

IMPLEMENTATION REPORT OF THE SHAREHOLDER ENGAGEMENT POLICY CARDIF RETRAITE



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**BNP PARIBAS
CARDIF**

**L'assureur
d'un monde
qui change**



**BNP PARIBAS
CARDIF**

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1) Scope of application

This document applies to the legal entity "Cardif Retraite", a subsidiary of BNP Paribas Cardif, in respect of its general funds (hereinafter BNP Paribas Cardif).

2) Exercising the right to vote at annual general meetings

BNP Paribas Cardif votes at annual general meetings of corporate clients directly held in its general funds.

Voting rights are exercised in accordance with the principles set out in the "Shareholder Engagement Policy".

2.1) Use of the ISS vote advisor

BNP Paribas Cardif uses the expertise of a world leader in advice and services for the exercise of voting rights: ISS – Institutional Shareholder Services.

The internet platform of the advice and service provider ISS, to which the management team has access, enables the analysis of resolutions as well as the exercise and monitoring of votes at annual general meetings ("AGMs"). ISS's analysis and advice are support for decision-making. However, voting on resolutions is never delegated and may differ from the ISS advice. BNP Paribas Cardif is solely responsible for voting, in accordance with the general principles of its voting policy and taking into account the specific characteristics of each corporate client.

2.2) General description

In 2023, BNP Paribas Cardif voted on all of the 1,789 resolutions put to the vote, that is to say the 90 "ballots" relating to the 42 AGMs in 2023 of listed corporate clients held within the scope of application.

2023	Put to the vote	Voted	Rate
General Meetings	42	42	100%
Ballots	90	90	100%
Resolutions	1,789	1,789	100%

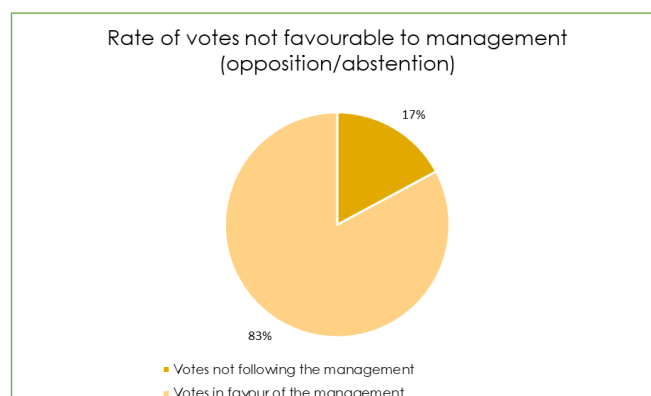
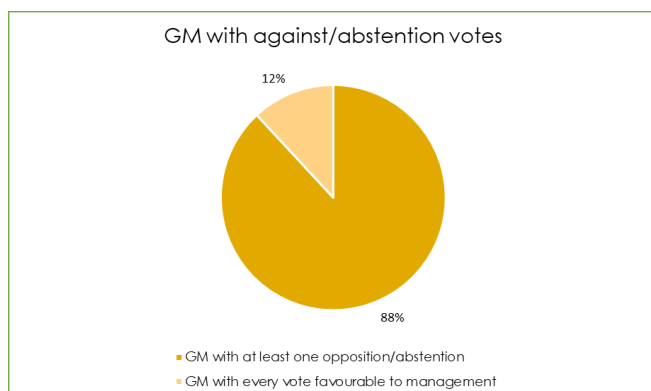
As a reminder, BNP Paribas Cardif may not exercise its voting rights in certain cases, specifically:

- short-term investments for which BNP Paribas Cardif does not intend to hold positions beyond a short time horizon;
- new investments for which the insurer has not yet decided on the type and duration;
- in exceptional situations of turbulent markets for securities where the country of registration imposes the blocking of the securities (absence of the "record date" principle);
- if the system for collecting information and exercising voting rights ("proxy voting" or conservative tool) is defective;
- in the case of complex POA (Power of Attorney) proceedings.

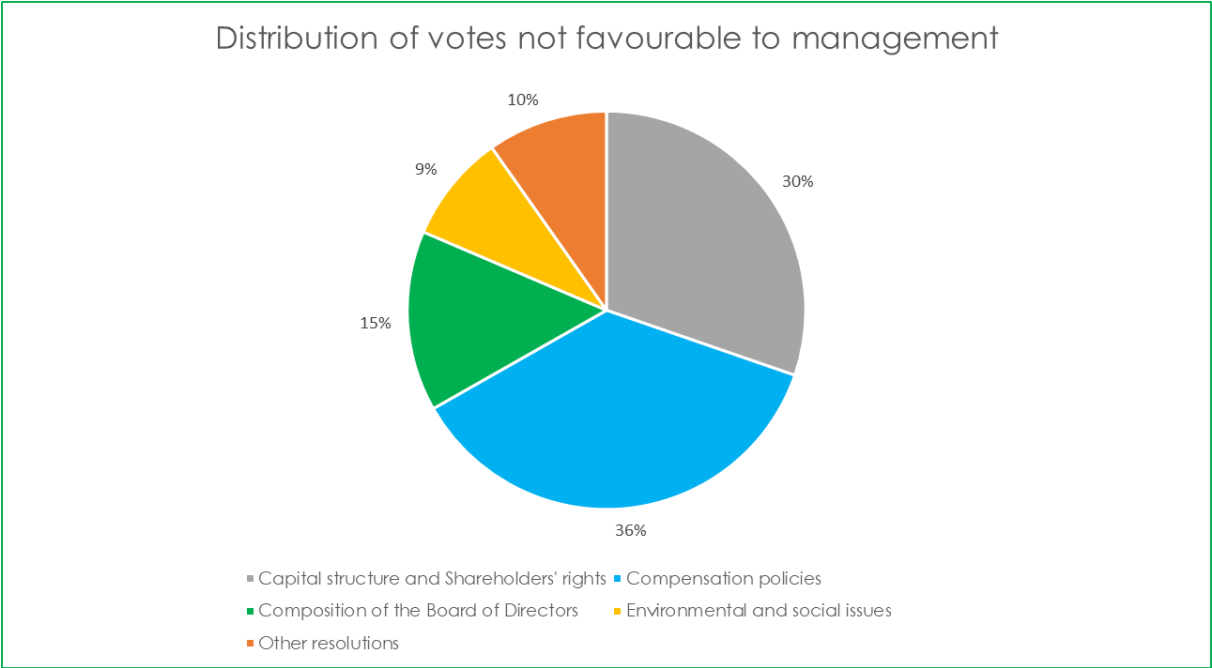
2.3) Guidance and explanation of votes cast

In 37 of the 42 AGMs at which it voted, BNP Paribas Cardif voted against management or abstained from supporting it on at least one resolution (88% of the total).

Of the 1,789 resolutions registered, 307 votes were not in favour of management, *i.e.* 17% of the total.



Non-alignment with management recommendations mostly concerned the issues of Compensation Policy, Capital Structure and Shareholder Rights, and the composition of Boards of directors.



This year, the scenarios that emerged most often, for each category, were as follows:

REMUNERATION POLICIES

Type of resolution most often voted against or for which the company abstained:

- validation of the remuneration policy;
- approval of the compensation of a member of the Board of directors.

Reasons for not giving a favourable vote, and thus sending a signal to management for an improvement of practices:

- amounts deemed excessive in relation to the performance of the company in question or disproportionate to peers, all other things being equal;
- descriptions and quantifications of the various objectives to be achieved are insufficiently transparent;
- non-binding remuneration criteria that may allow for payment in the event of failure, or that are not sufficiently or explicitly oriented towards the long term.

SHAREHOLDERS' RIGHTS - EQUITY ISSUANCE AND BUYBACK PROGRAMMES

Type of resolution most often voted against or for which the company abstained:

- capital increase without preferential rights;
- capital increase with preferential rights.

Reasons for not giving a favourable vote, and thus sending a signal to management for an improvement of practices:

- excessive dilution of existing shareholders for requests for capital increases without preferential subscription rights of more than 5% of the share capital, or more than 20% in the event of authorisation requested with a specific objective;
- authorisations requested exceeding 50% of the share capital, with or without preferential rights;
- potential anti-takeover measures.

BOARD OF DIRECTORS

The purpose of this group of resolutions is to elect or re-elect the various members of the Board of directors and Board subcommittees (most often audit, appointments, compensation). Nominations and votes are usually made for each advisor individually.

Reasons for not giving a favourable vote, and thus sending a signal to management for an improvement of practices:

- boards or committees deemed insufficiently independent;
- failure to comply with our recommendations in terms of diversity in the composition of the Board.

ENVIRONMENTAL & SOCIAL RESOLUTIONS

Type of resolution most often voted against or for which the company abstained:

- discharge to management for the management of the past year. This type of resolution is put to a vote by the management, and aims to strengthen its legitimacy with the approval of a wider shareholder base of its operations;
- climate resolutions (see section 2.4);
- resolutions put to a vote on the initiative of a group of shareholders.

Reasons for not giving a favourable vote, and thus sending a signal to management for an improvement of practices:

- existence of past unresolved controversies or emergence of new controversies;
- resolutions proposed by shareholders are analysed on a case-by-case basis. BNP Paribas Cardif supports shareholders when their requests are not yet sufficiently addressed by corporate clients.

2.4) Focus : "Say on Climate"

Inspired by "Say on Pay" (the vote on executive compensation at annual general meetings), "Say on Climate" consists of including one or more resolutions presenting its climate strategy on the agenda of a corporate client's Annual General Meeting. At least, these resolutions must include clear greenhouse gas reduction targets, present the specific actions implemented by the company to achieve its objectives and demonstrate the robustness of governance to address climate issues.

The number of “Say on Climate” climate resolutions was down in 2023 compared to 2022, both globally (23 vs. 48 a year ago) and in France (9 vs. 12 a year ago).

In 2023, two corporate clients in the relevant area submitted their climate strategy to the vote. BNP Paribas Cardif expressed support for the approval of the proposed plans.

3) Dialogue with corporate clients

In 2021, BNP Paribas Cardif joined the signatories of Climate Action 100+ who are collectively mobilising to call on the world's largest emitters of greenhouse gases to take the necessary measures to fight climate change. This initiative is in line with the BNP Paribas Group's climate strategy and BNP Paribas Cardif's responsible approach.

The objective of this initiative is threefold: encouraging companies to set up governance on climate change risks; ask them to set greenhouse gas emissions reduction targets consistent with the Paris Agreement; and lastly, promoting transparency in climate-related financial information.

Periodically, Climate Action 100+ publishes a Benchmarkⁱ with indicators to assess the progress of each issuer with regard to the three objectives of the initiative. For each indicator, the corporate involved may receive a rating of “compliant”, “partially compliant” or “not compliant”. The Benchmark therefore forms the basis of the various commitments, as it makes it possible to assess the performance of each issuer, the choice of priority topics and the corporate's progress on each of the 10 topics.

The coalition, launched in 2017, was initially created for a period of five years. In 2023, it decided to extend its activities to 2030. Phase two aims to accelerate the transformation of corporates. The main changes adopted include:

- defining absolute emissions reduction targets as part of medium-term targets;
- the new version of the Benchmark is now based on the International Energy Agency's Net Zero Emissions by 2050 scenario, which aims to limit global warming to 1.5°C and plans to halt the development of new fossil fuel production projects, LNG terminals and coal-fired power plants;
- the Benchmark asks corporates to publish more information on their use of carbon offsetting and negative emissions technologies in the decarbonisation strategy indicator;
- the indicator's criteria relating to the investment plan (“CAPEX”) have been amended and the indicator now requires the publication of capital expenditure on carbon-intensive assets or products.

BNP Paribas Cardif is a co-leader in the commitment with three major European companies: STELLANTIS, SAINT-GOBAIN and IBERDROLA.

Regarding STELLANTIS, after the significant progress made in 2022 and the improvement of seven Benchmark indicators, the car manufacturer did not respond to the coalition's requests to resume dialogue during the first three quarters of 2023. Following a letter to the Head of the ESG Committee, dialogue resumed at the end of the year. The coalition was able to explain the new

features introduced for Phase two of the initiative, and STELLANTIS' new Investor Relations and Sustainability teams expressed their willingness to continue the dialogue. For 2024, the identified commitment priority is still Climate Accounting, which is one of the analysis components complementing the Benchmark.

With regard to SAINT-GOBAIN, the company had already met several objectives of the first phase of the initiative. During the October 2023 iteration of the Benchmark, SAINT GOBAIN improved its score for its commitment to climate lobbying aligned with the objectives of the Paris Agreements. For Phase two, the company has been asked to explain its climate lobbying activities within associations in the sector to which it is a signatory. Another area of commitment for 2024 remains Governance, particularly in terms of the specific skills of the members of the Board of directors on Climate issues, as well as increased transparency regarding the link between ESG indicators and compensation.

For IBERDROLA, the improvement of indicator 2.3 relating to the alignment of carbon intensity objectives with the Paris Agreements meant that objective 2 (long-term greenhouse gas (GHG) reduction targets) in the October 2023 iteration of the Benchmark could be fully validated. The commitment priorities for 2024 will cover the improvement of the indicators relating to the decarbonisation strategy (indicator 5) and the allocation of investments (CAPEX, indicator 6).

BNP Paribas Cardif is also a signatory of the Carbon Disclosure Project ("CDP"), thus supporting this initiative. CDP promotes the transparency of companies' environmental data. Each year, the association collects data using questionnaires to gather information on corporate greenhouse gas emissions ("GHG"), supply chains, water management or forest management.

ⁱ Link to the Benchmark: <https://www.climateaction100.org/whos-involved/companies/>