

Equity funds: BNP Paribas Climate Impact

BNP Paribas Cardif invests in BNP Paribas Asset Management's fund, BNP Paribas Climate Impact, dedicated to small and midcap companies around the world that contribute to climate change adaptation and mitigation. The companies in which the fund invests must generate at least 50% of their revenue in one of the areas related to climate change such as renewable energy, energy efficiency, water treatment, pollution control, waste management and environmental services.



BNP Paribas Cardif is an investor in the Land Degradation Neutrality fund managed by the management company Mirova with the support of the UN, the European Investment Bank and the French Development Agency. Its purpose is to protect and develop arable land, mainly in emerging countries. This involves financing sustainable land management projects (organic farming, reforestation, etc.) and support for local communities.

Measuring alignment

In order to monitor its climate alignment strategy, BNP Paribas Cardif measures the carbon footprint and implied temperature of its directly-held corporate equity and bond portfolios.

Carbon footprint

BNP Paribas Cardif measures its portfolio's carbon footprint every year. This indicator assesses the carbon impact of directly-held assets on global warming.

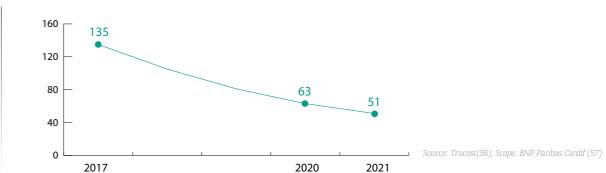
The carbon footprint (for financial products) represents the amount of emissions financed by the portfolio. This indicator makes it possible to identify the amount of greenhouse gas emissions that can be attributed to an investment. For investments in companies, greenhouse gas (GHG) emissions are weighted according to the share of the investment in the enterprise value^(SS). It therefore measures the emissions generated for each euro invested.

(55) The enterprise value is the market value of the market capitalisation and financial debt (in the SFDR formula, cash is not deducted)

$$\sum_{n}^{i} \frac{\left(\frac{Market\ value\ of\ the\ investment_{i}\ (\in\! M)}{Enterprise\ Value_{i}(\in\! M)} \times Carbon\ emissions\ of\ the\ Company\ (tCO_{2}eq)\right)}{Market\ value\ of\ all\ investments\ (\in\! M)}$$

Thus, if the investor **owns 1% of the value of a company then the investor** will be allocated 1% of the greenhouse gas emissions of that company.

Change in the carbon footprint of BNP Paribas Cardif's equities and corporate bonds, scopes 1 and 2 (in tCO2eq/€ million invested)



The assets included in this carbon footprint calculation represented €74 billion at 31 December 2021, three quarters of which came from Life insurance in France. The footprint presented thus covers approximately 43% of the assets under management in BNP Paribas Cardif's general funds worldwide.

The carbon footprint is **estimated at 51 tCO2eq/€M invested** at 31 December 2021, compared to 63 tCO2eq/€M invested at 31 December 2020. The carbon transition filter and the sector exclusions applied to the entire thermal coal sector partly explain this decrease.

(56) The methodology used by Trucost is available online: https://www.spglobal.com/spdji/en/documents/additional-material/fag-trucost pdf

(57) The carbon footprint coverage ratio of BNP Paribas Cardif's directly-held corporate equity an bond portfolio in 2021 is 94% (of which 88% of the emissions are published by the companies are 6% are modelled by Trucost)

Implied portfolio temperature

given moment, the temperature indicator analyses 1.5°C scenario and a 5°C scenario. the company's carbon performance in a dynamic
In addition, two indices were studied by Carbon4 way. This indicator takes into account the company's Finance to identify two baselines: past carbon trajectory as well as a projection of its • a 2°C baseline, through the Low Carbon 100 Index performance in the future.

The alignment of a portfolio can be described as its • a 3.5°C baseline, through the World Large Cap Equity contribution to the transition to a certain economy, Index representing a business-as-usual scenario for defined by a specific climate scenario, and leading to the global economy. an implied temperature increase by the end of the century.

Impact Analytics methodology(58) (CIA). This business as usual economy. temperature alignment is based on the overall average scores of the companies in the portfolio weighted by assets. In order to rate companies, Carbon4 Finance carries out a quantitative analysis (evolution of the carbon footprint and avoided emissions(59)) and qualitative analysis (analysis of the climate strategy, investments in low-carbon projects, greenhouse gas emission reduction targets, etc.).

In order to establish the alignment of a portfolio of companies with a trajectory, Carbon4 Finance bases its analysis on two scenarios of temperature increase

Beyond a company's carbon measurements at a by 2100 from the latest IPCC report(60), namely a

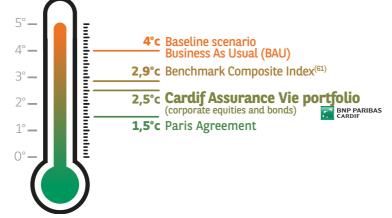
- representing a low-carbon economy;

This modelling makes it possible to identify whether the portfolios analysed fall more in line with one or The companies in Cardif Assurance Vie's other of these indices, and therefore whether the com**corporate equity and bond portfolios have been** panies in the portfolio contribute more (on average) analysed by Carbon4 Finance using the Carbon to a low-carbon economy or, on the contrary, to a

> (58) Carbon4 Finance's Carbon Impact Analytics methodology is available methodological-guide2

(59) Avoided emissions are the difference between the greenhouse gas emissions induced (by a project, product or service) and the greenhouse gas

Portfolio temperature corporate equities and bonds held directly by **Cardif Assurance Vie** at 31 December 2021 (in market value)



(61) The benchmark is a composite of BB euro AG

Source: Carbone4 Finance

Although the temperature of the corporate equity world economy, the calibration of the formula is not and bond portfolios is not yet aligned with the Paris homogeneous. Carbon4 Finance is considering the Agreement, it is lower than that of its benchmark construction of a low-carbon index on a global scope. composite index. This difference is explained by:

- Investments in companies that are leaders in Concentration of the model on developed climate mainstreaming and through investments in green bonds*; and
- the implementation of the thermal coal sector policy and the exclusion of companies that have not adopted a sufficiently robust energy transition strategy (Moody's ESG solutions assessment).

Cardif Assurance Vie will continue its efforts and commitments in the coming years to contribute to the objectives of the Paris Agreement.

The coverage ratio for the temperature analysis of the portfolio is 88%. 78% of the portfolio is covered by an in-depth methodology for each company and 22% by a simplified methodology (using reported Scopes 1 and 2 emissions if available or a recalculation of emissions based on sectoral averages).

It should be noted that Carbon4 Finance's in-depth approach is applied to the sectors that emit the most greenhouse gases. The simplified methodology applies to less emissive sectors, generally belonging to the tertiary sector. Finally, the CIA methodology takes into account double or triple counting⁽⁶²⁾ in order to limit it as much as possible.

The current calculation methodology has several biases and limitations:

- The use of different geographical perimeters between the two baselines:
- the Low Carbon 100 index is composed of European companies representing a low-carbon economy;
- the World Large Cap Equity index is composed of global companies, representing a business as usual scenario.

The portfolio has an estimated temperature of 2.5°C. As the European economy is not representative of the

countries and listed assets: the Carbon4 Finance (CIA) database currently covers mainly companies from developed countries and applies only to the listed universe. This scope may bias the representation of a real economy made up of other types of assets, such as unlisted assets.

more than once in a portfolio. This is particularly due to scope 3.



3.2 Biodiversity issues

Definition and context

Biodiversity is the network of all living, terrestrial, marine and aquatic organisms, and the ecological complexes to which they belong. This network produces oxygen, regulates the planet's water, temperature and air quality, as well as natural hazards. These are the ecosystem services that biodiversity provides.

In 1992, at the Earth Summit organised in Rio de Janeiro, the international community adopts the Convention for Biological Diversity (CBD), with three pillars: conservation of biodiversity, sustainable use of its components and equitable sharing of the benefits of resource use. In 2010, States agree on "Aichi Targets" for the period 2011-2021. In 2020, the CBD Secretariat's fifth Global Biodiversity Outlook report found that none of the Aichi targets had been met after 10 years. In this context, the COP15 (UNCBD*) is highly anticipated. It will have to define a post-2020 «Global Framework for Biodiversity» to achieve the «2050 Vision» for the protection of ecosystems and biological diversity: 20 new targets will be defined with dates for achievement by 2030 and 2050. This COP should enable companies and investors to establish strategies for alignment with long-term biodiversity objectives.



Biodiversity issues are a complex subject due to the multiplicity of pressures exerted and the difficulty of modelling and measuring these impacts. In 2021, Cardif Assurance Vie arried out an initial calculation of the biodiversity footprint of its directly-held corporate equity and bond portfolios.

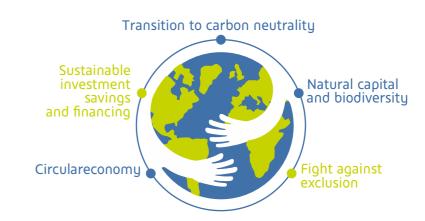
Eric Bequet,Head of Insurance Asset Management at BNP Paribas Cardif

BNP Paribas and the preservation of biodiversity

The BNP Paribas Group is convinced of the importance of the risks and opportunities related to biodiversity and has been committed to its preservation for several years (https://group.bnpparibas/uploads/file/biodiversity_position_2021.pdf): inclusion of deforestation and biodiversity criteria in financing and investment policies since 2012, dialogue with customers in the most sensitive sectors, proposals for products and services based on nature-based solutions, signing of act4nature commitments in 2018 (updated in 2021), publication of a position on ocean protection in 2019, extension to biodiversity of research programmes supported by the BNP Paribas Foundation in 2019.

In 2022, the BNP Paribas Group has made natural capital the focus of its 2022-2025 «Growth-Technology-Sustainability» strategic plan.

The 5 priority areas of the "Sustainability" pillar of the BNP Paribas Group's strategic plan



BNP Paribas Cardif also targets the protection of biodiversity in its investment choices

BNP Paribas Cardif uses various levers to integrate the preservation of biodiversity into its investments. The following example illustrates the investment in a fund aimed at preserving biodiversity:

BNP Paribas Funds Ecosystem RestorationBNP Paribas Asset Management - equity funds

This fund invests in companies that seek to provide solutions to restore aquatic, terrestrial and urban ecosystems through their products, services or processes. This includes, but is not limited to: ocean and water pollution control, aquaculture, agricultural technologies, sustainable forestry, green cities, air pollution control and waste management solutions.

Biodiversity in the investment policy

Several sector policies are more directly related to calculation of this indicator is based on the Exio-base biodiversity, in particular those on palm oil, paper model, which translates revenue data into greenhouse pulp and agriculture. These policies are applied by BNP Paribas Cardif and are available online(63).

Biodiversity issues are a complex subject due to the The GLOBIO model is also used to simulate the impact multiplicity of pressures exerted and the difficulty of modelling and measuring these impacts. These issues will be integrated into BNP Paribas Cardif's processes as part of a dynamic approach based on the final objectives of COP 15 Biodiversity.

Measuring the biodiversity footprint

For the first time in 2021, Cardif Assurance Vie calculated the biodiversity footprint of its corporate equity and bond portfolios. This assessment was carried out by Carbon4 Finance using the Biodiversity Impact Analytics (BIA)(64) approach based on the Global Biodiversity Score (GBS) tool developed by CDC Biodiversité. This biodiversity footprint score provides an initial analysis that is essential for integrating these issues into the investment strategy.

Methodology

The Global Biodiversity Score, or GBS, can be interpreted as the equivalent of the carbon footprint for biodiversity. Although it covers all sectors of activity, more precise analyses are carried out on sectors with a strong impact on biodiversity (climate, agriculture and chemicals). It allows economic actors, businesses and investors, to assess the impacts of their activities on biodiversity. The metric used is the MSA (Mean Species Abundance) which assesses the ecological integrity of ecosystems on a scale from 100% (undisturbed ecosystem) to 0% (totally degraded ecosystem). As the pressure increases, the percentage decreases. The MSA is recognised by the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) for the assessment of ecosystem integrity (comparison between original and disturbed ecosystems). The

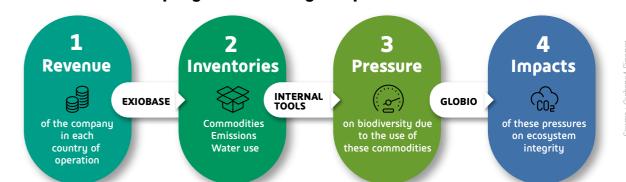
gas emissions and commodity consumption.

of different human pressure scenarios on biodiversity. The impact analysis is carried out in four stages:

- **1. Economic data recovery:** businesses create products and services and generate revenue.
- **2. Recovery of ecological inventories**: in order to achieve this revenue, companies need commodities (metals, minerals, water, etc.).
- 3. Identification of pressures on biodiversity: this consumption of natural resources puts pressure on biodiversity.
- 4. Translating pressures into impact on **ecosystems:** these pressures are translated into an indicator, the Mean Species Abundance or MSA, which makes it possible to quantify the impact of these pressures on a given area.

(63) https://group.bnpparibas/en/group/at-the-service-of-our-clients-andsociety/supporting-transitions/financing-and-investment-policies (64) https://www.carbon4finance.com/product/biodiversity-impacts

Assessment of a company's biodiversity footprint

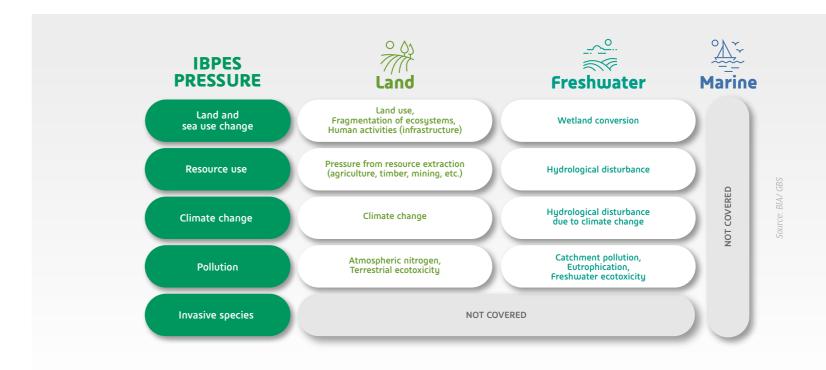


Carbon4 Finance's BIA-GBS measures the equivalent of MSA.m². The impacts on biodiversity correspond to the average abundance of species per square metre: 1 MSA.m² lost is equivalent to the total destruction of 1m² of initially intact natural space.

The biodiversity footprint accounts for two types of impacts:

- static impacts include all cumulative impacts prior to the assessment period;
- dynamic impacts include the impacts that occurred during the period assessed.

The BIA-GBS covers both terrestrial and freshwater pressures.



Methodological bias

The measurement of the biodiversity footprint is currently being standardised. Like climate metrics, existing biodiversity methodologies should improve significantly in the coming years. Very few data on biodiversity are reported by companies, so data providers use estimates. In the BIA methodology, pressures on marine biodiversity are currently not taken into account. Some pressures are partially or not covered by the methodology: invasive species, land degradation and overuse. It should also be noted that the downstream scope 3 impacts⁽⁶⁶⁾ are only taken into account for climate change related pressures.

Biodiversity footprint of the directly-held corporate equity and bond portfolio

The results presented cover 87% of Cardif Assurance Vie's directly-held corporate equity and bond portfolio.

Biodiversity footprint in MSA.m²/€k invested, as at 31 December 2021

	Cardif Assurance Vie corporate equity and bond portfolio	Benchmark composite index ⁽⁶⁷⁾
Dynamic aquatic	0,06	0,1
Static aquatic	5	8
Dynamic land	3	4
Static land	62	105

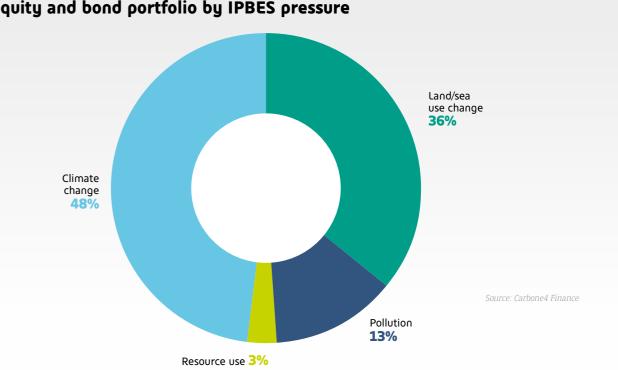
(66) The definition of the different scopes according to the GHG protocol (67) The Benchmark is a composite of the Bloomberg Euro Aggregate for corporate bonds and the Stoxx 600 for equities



As at 31 December 2021, for every €1,000 invested, the impact of the corporate equity and bond portfolios is equivalent to:

- The artificialisation of 5m² of aquatic biodiversity (8m² for the benchmark) and 62m² of terrestrial biodiversity (105m² for the benchmark) in **static impact.**
- The artificialisation of 0.06m² of additional aquatic biodiversity (0.10m² for the benchmark) and 3m² of additional terrestrial biodiversity (4m² for the benchmark) in **dynamic impact.**

Breakdown of the Biodiversity footprint of the directly-held corporate equity and bond portfolio by IPBES pressure



Climate change is the dominant pressure in the Cardif Assurance Vie portfolio. The second dominant pressure in the portfolio is the change in land and sea use (land artificialisation).



4. Real estate

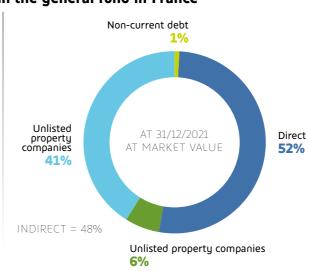
Within Cardif Assurance Vie, real estate assets represent 8% of the general fund assets. They also represent 8% of the assets in the unit-linked funds.

Real estate unit-linked funds include:

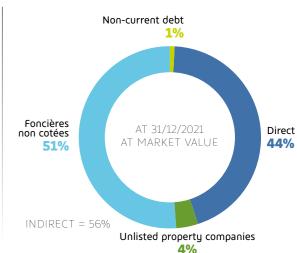
- SCI (Sociétés Civiles Immobilières) ACAVI constituted by Cardimmo, Valeur Pierre Epargne (VPE) and BNPP Pierre 1, managed internally by Cardif Assurance Vie;
- OPCI (Organisme de Placement Collectif Immobilier) Diversipierre, managed by BNP Paribas REIM;
- Other real estate companies external to BNP Paribas Cardif representing nearly 30 vehicles:
- SCPI (Sociétés Civiles de Placement Immobilier);
- SC (Sociétés Civiles), mainly the CAPIMMO vehicle;
- Other retail OPCIs.

The real estate portfolio is managed either directly or indirectly.

Asset allocation by vehicle in the general fund in France



Asset allocation by vehicle within the general fund in France and unit-linked funds



4.1. ESG integration process

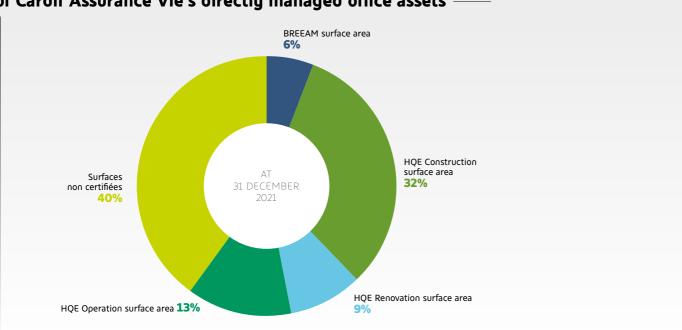
Direct management

Direct management consists of the acquisition, management and disposal of real estate assets wholly owned by Cardif Assurance Vie, very often through SCI-type vehicles without recourse to an external manager: this excludes listed or regulated forms.

Cardif Assurance Vie manages its real estate portfolio with a view to improving its social and environmental performance. On environmental aspects, the following practices are implemented:

- Buildings under construction are systematically certified. For example, in 2021, Cardif Assurance Vie submitted a building permit for a project to convert one of its office buildings into a residential building with 80 housing units. High environmental ambitions have been pursued: HQE certification, BBC Effinergie label (energy performance label), BBCA Rénovation label (low carbon label);
- Buildings undergoing renovation are certified if the technical and financial feasibility is sustainable;
- For the operational phase, some buildings are certified. For management and works, an improvement in environmental performance is always sought.

Monitoring of the HQE and BREEAM⁽⁶⁸⁾ procedures on the surface area of Cardif Assurance Vie's directly managed office assets ——



It should be noted that at 31 December 2021, all directly managed shopping centres⁽⁶⁹⁾ are HOE/BREEAM* certified.

(68) The certifications are not cumulative:

- The HQE Construction and HQE Operation buildings are considered in the graph as HQE Construction only
- The HQE Renovation and Operation buildings are considered as HQE Renovation only
- The HQE Construction and BREEAM buildings are considered in the graph as HQE Construction only;
- The HQE Renovation and BREEAM buildings are considered as HQE Renovation only;
- (69) Shopping centres are shopping malls with a variety of shops.

In addition to monitoring certifications and labels, the environmental pillar of the ESG strategy for directly-held real estate assets is also based on the analysis of the evolution of the buildings' energy consumption and their carbon footprint. To this end, Cardif Assurance Vie also encourages construction methods that emit less CO₂ (wooden buildings) and energy-efficient designs (buildings without air conditioning).

In order to improve the environmental impact of its real estate portfolio, several action levers are being studied:

- assessment of the vulnerability of each directly-managed building to various climatic hazards (heat waves, droughts, shrinkage-swelling of clay, floods, marine submersions, etc.);
- reinforcing indicators on water management and waste management;
- continuing to increase the number of electric charging stations in office building car parks in order to reduce the use of fossil fuel vehicles and developing soft mobility.

Cardif Assurance Vie also pays particular attention to the possible social use of housing. In this respect:

- In 2021, a partnership was established with the Habitat & Humanisme association to rent out 32 homes in Paris to people in difficulty;
- 40 new intermediate-rent housing units will be delivered in Ile-de-France (Rueil Malmaison) in 2022.



REAL ESTATE REAL ESTATE

Indirect management

corresponds to the acquisition of financial **interests in real estate companies** such as:

- shares in listed companies;
- of SCPIs or OPCIs;
- shares in non-regulated vehicles.

For new investments, the **process of integrating** ESG criteria is systematically examined by asset managers and management companies (e.g. certification/labelling, energy performance diagnosis). For existing funds, a questionnaire was introduced in 2021 on the ESG integration process of funds, which is sent to management companies. This aims to establish a consolidated reporting.

Cardif Assurance Vie continues to make **social** estate portfolio is, therefore, a major challenge in the **investments in affordable housing**, notably through:

- **Indirect management, carried out by managers,** new subscriptions in the Intermediate Housing Funds managed by CDC Habitat (FLI1 and FLI2);
 - new investments in funds holding residential buildings subject to rent caps.

• shares in regulated vehicles, generally in the form Cardif Assurance Vie also supports the **re-solvency** of retired people by participating in a fund dedicated to life annuity housing, Certivia 2, managed by La Française AM. The goal is to empower retirees who own their primary residence to improve their current income.

4.2 Strategy for alignment with international standards

Climate alignment

questionnaire will be sent on a recurrent basis and
The building sector accounts for a significant share of total energy consumption⁽⁷¹⁾ in France. Limiting energy expenditure and carbon footprint in the real fight against global warming. To this end, BNP Paribas Cardif has put in place several action levers.



We remain committed to improving the energy performance of our real estate portfolio. We have added a social dimension by investing in affordable housing. It provides means-tested access to housing.

> Nathalie Robin, Real Estate Director at BNP Paribas Cardif

The real estate strategy to reduce **the energy consumption of directly-managed** buildings has resulted in a 32% reduction between 2011 and 2021 for office buildings(72).

Evolution of the energy consumption map for Cardif Assurance Vie's directly-managed office assets in Kwhef.m2 occupied per year



This approach, measured annually, is in line with the objectives defined by the 2019 tertiary decree, i.e. a reduction in energy consumption of 40% in 2030, 50% in 2040 and 60% in 2050 compared to a baseline year after 2010 or the achievement of a consumption threshold defined by a ministerial order. *In 2020 and 2021 the offices were underutilised due to Covid-19 and the massive use of teleworking.

This reduction in the energy consumption of directly-managed office buildings allows a **reduction in carbon intensity** (surface ratio of greenhouse gas emissions) of 33% between 2011 and 2021.

IN LINE WITH THE FIRST OBJECTIVE OF THE TERTIARY SECTOR DECREE, BNP PARIBAS CARDIF AIMS TO REDUCE THE CARBON INTENSITY OF **DIRECTLY-OWNED OFFICE BUILDINGS BY 12% BETWEEN 2020 AND 2030.**

- developpement-durable.gouv.fr/site lefault/files/2020-11/datalab_70_ chiffres_cles_energie_edition_2020
- (72) Consumption of common areas and private areas, taking into accou occupancy rates and correcting for
- and private areas using shared facilities, taking into account the

The real estate strategy has also resulted in a 56% **reduction in energy consumption**⁽⁷³⁾ in the shopping centres between 2013 and 2021.

In addition, the subscription to green energy contracts has been a priority since 2020. This is characterised by an energy supplier who undertakes to produce or purchase as much electricity or gas from renewable sources as the subscriber consumes in their building.

Finally, the use of less carbon-intensive green materials is encouraged while promoting the circular economy and better management of site waste during major restructuring work. A specific clause incorporates these criteria into the work specifications.

Integration of biodiversity issues in the real estate investment strategy

BNP Paribas Cardif⁽⁷⁴⁾ takes account of biodiversity issues in its real estate assets. Several actions are planned to reduce the impact of real estate activities on biodiversity:

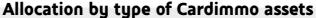
- encourage an increase in green spaces on existing sites;
- stop the use of phytosanitary products by introducing a clause in maintenance contracts:
- develop recourse to an ecologist in order to optimise actions to preserve and promote biodiversity for major renovation work.

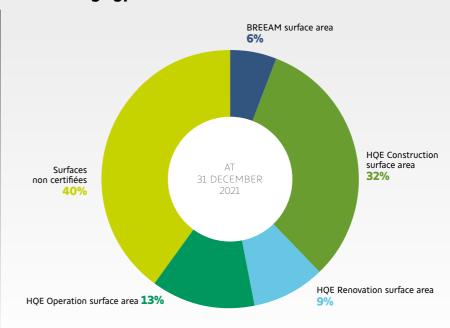
(74) Presented in section 3.2 Biodiversity issues.



4.3 Cardimmo

Cardimmo is an SCI, a unit-linked fund, of which Cardif Assurance Vie is the managing partner. At 31 December 2021, the SCI represented €1.9 billion in assets.





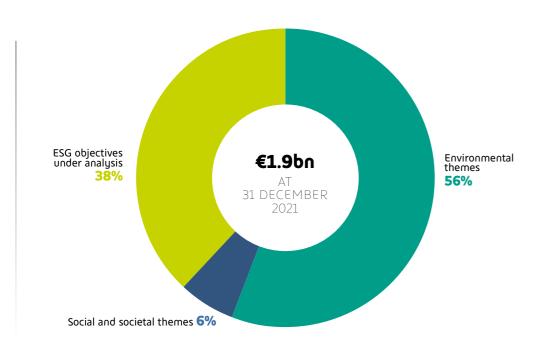
Cardimmo's strategy incorporates an ESG approach into its management. It is built around two themes:

- **Environmental**, which includes assets with a label/certification or which are in line with the trajectory for reducing energy consumption provided for in the Tertiary Decree of 23 July 2019;
- **Social and Societal**, which focuses on access to housing. In addition to marketrate housing, Cardimmo contributes to the development of affordable housing.

New commitments have been made with €40.4 million for affordable housing and €50 million for a real estate fund whose purpose will be to significantly improve the energy performance of acquired buildings. As at 31 December 2021, €1.2 billion of Cardimmo's assets take into account these ESG themes, i.e. 62% of the SCI's assets.

50 2021 RESPONSIBLE INVESTMENT REPORT

Allocation of Cardimmo's assets according to ESG themes



84% (by value) of Cardimmo's real estate portfolio is managed directly by the Cardif Assurance Vie asset management team. Five environmental and social indicators are detailed below. The remaining 16% correspond to real estate holdings in which ESG criteria are monitored.

Environmental and social indicators of Cardimmo's directly-managed real estate portfolio:

- **1.** The trajectory for reducing the energy consumption of office and shopping centre real estate assets with regard to the Tertiary Decree, namely:
- -40% by 2030
- -50% by 2040
- -60% à by 2050

These reduction trajectories are relative to a baseline year after 2010.

- (75) When a site is vacant, the area ratio of energy consumption takes into account the occupied area and not the total area of the building.
- (76) In order to be able to compare energy consumption from one year to the next without these data being biased by climatic variations, the raw consumption values are weighted by a Unified Degree Day (UDD) coefficient.
- (77) Before 2019, breakdown of energy consumption by unavailable energy source to allow conversion to CO2 weight.

At 31 December 2021, office buildings show a reduction of 39% since 2011 and shopping centres a reduction of 36% since 2013. These results must be seen in the light of the health crisis, which severely disrupted the occupancy of buildings and consequently their energy consumption.

Observed trajectories of reduction in energy consumption and carbon intensity of Cardimmo's real estate portfolio

	Energy consumption	Greenhouse gas emissions	Scope	Corrections applied
Office buildings	-39% between 2011 and 2021	-39% between 2011 and 2021	Common areas and private areas	Area occupancy ⁽⁷⁵⁾ Climate variations ⁽⁷⁶⁾
Shopping centres	-36% between 2011 and 2021	-13%⁽⁷⁷⁾ between 2011 and 2021	Common areas and private areas with common facilities	•

2. Classification of housing units according to the rating of the Energy Performance Diagnosis (EPD)

The law of 22 August 2021 on combating climate change and strengthening resilience to its effects provides for rental bans and rent freezes according to the following schedule:

- 2023: Rent freezes for F and G-rated housing
- 2025: Ban on renting for G-rated housing
- 2028: Ban on renting for F and G-rated housing
- 2034: Ban on renting for E, F and G-rated housing

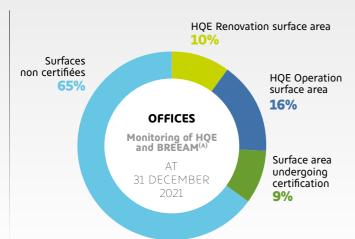
Cardimmo does not own any residential buildings with F or G EPDs. 30% are classified D and 70% E.

3. Certifications of office buildings and shopping centres.

By the end of 2021, **26% of office space and 100% of shopping** of the shopping of the shopping

By the end of 2021, **26% of office space and 100% of shopping centre space was certified.**

Allocation of certified space in Cardimmo's directly-managed offices and shopping centres



26% of the office surface areas had been certified at the end of 2021.

4. The share of green energy subscriptions in directly-managed buildings

Among the contracts taken out by the owner Cardimmo, the share of green energy subscriptions represents:

- nearly 75% of office sites;
- 100% of shopping centre sites;
- 100% of housing sites.

5. A partnership with the Habitat & Humanisme association

A partnership with the Habitat & Humanisme association has been set up for housing in Paris. Six housing units are allocated to this rental based on an Intermediate-level rent.

Of the SCI's total assets, the proportion of affordable housing represents 6% in value.

SHOPPING CENTRES Monitoring of HQE and BREEAM^(A) AT 31 DECEMBER 2021

100% of shopping centre surface areas^(B) had been certified at the end of 2021.

- (A) Non-cumulative certification
- The HQE Construction and HQE Operation buildings are considered in the graph as HQE Construction only
- HQE Renovation and Operation buildings are considered as HQE Renovation only
- HQE Construction and BREEAM buildings are considered in the graph as HQE Construction only
- HQE Renovation and BREEAM buildings are considered as HQE Renovation only.
- (B) Shopping centres are shopping malls with several shops (Paris Turenne, Castorama and Monoprix are not shopping centres)





5. Process for addressing ESG drivers

in the risk management

The risk management framework enforced by BNP Paribas Cardif is derived from that of BNP Paribas, adapted to take into account insurance specificities.

5.1 Identification and assessment of sustainability risk

General framework of identification and assessment of ESG risk

BNP Paribas Cardif applies the risk identification and assessment process deployed by the BNP Paribas Group. The insurer performs a risk inventory that consists of a set of "severe but plausible" elementary scenarios (called "risk events") that could affect the activities, operations and environments of BNP Paribas Cardif. The materiality of those risk events is assessed based on its severity and frequency over 3 years, a time horizon consistent with financial planning. It is then possible to prioritize the most likely and most severe events.

ESG risks are incorporated as risk drivers in the identifying process, likely to affect a wide range of risk events. Those risk events can be financial (market risk, credit risk, etc.) or non-financial (operational risk). They are presented in the table below.

Climate-related risk drivers in the broader analysis of ESG risk drivers

LEVEL 1 Type of risk driver	LEVEL 2 Type of risk driver	Type of risk driver	Relation to climate change
Environmental, social and governance drivers	Physical risk drivers related to climate	Acute physical impact of climate change	Yes
governance orivers	change	Chronic physical impact of climate change	Yes
	Transition risk drivers related to climate change	Transition to a low-carbon economy to mitigate climate change - policy changes	Yes
		Transition to a low-carbon economy to mitigate climate change - technological changes	Yes
		Transition to a low-carbon economy to mitigate climate change - behavioural changes	Yes
	Other environmental risk drivers	Loss of biodiversity, soil degradation and other nature-related risk drivers	Partially
		Pollution and other environmental risk drivers	Partially
	Social risk drivers	Human Rights (local communities and consumers)	Indirectly
		Human Rights (labour)	Indirectly
		Other social risk drivers	Indirectly
	Governance risk drivers	Governance risk drivers related to inadequate management of E&S risks	Partially
		Non-compliance with corporate governance frameworks or codes	No
	Consequences in terms of ESG liability	Consequences of ESG liability	Partially

APPROACH TO ESG CRITERIA APPROACH TO ESG CRITERIA

the risk factors related to climate change as risks in the investment process follows:

- impact of climate change on people and property via extreme weather events or long-term risks such as rising sea levels or rising temperatures;
- transition risk factors that result from a change in the behaviour of economic and financial • ESG risk management framework **agents** in response to the implementation of energy policies or technological changes.

In addition, consequences in terms of liability may arise from these two risk factors. They correspond to claims for compensation, a legal entity could be held liable if it was held responsible for global warming.

BNP Paribas Cardif monitors the potential impact of the sustainability risk factors in the conduct of its business, in that of its counterparties or in its investments on its own behalf or on behalf of third parties. It gradually strengthens their assessment, as the methodologies for measuring and analysing these factors and their impact on traditional risks.

More specifically, the BNP Paribas Group definesMonitoring and assessment of ESG

ESG risks are monitored through a framework • physical risk factors resulting from the direct of policies. They are assessed according to an ESG dedicated process. The portfolio is also assessed in light of the physical risk it represents. The components of the risk management framework are specified here

in the investment process

Since 2008, BNP Paribas Cardif has gradually enhanced and widened its framework to manage ESG risks notably through:

- the application of the Group financing policies⁽⁷⁸⁾;
- the definition of a timeframe for a coal exit⁽⁷⁹⁾;
- the definition and monitoring of targets in line with the transition towards a neutral carbon economy, reinforced by joining the NZAOA*(80);
- the engagement policy, reinforced by joining the Climate Action 100+(81).

⁽⁸¹⁾ Presented in section 2.3 Issuer engagement policy and strategy



Assessment of ESG risks linked to investments

The assessment of ESG risks linked to investments is key to BNP Paribas Cardif's responsible investment approach. Section 1.1 ESG strategy details the inclusion of ESG by asset class⁽⁸²⁾.

Assessment of exposition to physical risks

BNP Paribas Cardif analyses the climate risks present in corporate asset portfolios. The results show that the impacts of physical risks should be moderate on investment portfolios. This is linked to the mainly European - geographical distribution of the assets. These estimates will be refined over time.

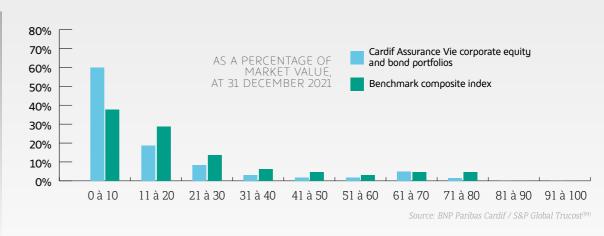
This analysis provides a geographical mapping of the different hazards to which the physical assets are confronted. The analysis covered seven

climate hazards that may affect the activity of the companies present within the portfolios: fires; cold snaps; heatwaves; water stress; coastal flooding; flooding; hurricanes. S&P Global Trucost carried out a long-term analysis of these climate hazards' evolution based on a high climate change scenario⁽⁸³⁾. This scenario corresponds to the current trajectory of greenhouse gas emissions if no measures are taken. It would lead to warming of over four degrees by 2100. This methodology enables the measurement of a physical risk score for companies. This score is included between 1, the minimum risk, and 100, the maximum

(82) Presented in section 1.1 ESG strategy

(83) BNP Paribas Cardif follows the most pessimistic RCP 8.5 scenario prepared by the Intergovernmental Panel for Climate Change (IPCC) for 2050

Distribution by decile of the physical risk scores of the corporate equities and bonds held directly by Cardif Assurance Vie



The coverage rate of the corporate equity and bond portfolio is 66%. 87% of companies in the equity and bond portfolio are in the "weak" zone (the top three deciles). The analysis of physical risks shows that the portfolio is less exposed to physical risks than the benchmark composite index(85).

It should be noted that this analysis results shed a new light on the corporate asset portfolio exposure to physical risks but the comprehensiveness and the accuracy of data still need not be improved.

https://www.spglobal.com/marketintelligence/en/documents/sp-trucost-interplay-of-transition-and-physical-risk-report-05a.pdf (85) The Benchmark (BM) is a composite of the IBOXX Euro Corporate Overall QW5A for corporate bonds and the Stoxx 600 for equities

⁽⁷⁸⁾ Presented in section 1.1 ESG strategy for directly-held securities

⁽⁷⁹⁾ Presented in section 1.1 ESG strategy for directly-held securities

⁽⁸⁰⁾ Presented in section 3.1 Strategy for alignment with the objectives of the Paris Agreement

⁽⁸⁴⁾ The S&P Global Trucost methodology is available online:

APPROACH TO ESG CRITERIA APPROACH TO ESG CRITERIA

5.2 An expanded ESG risk management framework



Aware of the diversity and complexity of the issues related to sustainability, we are expanding the expertise of all members of the Risk Management department for them to be able to include ESG risk drivers in their scope of responsibility. We have appointed a RISK CSR Officer whose expertise and cross-functional position contributes to the good integration of the sustainability issues in the risk management framework of the company. We are also working on the implementation of climate stress tests that will allow us to measure the resilience of our activities depending on the forecasted different transition scenarios.

Murielle Puron Chambord,

The operational entities and the RISK Function including ESG-related risks.

In line with the internal organisation of the permanent control framework, **the operational entities are the first line of defence**. They regroup the front-line in permanent control and are responsible for managing their risks including those linked to environmental function, is in charge of organising and supervising the overall risk management system covering the BNP Paribas Cardif's risk exposures

within its remit, including ESG risks. To that end, RISK (RISK) are responsible for managing risks, is tasked with defining, developing, implementing and maintaining, in close collaboration with the Group CSR Department, the framework governing ESG risk management. In 2022, RISK has joined the **SRI Strategic Committee**(86), bringing together the Asset Management and the Impact and Innovation departments, in order to reinforce its set-up.

and social factors. **RISK, an independent control** The framework is strengthened by periodic reviews conducted by the third line of defence (audit of the Banking Group or BNP Paribas Cardif).

Risk management tools

is framed by dedicated risk management tools.

BNP Paribas Cardif defines and applies its investment policies while managing the **restriction lists according** to the observed level of ESG risks. BNP Paribas Cardif can thus ban any investment relationship, or put in place a dedicated monitoring process. Controls are implemented in the pre-investment and postinvestment phases by the Risk Management team within the Asset Management department.

The ESG risk management framework also relies on dedicated controls.

are applied, BNP Paribas Cardif implements the CSR operational control plan from the BNP Paribas Group. This control plan drives towards the continuous management of ESG risks. It includes the risk innovation and physical risks in the long term.

The monitoring of ESG risks linked to investments management set-ups defined by the Group as part of its application of the duty of vigilance law and is adapted to take into account the specificities of BNP Paribas Cardif activities.

Stress tests

Climate stress tests complete the ESG risk management framework.

The traditional regulatory and internal stress testing implementing by insurers give them the tools and the expertise necessary to measure the consequences of a crisis scenario on their solvency situation.

Gradually, this scenario analysis system is enriched for use in analysing the consequences of global warming In order to ensure that the ESG risk management tools and the energy transition on asset portfolios. They will make it possible to deal with longer horizons, differentiated scenarios according to a detailed sectoral segmentation and to take into account specific factors **improvement that is necessary for an adequate** such as the cost of carbon emissions, technological



(86) Presented in section 2.2 Approach to taking ESG criteria into account at the entity's governance level

Conclusion

This first Article 29 report presents BNP Paribas Cardif's commitment to combating climate change and including ESG risks and opportunities.

The year 2021 was marked by the pursuit of the climate approach through the membership of the Net-Zero Asset Owner Alliance and, more recently, the strengthening of the sector policy on unconventional oil and gas. Indicators such as the carbon footprint and the temperature of the portfolios shed light on the consideration of climate issues within BNP Paribas Cardif's investment strategy. The report also opens the way to the challenges of preserving biodiversity and their integration by BNP Paribas Cardif.

Future reports will reflect the evolution of non-financial integration within the various asset classes and the monitoring of the alignment of portfolios with the objectives of the Paris Agreement.



Appendices

Appendix 1: List of unit-linked funds classified as Articles 8 or 9 according to the SFDR Regulation

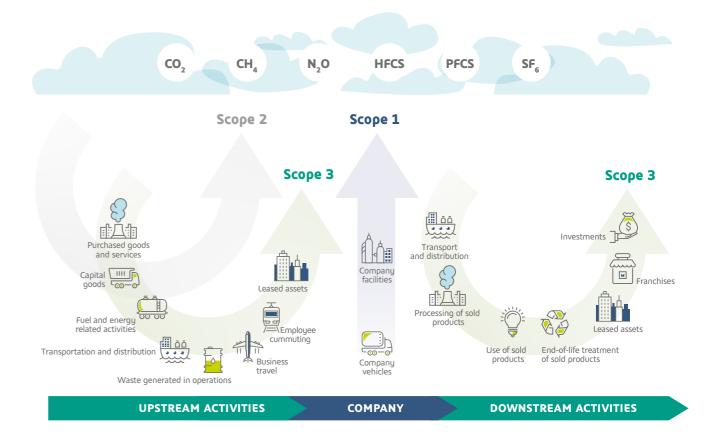
The list of unit-linked funds mentioned pursuant to Articles 8 and 9 of the SFDR Regulation is published here: https://www.bnpparibascardif.com/en/corporate-social-responsability

Appendix 2: The carbon emission scopes

Carbon emissions

The three carbon scopes (GHG Protocol, https://ghgprotocol.org/):

- Scope 1: direct greenhouse gas emissions (from fixed or mobile company installations);
- Scope 2: associated indirect emissions (consumption of electricity, cooling and heat);
- **Scope 3**: all other indirect emissions. Scope 3 offers a more comprehensive analysis but is more difficult to estimate according to available data



Glossary

ARTICLE 8: designates, according to the SFDR regulation, products that promote sustainable characteristics, integrating environmental and/or social criteria.

ARTICLE 9: designates, according to the SFDR regulation, products with a sustainable investment objective, contributing to an economic activity with an environmental and/or social objective.

BEST-IN-CLASS: The Best-in-class approach aims to favour the best practices of companies, within the same sector of activity. Thus, the best-in-class principle does not exclude any sector or industry.

BREEAM (BUILDING RESEARCH ESTABLISHMENT ENVIRONMENTAL ASSESS-MENT METHOD) AND HQE (HAUTE QUALITÉ ENVIRONNEMENTALE): These two environmental assessment methods relate to the design and construction of buildings. The first is British and the second French.

THERMAL COAL: This is the coal used to generate electricity.

DUE DILIGENCE: This is the procedure whereby an investor reviews the documents of a target company before investing.

CARBON FOOTPRINT: This is the measurement at a given moment of "the quantity of GHGs (expressed in terms of CO₂ equivalent), released into the atmosphere by an individual, process, organisation, event, or product from within a specified boundary" (Authors: Pandey, Agrawal and Pandey, 2011; Source: ScienceDirect)

GENERAL FUNDS: Also known as "euro funds", these funds are life insurance vehicles, traditionally comprising bonds, equities, and real estate assets. For general funds, the amount of the insurer's commitment is expressed in euros.

DEDICATED FUNDS: Funds reserved for a maximum of 20 holders enabling customised management to be set up.

POSITIVE IMPACT INVESTMENTS: These are investments made with the intention of generating a positive and measurable social, societal and/or environmental impact, while generating a return on investment. Intentionality is the desire to achieve one or more sustainable development goals (*for example, contributing to the energy transition through the installation of renewable energy infrastructure*).

MEASURABILITY corresponds to the evaluation of the implementation of this intention through environmental and/or social indicators (e.g. GWh produced by these renewable energies)

RESPONSIBLE INVESTMENT: This is a generic term which refers to the various approaches considering Environmental, Social and Governance aspects in financial management. Responsible investment can take a structured and systematic approach in terms of stock-picking for a given fund and, moreover, support the players in an inclusive, low-carbon economy. This is known as Socially Responsible Investment (SRI) fund (Source: Novethic).

NZAOA: the Net-Zero Asset Owner Alliance

GREEN BOND: A green bond is issued to finance a specific project with high environmental added value. They may be issued by companies, entities or governments.

PRI: Principles for Responsible Investment. More information can be found at www. unpri.org

CSR: Corporate Social Responsibility

SFDR: Sustainable Finance Disclosure Regulation

DIRECTLY HELD SECURITIES: These securities are held directly by BNP Paribas Cardif. They may be equities or bonds.

UN CONVENTION OF BIODIVERSITY (UNCBD): Multilateral treaty ratified by 196 nations at the 1992 Earth Summit in Rio de Janeiro. Its objective was to develop national strategies for the conservation of biological diversity, the sustainable use of its components and the fair and equitable sharing resulting from resource use.

UNIT-LINKED FUNDS: Like general funds, unit-linked funds are life insurance investment vehicles. For unit-linked contracts, the insurer's commitment is expressed in units, the value of which varies according to market fluctuations.

MARKET VALUE: This metric is representative of the total capital employed. It includes stock market capitalisation, net financial debt, and minority interests, plus other assets and minus other liabilities.



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