

HUMAN RIGHTS POLICY

POLICY

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PREAMBLE

LBP AM and Tocqueville Finance (TFSA) have a mission to “*Enhance financial, natural, and human capital and support the sustainable transition of our clients*”. At the heart of this mission lies the ambition to contribute to a just transition towards a more sustainable and inclusive world. This principle, guiding the entirety of the investment strategies of both entities, was notably translated, as early as 2018, into the choice of a « 100% SRI » strategy, based on methodologies, systems, and cross-functional committees, objectifying the integration of major societal issues into investment processes.

The Human Rights Policy of LBP AM and TFSA, falling within this framework, operationally specifies and implements this ambition regarding human rights. It outlines the commitments of both entities and their key requirements regarding respect for human rights and fundamental freedoms. It defines the measures adopted to deploy these commitments in their core business: investment.

In particular, LBP AM and TFSA are committed to respecting internationally recognized human rights in their investment activities and to expecting similar conduct from their business relationships, primarily the companies in which they invest.

More specifically, LBP AM and TFSA are committed to making their best efforts to prevent and mitigate negative impacts on human rights that may be linked to their investment activities, whether caused by them or contributed to by these same activities.

To this end, LBP AM and TFSA implement due diligence in line with the **UN Guiding Principles on Business and Human Rights*** and the **OECD Guidelines for Multinational Enterprises****.

This commitment to Human Rights and the implementation of due diligence also constitutes a requirement and a fundamental axis of analysis for the companies in which LBP AM and TFSA invest.

Through the publication of this policy, LBP AM and TFSA aim to be transparent about how they fulfill their responsibility regarding human rights respect. LBP AM and TFSA will seek input from stakeholders, both internal and external, in the development, deployment, and monitoring of this Policy. Defined with the aim of continuous improvement of practices, this policy will be regularly reassessed.

* Available at: <https://www.ohchr.org/en/publications/reference-publications/guiding-principles-business-and-human-rights>

** Available at: <http://mneguidelines.oecd.org/guidelines/>

LBP AM'S COMMITMENT



LBP AM'S COMMITMENT

LBP AM and TFSA are committed to respecting internationally recognized human rights (Human Rights) in all their investment activities, both liquid (stocks, bonds, convertibles) and illiquid (corporate private debt, real estate, and infrastructure), in accordance with the **OECD Guidelines for Multinational Enterprises*** ("the Guidelines"), the **UN Guiding Principles on Business and Human Rights**** ("the UNGP"), and the **ten Principles of the United Nations Global Compact***** ("UNGC").

Within the scope of this policy, human rights are defined as the inalienable standards of treatment to which every person is entitled, regardless of gender, national or ethnic origin, color, religion, language, disability, sexual orientation or gender identity, or any other status. They also include international humanitarian law.

LBP AM and TFSA are particularly committed to respecting human rights contained in:

- **The Universal Declaration of Human Rights**
- **The International Covenant on Economic, Social and Cultural Rights**
- **The International Covenant on Civil and Political Rights**
- **The ILO Declaration on Fundamental Principles and Rights at Work and the ten Fundamental Conventions of the ILO******
- **International humanitarian law**

* OECD, *OECD Guidelines for Multinational Enterprises*. Available at: <https://www.oecd.org/fr/daf/inv/mne/1922470.pdf>

** United Nations, *UN Guiding Principles on Business and Human Rights*.

Available at: https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinessshr_en.pdf

*** The Ten Principles of the United Nations Global Compact in detail.

Available at: [The Ten Principles of the United Nations Global Compact in detail](#)

**** Convention No. 87 on Freedom of Association and Protection of the Right to Organise (1948), Convention No. 98 on the Right to Organise and Collective Bargaining (1949), Convention No. 29 on Forced Labour (1930) and its associated Protocol (2014), Convention No. 105 on the Abolition of Forced Labour (1957), Convention No. 138 on the Minimum Age (1973), Convention No. 182 on the Worst Forms of Child Labour (1999), Convention No. 100 on Equal Remuneration (1951), Convention No. 111 concerning Discrimination (Employment and Occupation) (1958), Convention No. 155 on Occupational Safety and Health (1981), Convention No. 187 on the Promotional Framework for Occupational Safety and Health (2006).

LBP AM'S COMMITMENT

Universal Declaration of Human Rights	Adopted in 1958 by the United Nations General Assembly, this document is the universal reference framework regarding Human Rights. Drafted by representatives from different legal and cultural backgrounds from all regions of the world, the Declaration sets forth, for the first time, the fundamental rights that should benefit from universal protection.
International Covenant on Economic, Social and Cultural Rights	The International Covenant on Civil and Political Rights was adopted by the United Nations General Assembly in 1966. The Covenants rely on and complement the rights enshrined in the Universal Declaration of Human Rights and aim to guarantee the protection of civil and political rights, such as the right to life, the right not to be held in slavery, or the right to liberty and security of person, as well as economic, social, and cultural rights, such as the right to work, non-discrimination, or fair and favorable working conditions. The International Covenant on Civil and Political Rights also establishes a complaint mechanism with the Human Rights Committee.
International Covenant on Civil and Political Rights	
ILO Declaration on Fundamental Principles and Rights at Work	The ILO Declaration on Fundamental Principles and Rights at Work, adopted in 1998 and amended in 2022, promotes fundamental principles and rights at work and sets out the obligations and commitments arising from these rights, namely: freedom of association and effective recognition of the right to collective bargaining, the elimination of all forms of forced or compulsory labor, the effective abolition of child labor, the elimination of discrimination in employment and occupation, and a safe and healthy working environment.

These standards are considered fundamental ethical norms for LBP AM and TFSA. LBP AM and TFSA also pay particular attention to the rights of vulnerable groups, such as women, children, minorities, human rights defenders, and indigenous peoples.

LBP AM also relies on other human rights instruments and frameworks when relevant, especially concerning specific sectoral issues or prominent human rights risks identified in the risk mapping, as presented in [section II.2.](#) of this policy.

To achieve this, LBP AM and TFSA strive to implement responsible business conduct standards, as described in the OECD Guidelines and the UNGP, throughout their investment activities.

LBP AM'S COMMITMENT

Specifically, LBP AM implements human rights due diligence procedures to:

- ▶ **Identify and assess**
- ▶ **Prevent and mitigate potential impacts on human rights that may be linked to its investment activities**
- ▶ **Monitor the evolution of risks and impacts on human rights from investment activities**
- ▶ **Be transparent about the application of this policy**
- ▶ **Consult stakeholders**

In case of discrepancies between national legal and regulatory requirements and the standards that LBP AM seeks to apply, the most demanding standard is applied.

The commitment of LBP AM and TFSA to human rights is based on policies, procedures, and responsible investment strategies, as well as the internal expertise of its teams, primarily Solutions ISR and management teams. The Human Rights Policy of LBP AM and TFSA sets a goal of continuous vigilance for all employees involved in investment activities, and of continuous improvement of its policies and practices.



The Universal Declaration of Human Rights celebrates its 75th anniversary this year.

IDENTIFICATION AND ASSESSMENT OF HUMAN RIGHTS IMPACT RISKS



IDENTIFICATION AND ASSESSMENT OF HUMAN RIGHTS IMPACT RISKS

As an asset management company, LBP AM invests, through various instruments, in thousands of companies, themselves belonging to numerous sectors and geographies, which present specific risks to human rights. The risks of impact on human rights related to investment activities are therefore multiple and of varying intensity.

What link and what impacts?

According to the OECD analysis*, investors, even those holding minority stakes, may be directly linked to negative impacts caused or contributed by the invested companies due to their shareholding or management of shares in the company causing or contributing to certain social or environmental impacts. In other words, in the vast majority of cases, the actual or potential impacts of a portfolio on human rights are generally “direct links” to the operations, products, or services of the invested companies. Therefore, according to the OECD Guidelines, investors are expected to take into account the risks related to the conduct of invested companies throughout the investment process and to use their “influence” with the companies in which they invest to encourage these companies to prevent or mitigate negative impacts.

In this context, in accordance with Principle 24 of the UNGP, LBP AM is committed to conducting a human rights risk assessment of its portfolios and identifying the most “salient” risks, i.e., those having a particularly negative impact on individuals, due to their severity, scope, or low remediability. This assessment aims to prioritize LBP AM and TFSA’s prevention and mitigation actions regarding human rights and to focus their prevention and mitigation actions primarily on risks, sectors, or geographies presenting particularly salient impact risks.

Principle 24 (UNGP)

When it is necessary to prioritize measures to remedy potential negative impacts on human rights, companies should start by preventing and mitigating the most serious or those to which any delay in intervention would give an irreparable character.

* *Scope and applications of “business relationships” in the financial sector under the OECD Guidelines for Multinational Enterprises. And: Expert letters and statements on the application of the OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights in the context of the financial sector*, available at: <http://mneguidelines.oecd.org/rbc-financial-sector.htm>

IDENTIFICATION AND ASSESSMENT OF HUMAN RIGHTS IMPACT RISKS

1.

Risk mapping methodology

To this end, in 2023, LBP AM conducted an initial exercise of mapping prominent human rights risks related to its investment activities, relying on the recommendations of the OECD and the United Nations on the application of the UNGP and OECD Guidelines, and more specifically on:

- ▶ **The United Nations Working Group on Business and Human Rights report for the financial sector *Taking stock of investor implementation of the UN Guiding Principles on Business and Human Rights****
- ▶ **The OECD report *Responsible business conduct for institutional investors. Key considerations for due diligence under the OECD Guidelines for Multinational Enterprises*. ****

*"Many investors have a large investment portfolio which can make continuous identification of responsible business conduct risks amongst their investee companies highly resource intensive. Applying a risk-based approach means that investors with large portfolios may identify general areas where the risk of adverse impacts is most significant and, based on this assessment, prioritize investee companies for further assessment where appropriate. In other words, investors may screen their portfolios to identify general areas where responsible business conduct risk is most significant and use this information as a basis for more detailed investigation, either individually or collaboratively."****

* UN Working Group on the issue of human rights and transnational corporations and other business enterprises (2021) *Taking stock of investor implementation of the UN Guiding Principles on Business and Human Rights*, A/HRC/47/39/Add.2 Adendum report of the Working Group on the issue of human rights and transnational corporations and other business enterprises. Available at: <https://www.ohchr.org/sites/default/files/Documents/Issues/Business/UNGPs10/Stocktaking-investor-implementation.pdf>

** OECD (2017), *Responsible business conduct for institutional investors: Key considerations for due diligence under the OECD Guidelines for Multinational Enterprises*. Available at: <https://mneguidelines.oecd.org/RBC-for-Institutional-Investors.pdf>

*** OECD (2017), *Responsible business conduct for institutional investors: Key considerations for due diligence under the OECD Guidelines for Multinational Enterprises*, page 26. Available at: <https://www.ohchr.org/sites/default/files/Documents/Issues/Business/UNGPs10/Stocktaking-investor-implementation.pdf>

IDENTIFICATION AND ASSESSMENT OF HUMAN RIGHTS IMPACT RISKS

This mapping was conducted according to the following steps:

- ▶ **Sectoral analysis and identification of salient human rights risks for 67 sub-industries (GICS 3)**, based on NGO reports, sector benchmarks, company annual reports, or controversy reports.
- ▶ **Synthesis of identified risks in the form of nine major types of risks of negative impacts on human rights and evaluation of 35 sectors (GICS 2)**, covering all investment activities, based on these nine themes. The evaluation focuses on the following two dimensions:
 - The saliency of potential impacts on individuals:
 - The scale of potential impacts on people;
 - The scope of potential impacts on people;
 - The remediability of potential impacts on people;
 - The vulnerability of potentially affected individuals.
 - The probability of potential impact on people.

ILLUSTRATION OF RISK ASSESSMENT WITHIN THE FRAMEWORK OF MAPPING.

		SALIENCY OF POTENTIAL IMPACTS ON PEOPLE (scale, scope, extent, remediability, vulnerability)				
		Very low	Low	Medium	High	Very high
LIKELIHOOD	Very low	Negligible	Minor	Moderate	Moderate	Major
	Low	Minor	Moderate	Moderate	Major	Major
	Average	Moderate	Moderate	Major	Major	Critical
	High	Moderate	Major	Major	Critical	Critical
	Very high	Major	Major	Critical	Critical	Very critical

- ▶ **Internal consultation to refine evaluation and analysis methodology.**
The sectoral risk mapping thus allows for the identification and evaluation of:
 - The most critical impact risks by GICS 2 sector;
 - The sectors of activity presenting the highest risk for human rights;
 - The most critical impact risks for individuals, across all sectors (see chapter II.2).

The risk mapping improves understanding of human rights risks related to investment activities and prioritizes LBP AM and TFSA's due diligence or engagement actions, but it does not constitute an exhaustive list of risks for individuals that may be linked to the activities of invested companies.

The mapping is complemented by an analysis of geographical risks, integrated into management through LBP AM in-house sovereign SRI evaluation tool: GRETat (see chapter III.1.2).

IDENTIFICATION AND ASSESSMENT OF HUMAN RIGHTS IMPACT RISKS

2.

Summary of the results of the human rights risk mapping

POTENTIAL RISKS WITH THE **MOST SIGNIFICANT** SCALE AND SCOPE,
AND THE **HIGHEST PROBABILITY** OF OCCURRENCE

Pollution and risks related to environmental impacts on Health and Human Rights



The activities of companies can have serious adverse impacts on individuals' fundamental right to "a healthy, clean, and sustainable environment" (Resolution A/76/L.75), as well as their right to health. The activities of companies, their supply chains, and the use and end-of-life cycle of products and services can have an impact on climate change, cause environmental degradation, loss of biodiversity, or habitat destruction. These impacts can disproportionately affect the rights of

local or indigenous communities, especially when they affect resources necessary for their livelihoods and respect for their culture.

The impact of environmental damage on human rights can be very severe, due to the severity on people's health and living conditions, the potential scope of these impacts, and the vulnerability of the people.

Key concerns include:

- Toxic emissions and releases of hazardous substances into the environment, causing air, water, and soil pollution
- Pollution related to the use of certain products, certain industrial operations, or major industrial accidents
- Downstream, improper waste and end-of-life product management can lead to long-lasting pollution, with negative effects on people's health and their right to a healthy environment

Sectors identified as particularly at risk: Transportation, energy, construction & engineering, industrial conglomerates, agribusiness, automotive and automotive components, textiles and apparel, chemicals.

Violations of Workers' Fundamental Rights in Supply Chains



Companies from all sectors source goods and services through often complex supply chains, sometimes from suppliers located in geographic areas where workers' rights may be particularly at risk.

While these supply chains can offer significant opportunities for economic and social development, they often present serious risks to human

rights, which are often complex to mitigate and remedy. Moreover, those most affected by violations are often groups who face greater difficulty accessing effective remedies or redress.

This risk theme is particularly salient due to the potential severity of impacts, the extent of these impacts, the difficulties in addressing risks, and the high probability of violations occurring.

Key concerns include:

- **Forced labor**, as defined by ILO Conventions Nos. 29 and 105
- **Child labor**, as defined by ILO Conventions Nos. 138 and 182
- **Inadequate living wages**, as defined by the Global Living Wage Coalition and the UN Global Compact SDG Ambition on Living Wage
- **Excessive and/or unpaid working hours** (including ILO Conventions Nos. 30 and 116)
- **Lack of access to social protections** (ILO Convention No. 102 and Recommendation No. 202)
- **Dangerous or unhealthy working environments** (ILO Conventions Nos. 155 and 187, Resolution concerning the inclusion of a safe and healthy working environment in the framework of the ILO's fundamental principles and rights at work)
- **Restrictions on workers' rights to unionize and freedom of expression** (ILO Conventions Nos. 87 and 98)
- **Workplace harassment and discrimination** (ILO Convention No. 111)
- **Absence of grievance mechanisms and remediation**

Sectors identified as particularly at risk: Retail and distribution, utilities (renewable energy, water, gas, etc.), technology and hardware equipment, agribusiness, semiconductors, metals and mining industry, personal and home care products, electrical equipment, automotive and automotive components, textiles and apparel.

Violation of Workers' Fundamental Rights.



Workers may face serious risks of rights violations within their companies. The difficulty of certain professions, the specific characteristics of certain jobs, and the presence of companies in certain geographic areas can increase their risk of serious impacts on workers'

human rights. The potential scope of these impacts, as well as their scale and high probability, explain the salience of these risks even though companies have more control and capacity to remediate impacts affecting their own employees.

Depending on the sectors of activity, the type of workforce employed, or the countries where companies operate, the main risks of infringing on workers' rights are:

- **Inadequate living wages**, as defined by the Global Living Wage Coalition and the UN Global Compact SDG Ambition on Living Wage
- **Excessive and/or unpaid working hours** (including ILO Conventions Nos. 30 and 116)
- **Infringements on freedom of association, the right to unionize and negotiate collectively** (ILO Conventions Nos. 87 and 98)
- **Abuses and practices that may be characterized as modern slavery** (ILO Conventions Nos. 29 and 105)
- **Dangerous or unhealthy working environments** (ILO Conventions Nos. 155 and 187, Resolution concerning the inclusion of a safe and healthy working environment in the framework of the ILO's fundamental principles and rights at work)
- **Lack of access to social protections** (ILO Convention No. 102 and Recommendation No. 202)
- **Workplace harassment and discrimination** (ILO Convention No. 111)

Sectors identified as particularly at risk: Agribusiness, construction & engineering, semiconductors, consumer services (hotels, restaurants, etc.), industrial conglomerates, metals and mining industry.

IDENTIFICATION AND ASSESSMENT OF HUMAN RIGHTS IMPACT RISKS

RISKS WITH A **SIGNIFICANT SCOPE, VERY HIGH SCALE,**
AND A **HIGH PROBABILITY OF OCCURRENCE****Violations of privacy
rights and freedom of expression**

In the digital age, the protection of privacy (Art. 12 of the Universal Declaration of Human Rights) and freedom of expression is paramount. Companies are required to collect a large amount of personal data, sometimes sensitive, the use, processing, and sharing of which can seriously infringe on privacy and freedom of expression and have cumulative impacts in geographical areas where these rights are particularly exposed. Companies operating in certain geographical areas and/or certain types of activities are more likely to infringe on individuals'

freedom of expression, especially when they are enlisted by governments to censor or monitor, control, and suppress potential opponents.

Furthermore, apart from the digital sphere, the freedom of expression of local populations, rights defenders, workers, or any other stakeholders of a company, may be hindered by companies or business relationships, particularly in the context of developing projects or activities facing strong opposition.

Key concerns include:

- **Unjustified, disproportionate, or non-consensual collection of personal data** (principle of proportionality, International Covenant on Civil and Political Rights)
- **Fraudulent use of personal data** (lack of consent and information, resale to third parties...)
- **Mass surveillance**
- **Censorship and limitation of online expression or through any other information medium**
- **Violations of the rights of rights defenders, including the use of SLAPPs**

Sectors identified as particularly at risk: Telecommunications services, software and digital services, aerospace and defense, semiconductors, technology equipment and hardware, media and entertainment, banking.

Risks of Negative Impacts on Local Communities and Indigenous People



Due to their dependence on land and natural resources, or the proximity of certain projects with a strong territorial footprint or high pollution rates, to local communities, numerous severe impacts on the human rights of indigenous peoples and other local communities can occur in supply chains, during project deployment phases (including prospecting, impact studies, installation, and operation), or downstream in the value chain (e.g., recycling of certain materials, waste...) in many industries. These impacts,

both physical, socio-economic, or health-related, are even more severe when they affect more vulnerable people with less access to remedies, including indigenous populations (ILO Convention No. 169 and the UN Declaration on the Rights of Indigenous Peoples), women, children, displaced populations, or those living in conflict or high-risk areas. Given the potential severity of impacts on individuals and the generally greater vulnerability of those affected, the risk is particularly salient.

Key concerns include:

- **Displacement and land grabbing** (Principle 6 of the Guiding Principles on Internal Displacement and ILO Convention No. 169)
- **Lack of consultation and violations of the right to free, prior, and informed consent** (ILO Convention No. 169 and the UN Declaration on the Rights of Indigenous Peoples)
- **Lack of appropriate compensation and remediation**
- **Violations of the right to a healthy environment and health** (Resolution A/76/L/75 and Art. 12 of the International Covenant on Economic, Social and Cultural Rights)
- **Violations of cultural heritage or the social, economic, and cultural rights of local populations** (International Covenant on Economic, Social and Cultural Rights)
- **Discrimination and unfair treatment** (International Covenant on Economic, Social and Cultural Rights and ILO Convention No. 169)
- **Violence, threats, and retaliation against populations** (International Covenant on Civil and Political Rights)
- **Lack of access to remedies**

Sectors identified as particularly at risk: Agribusiness, metals and mining industry, energy, utilities (water, gas, renewable energy...).

Risks Related to Product and Service Safety.



Due to the inherent characteristics of a product or service, the use of such product or service, even when correct, can have very serious impacts on human rights and human health at all stages of its life cycle. The absence of analysis or control of inherent risks in the product during its design, or the lack of quality and safety control measures, could facilitate the distribution of a dangerous or unfit product for consumption and result in serious damage to the health or rights of end-users. Likewise, the indiscriminate distribution of a product or service to a wide range

of consumers, especially to particularly vulnerable consumers, could also have a negative impact on consumer rights, particularly the right to health. Finally, the failure to disclose or provide information on appropriate usage methods or potential risks related to the product or service could also lead to inappropriate use, which in turn could have serious impacts on consumer health and rights. Given the potential extent and severity of impacts, which could affect millions of consumers, this risk is assessed as salient, although the probability of impact is lower.

Key concerns include:

- **Infringement on the right to life in case of product malfunction, poor design, or in the context of normal product use** (Art. 6 of the International Covenant on Civil and Political Rights);
- **Infringement on the right to health under similar conditions** (Art. 12 of the International Covenant on Economic, Social and Cultural Rights and the Constitution of the World Health Organization).

Sectors identified as particularly at risk: Chemistry, pharmaceuticals, and biotechnology.

IDENTIFICATION AND ASSESSMENT OF HUMAN RIGHTS IMPACT RISKS

RISKS WITH **LOWER OR MODERATE** SCALE, **SERIOUS** SCOPE, AND A **LOWER** PROBABILITY OF OCCURRENCE.

Risks related to operations or materials from conflict-affected or high-risk areas



Companies operating in conflict-affected or high-risk areas face particular challenges regarding human rights. They may be more exposed to risks related to forced labor, child labor, displacement of local communities, and impacts associated with these displacements or widespread violence. Their operations may also be linked to conflict or provide direct or

indirect support, even inadvertently, to armed groups. Risk prevention and impact remediation methods are much more limited in these areas, despite increased risks. Some sectors may also be particularly exposed through their supply chains, especially when sourcing materials that are particularly prevalent in conflict zones.

Key concerns include:

- **Lack of enhanced due diligence and conflict analysis** (UNDP Guide on enhanced due diligence)
- **Violations of international humanitarian law;**
- **Other violations of workers' rights and the rights of local communities.**

Sectors identified as particularly at risk: Aerospace and defense, semiconductors, telecommunications services, technology equipment and hardware, metals and mining industry, construction materials.

Risks related to the inappropriate use of products or services by customers.



Companies may contribute to or be linked to negative impacts on human rights (e.g., the right to life, the right to health, or privacy) due to the inappropriate use of their products or services by customers. Some products or services may be subject to misuse or intentional abuse, even if they have legitimate or useful applications in other contexts, which can have serious impacts

on human rights and individuals. Conversely, the lack of customer training or knowledge about product maintenance or proper use can also lead to application defects that, in turn, could have serious impacts on human health and rights. This risk is considered salient given the potential extent of impacts, the difficulty of remediation, and the potential vulnerability of affected individuals.

Sectors identified as particularly at risk: Technology equipment, telecommunications services, software and services, aerospace and defense, semiconductors, technology equipment and hardware, pharmaceutical industry, financial services, banks, insurance.

Discrimination and negative societal impact of products and services.



A company's products or services may exhibit discriminatory characteristics in their design, distribution, or pricing based on any characteristics such as ethnicity, race, gender, age, disability, or socio-economic status, throughout their value chain (Art. 1 and 7 of the Universal Declaration of Human Rights, International Convention on the Elimination of All Forms of Racial Discrimination of 1965, Convention on the Elimination of All Forms of Discrimination against Women of 1979...). These discriminations themselves can be vectors of additional societal impacts on individuals (for example, they may

isolate already vulnerable individuals, cause impacts on the mental or physical health of individuals, etc.). These impacts are even more serious when the products or services marketed are considered essential or significant vectors for the development and well-being of individuals (for example, access to food, healthcare, electricity and water, or internet). When companies do not analyze the societal impact of their products or services or do not seek cumulative impacts that may result from them, they risk producing or offering inherently discriminatory products and services.

Key concerns include:

- Access to healthy, sufficient, and nutritious food;
- Use of stereotypes in advertising, marketing, or commercial content;
- Access to electricity, water, and essential services;
- Indiscriminate access to housing;
- Access to medicines and healthcare;
- Access to internet and telecommunication services.

Sectors identified as particularly at risk: Healthcare services and equipment, pharmaceutical and biotechnology, utilities (electricity, water, renewable energies...), agribusiness, banks, telecommunications services, media, and entertainment.

The mapping of human rights risks in investment activities is reviewed at least every three years, or in the event of an exceptional occurrence that could have a significant impact on human rights.

PREVENTING AND MITIGATING: MANAGING SALIENT HUMAN RIGHTS RISKS



PREVENTING AND MITIGATING : MANAGING SALIENT HUMAN RIGHTS RISKS

LBP AM and TFSA deploy measures throughout their investment activities to prevent and mitigate any potential human rights impacts that may result from the activities of the issuers in which they invest. These measures consist of:

- ▶ **Systematic integration of salient human rights issues into the analysis, selection, and monitoring of assets, notably through the use of ESG rating tools,**
- ▶ **Establishment of a sustainability analysis methodology integrating human rights,**
- ▶ **Implementation of an exclusion policy related to human rights violations,**
- ▶ **Implementation of an engagement policy focused on prevention, mitigation, and remediation of negative impacts on human rights.**

1.

Integration of salient human rights risks into ESG rating and selection

LBP AM and TFSA are committed to systematically integrating salient human rights risks, as described in chapter II.2. of this policy, into the analysis and selection of assets, through the proprietary ESG rating methodology “GREaT,” and its adaptation to sovereign issuers, “GRETat.”

GREaT and GRETat ratings, integrated into LBP AM / TFSA’s decision support tools, are at the heart of the security selection process.

These tools allow LBP AM to identify, select, and monitor companies, states, or any other issuer, based on their ability to respect human rights, develop a healthy, safe, and sustainable work environment, and sustainably manage relationships with external stakeholders (communities, customers and consumers, suppliers...).

The ratings are integrated into ESG fund management according to two methodologies for contributing to security selection: excluding the lowest-rated issuers or defining an average portfolio rating to achieve. These methodologies tend to disqualify issuers most exposed to high human rights impact risks and favor those who best manage their exposure to these risks.

PREVENTING AND MITIGATING : MANAGING SALIENT HUMAN RIGHTS RISKS

1.1. Concerning companies

For companies, **six of the thirteen criteria** in LBP AM's proprietary methodology address salient human rights risks and are distributed within the following pillars:

- ▶ **Sustainable resource management:** Aiming to analyze companies' ability to responsibly manage their workers and respect their fundamental rights.
 - **Workers' fundamental rights:** Freedom of expression, freedom of association, right to non-discrimination, trade union freedoms, gender equality...
 - **Human resources:** Health and safety, human capital development, promotion of social dialogue within the company, remuneration policy, promotion of employability (training plans, requalification...), restructuring management, and career management...
- ▶ **Development of local territories:** Evaluating companies' ability to sustainably manage and respect the rights of external stakeholders to the company (local communities, customers, suppliers, and supply chains...).
 - **Responsible practices with communities:** Respect for fundamental rights, implementation of due diligence and commitment to respect human rights, contribution to social and economic development, transparency, and tax policy...
 - **Responsible practices with suppliers:** Integration of human rights and social factors into supply chain monitoring, prevention of forced labor and child labor, implementation of due diligence on the supply chain, responsible supplier management (territory development and local employment...).
 - **Responsible practices with customers:** Responsible development, product and service quality and safety, customer and consumer information, privacy and data protection, responsible management of customer relations...
 - **Management of the societal impact of products and services:** responsible management of societal impacts related to products and services, access to communications, access to health, responsible investment...

Human rights risks related to pollution and negative impacts on the environment and health are evaluated through the "Biodiversity / Water", "Pollution / Waste" criteria within the Sustainable Resource Management pillar, and via the "Climate Risks" criterion within the Energy and Economic Transition pillar.

1.2. Concerning real and private assets

Asset management teams, in conjunction with ESG specialists, have developed analysis grids based on the **four GREaT pillars and adapted to each class of real assets: corporate, infrastructure, and real estate**. These grids allow asset managers and ESG teams to assess companies' or projects' management of human rights and social risks and issues, as well as the integration of responsible practices into their business models.

PREVENTING AND MITIGATING : MANAGING SALIENT HUMAN RIGHTS RISKS

1.3. Concerning sovereign issuers

ESG analysis evaluates states on three main dimensions:

- ▶ **The state's ability to protect and respect human rights within its territory and promote their respect internationally**
- ▶ **Environmental protection**
- ▶ **The ability to offer citizens inclusive and universal access to infrastructure and essential needs**

Ten out of the 18 “GREaT” criteria address salient human rights risks as identified in the risk mapping, within the following pillars:

- ▶ **Sustainable resource management:**
 - Right to life, privacy, and physical integrity
 - Civil liberties
 - Workers' fundamental rights
 - Women's and sexual minorities' rights
- ▶ **Responsible governance:**
 - Respect for the rule of law
 - Respect for political rights
- ▶ **Development of local territories:**
 - International promotion of human rights
 - Equality and inclusion
 - Sustainable land use planning
 - Digital development

1.4. Monitoring and qualitative adjustment of “GREaT” ratings

When an issuer is identified as presenting high risks of negative impact on human rights, through risk mapping or external alerts (NGOs, unions, international institutions, Business and Human Rights Resource Center, media...), analysts and managers may conduct enhanced due diligence on the issuer concerned and request qualitative adjustments to its ESG ratings, when necessary and subject to pre-defined conditions for the adjustment to be considered by the Fundamental and Sustainable Analysis team. This adjustment procedure allows potential discrepancies between the ESG ratings of an issuer and more recent or precise information obtained, notably through external stakeholders, or during enhanced due diligence.

2.

Assessment of investment sustainability and integration into the management of Principal Adverse Impacts

LBP AM and TFSA are subject to the implementation of the European regulation on sustainable finance disclosure (SFDR), aimed at promoting greater transparency and homogeneity in sustainability communication for financial products. It requires, among other things, classifying financial products into three categories:

- ▶ **Products without sustainability objectives** (article 6)
- ▶ **Products that promote environmental and/or social characteristics** (article 8)
- ▶ **Products whose objective is to have a positive impact on the environment and society** (article 9).

Human rights issues are integrated into asset selection through minimum thresholds for sustainable investments established for Article 8 and Article 9 products. To ensure that an investment contributing to a sustainability objective under SFDR does not cause significant harm to any environmental or social sustainability objective, LBP AM and TFSA have established a sustainability methodology ensuring systematic control over:

- ▶ **Issuer practices** related to human rights and environmental resources;
- ▶ **The issuer's exposure to environmentally sensitive** sectors or risks of severe impacts on human rights through the implementation of LBP AM and TFSA's exclusion policy;
- ▶ **The issuer's exposure to severe controversy** over human rights and environmental issues.

Furthermore, the SFDR Delegated Regulation also defines a list of indicators for measuring principal adverse impacts of an issuer on environmental and social sustainability factors (hereinafter, the "PAI indicators"), including indicators related to respect for human rights and fundamental ethical standards.

LBP AM and TFSA consider that the consideration of sustainability risks and the reduction of adverse impacts of their investments on sustainability factors are inherently linked. A poorly managed adverse impact can generally materialize as an increased sustainability risk, and measures to prevent and mitigate such adverse impacts on human rights in investment activities, as described in the Human Rights Policy, are a component that actively contributes to preventing sustainability risks.

3.

Norm-based exclusion policy: a lever for prevention and mitigation of human rights risks

LBP AM and TFSA may exclude companies for which there is an unacceptable risk that they cause, contribute to, or are linked to particularly serious violations of their fundamental ethical standards, and for which exclusion is the most effective means of reducing the risk of ongoing violations of standards.

This norm-based exclusion policy, applied to all LBP AM / TFSA open funds as well as to all or part of dedicated funds or mandates as chosen by investors, thus serves to prevent and mitigate the risks of negative impacts on human rights related to their investment activities.

3.1. Application of the policy

LBP AM and TFSA:

- ▶ **Maintain a normative watchlist, consisting** of issuers presenting a risk of critical impact on human rights, via careful monitoring of controversies, as well as external resources (reports from NGOs, specialized platforms such as the Business and Human Rights Resource Center...) or following alerts from third-party stakeholders.
- ▶ **Prioritize and conduct enhanced due diligence** on issuers on the normative watchlist to analyze the severity and extent of the violation or risk, the likelihood of future violations of LBP AM's fundamental ethical standards, the due diligence implemented within the company, and their leverage on the company.
- ▶ **Deliberate on measures to be adopted**, in accordance with Principle 19 of the UNGP, following each enhanced due diligence in order to reduce the risk of serious negative impacts on human rights, basing their decision on:
 - **Negative impact on people:**
 - The link between the impact and the company (cause, contribution, or direct link)
 - The severity and extent of the impact on individuals, as well as the remedial measures taken by the company
 - The company's ability to cease the impact and remedy it
 - Human rights due diligence implemented within the company
 - The likelihood of future violations of standards
 - **The potential leverage of LBP AM and TFSA:**
 - LBP AM's leverage on the issuer
 - Possibility of accompanying the company towards remediation and mitigation of the impact

Commentary on Principle 19 (UNGP)

Among the factors that will determine the appropriate action in such situations, factors include the company's influence on the entity in question, the importance of the relationship for the company, the severity of the breach, and whether terminating the relationship with the entity itself would have adverse consequences for human rights.

LBP AM and TFSA may implement the following measures:

- ▶ **Engagement with the issuer, bilaterally or collectively**
- ▶ **Downgrading the GREaT ISR ratings of the issuer**
- ▶ **Enhanced monitoring**
- ▶ **Freeze or suspension**
- ▶ **Exclusion**

Through the normative policy, LBP AM thus directly engages with companies to mitigate impacts on people and the environment, while significantly reducing the risk of negative impacts on people and the environment associated with its portfolios.

3.2. Risk monitoring

LBP AM maintains the normative watchlist to ensure the monitoring of issuers that have been subject to a decision for enhanced monitoring.

In case of significant developments in the issuer's situation (refusal to participate in engagement, no improvement observed, or even deterioration...), LBP AM and TFSA may decide to initiate a renewed process of enhanced due diligence, which may lead to possible escalation measures.

4.

An engagement policy focused on prevention, mitigation and remediation of negative impacts on human rights

*“Appropriate prevention approaches may include (...) active engagement with invested companies to enhance their management of risks related to responsible business conduct. Appropriate responses, once a negative impact, real or potential, has been identified, may include: maintaining the relationship with a held company throughout efforts to mitigate risks related to responsible business conduct, for example, through ‘engagement’ with companies to leverage efforts to mitigate negative impacts.”**

OECD (2017), *Responsible business conduct for institutional investors: Key considerations for due diligence under the OECD Guidelines for Multinational Enterprises*, page 32.

To prevent, mitigate, and remedy potential negative impacts on human rights related to their investment activities, LBP AM and TFSA are committed to actively engaging with invested companies to encourage and support them in implementing due diligence on human rights and managing their impacts on people.

LBP AM and TFSA thus engage in regular and consistent dialogue, both bilateral and collaborative, with companies. This aims particularly at enhancing understanding of human rights issues, raising awareness of systemic risks companies may face, and promoting compliance with the UNGC, UNGP, and OECD Guidelines for Multinational Enterprises. Moreover, LBP AM commits to consulting external stakeholders and human rights experts as much as possible to inform engagement with companies.

Given that LBP AM and TFSA invest in thousands of companies, they cannot engage all companies subject to controversies or presenting risks of serious impacts on human rights. Therefore, they have defined a Human Rights Engagement Strategy to prioritize dialogue. This engagement strategy revolves around three main axes.

* Available at: <https://mneguidelines.oecd.org/RBC-for-Institutional-Investors.pdf>

PREVENTING AND MITIGATING : MANAGING SALIENT HUMAN RIGHTS RISKS

4.1. Implementation of Due Diligence in accordance with the UNGP and OECD Guidelines

Which companies?

Companies for which there is a serious risk of negative impact on human rights, identified through risk mapping or external resources (Business & Human Rights Resource Center, reports from NGOs or international institutions, media, ESG data providers) and for which LBP AM and TFSA wish to evaluate mitigation efforts, control, and remediation of the impact.

What objectives?

- ▶ **Evaluate the diligence efforts provided by the company and its willingness to strengthen its human rights risk management**
- ▶ **Enhance the implementation of due diligence by the company**
- ▶ **Support the company in strengthening its policies and commitments**

What expectations?

It is expected that companies:

- **Have a clear commitment to human rights, communicated to the public, employees, and all potentially affected stakeholders**, in an adequate and culturally appropriate manner.
- **Organize human rights governance within themselves** so that the entire company is involved in implementing human rights policy.
- **Identify human rights risks related to their activities, supply chain, or products and services and assess risks** in accordance with the UN Guiding Principles Reporting Framework.
- **Take preventive and mitigating measures** to control their impacts and those of their supply chain, products, or services on human rights, particularly impacts related to the prominent risks identified in their mapping process.
- **Implement monitoring of human rights risks** related to their activities, supply chain, products, or services.
- **Publish the results of their action plans and monitoring**, identifying relevant indicators to assess their level of risk management, as well as any gaps observed and their improvement strategy.
- **Consult stakeholders adequately**, effectively, and culturally appropriately.
- **Establish adequate, effective, and culturally appropriate alert mechanisms** to allow affected stakeholders to report impacts.

PREVENTING AND MITIGATING : MANAGING SALIENT HUMAN RIGHTS RISKS

Examples of collaborative engagements on the implementation of due diligence:



Advance, organized by the UN Principles for Responsible Investment (UNPRI): Advance is a collaborative initiative where institutional investors work together to act on human rights, through the implementation of due diligence in line with the expectations of the UNGP and OECD Guidelines.



Corporate Human Rights Benchmark (CHRB), organized by the Investors Alliance for Human Rights: The CHRB provides a comparative overview of companies, examining their human rights policies, processes, and practices, and studying their management of impacts on human rights, including privacy rights and freedom of expression. Based on the results of their research, investors engage with evaluated companies to discuss their impacts and promote better practices in respecting human rights.



Coalition against forced labor and child labor, with the Responsible Investment Forum (FIR) and Human Resources without Borders (RHSF): This coalition aims to support the fight against forced labor and child labor worldwide. The coalition mobilizes to ensure that due diligence effectively contributes to reducing risks for people through constructive dialogue with companies. In this context, engaged companies are evaluated based on an analysis framework co-developed by investors and RHSF. The goal is to highlight possible areas for improvement in companies on these two subjects and support them in implementing best practices.

4.2. Management of salient human rights risks as identified LBP AM and TFSA

Which companies?

Companies belonging to a sector identified as particularly at risk in the human rights risk mapping, presented in section II.2. of this Policy, and undergoing sectoral analysis by external stakeholders, including NGOs, or companies particularly exposed to a prominent theme identified in the human rights risk mapping.

What objectives?

- ▶ **Evaluate the management of prominent risks by companies**
- ▶ **Participate in the prevention and mitigation of prominent risks identified through risk mapping, by supporting companies and providing relevant support or contacts on these topics**
- ▶ **Participate in the development of relevant indicators for monitoring prominent risks for the sectors studied**

What expectations?

According to the UNGP and OECD Guidelines, it is expected that companies prioritize the most prominent negative impacts on human rights related to their activities, supply chain, products, and services. As such, it is expected that companies:

- **Pay particular attention to human rights risks specific to their sector of activity and geographical exposure;**
- **Strive to prevent, mitigate, and remedy negative impacts on people that may arise**
- **Explain the steps taken to prevent and mitigate these risks and their prioritization strategy**
- **Provide elements to assess the understanding and consideration of these risks at all levels of the company**
- **Examples of engagements on the management of prominent risks specific to the business sector of companies**

PREVENTING AND MITIGATING : MANAGING SALIENT HUMAN RIGHTS RISKS

Examples of collaborative engagements on the management of salient human rights risks as identified by LBP AM:

**Collaborative initiative on companies in the healthcare sector, with UNI**

Global Union: UNI Global Union is an international trade union federation for service industries. Working specifically on the healthcare and nursing home sector, UNI Global Union is behind a coalition aiming to engage companies in the sector to promote the strengthening of practices, particularly regarding the treatment of elderly or vulnerable people, and working conditions. In 2022, LBP AM became a signatory to the Declaration of Investors' Expectations for the Nursing Home Sector, which formalizes the coalition's objectives.

**Collaborative initiative on companies in the telecommunications sector, organized by the Investor Alliance for Human Rights and Rating Digital Rights:**

Ranking Digital Rights is an independent research program that evaluates the policies and practices of technology and telecommunications companies and studies the management of these companies' impacts on human rights, including privacy rights and freedom of expression. Based on their research results, investors engage with evaluated companies to discuss their impacts and promote better practices in respecting human rights.

**Collaborative initiative on companies in the pharmaceutical sector,**

organized by the Access to Medicine Foundation: Founded in 2004 and based in the Netherlands, the Access to Medicine Foundation evaluates companies in the pharmaceutical sector on their ability to promote access to medicines and care, especially for the most vulnerable populations, through research and development, pricing policies, or intellectual property policies. Conducting a ranking every two years of the largest companies in the sector, the Foundation brings together investors to engage them and encourage them to strengthen their practices.

4.3. Cessation and Remediation of Human Rights Impacts in Case of Major Controversy

Which companies?

Companies examined under the Normative Policy and for which it has been determined that engagement would be the best lever to mitigate and remediate negative impacts related to investment activities, as well as companies that have been reviewed and subjected to engagement decisions in the ESG Committee (see section V.2.).

What objectives?

- ▶ **Evaluate the response provided by the company to cease and remedy the negative impact on human rights**
- ▶ **Clarify LBP AM and TFSA's expectations regarding the cessation and remediation of impacts and monitor the steps taken by the company in this regard**
- ▶ **Support the company in the cessation and remediation process and assist in this effort**

What expectations?

In accordance with the UNGP and OECD Guidelines, it is expected that companies involved in these engagements:

- **Develop an action plan** to mitigate and/or cease negative impacts they may have caused, contributed to, or be directly linked to through a business relationship
- **Strive to remedy**, in line with the expectations of the UNGP and OECD Guidelines, negative impacts on human rights they may have caused or contributed to
- **Actively consult** affected stakeholders, or any relevant stakeholders, and demonstrate that their action plan has been developed taking into account their opinions, concerns, and needs
- **Do not immediately sever ties with a business relationship** in case of a negative impact but seek to work with that business relationship towards impact mitigation
- **Strengthen their due diligence measures** to prevent the recurrence of such impact

POLICY MONITORING AND REPORTING



The principles of this policy are taken into account in the first-level operational controls conducted by the management teams at the investment decision and monitoring stages.

Compliance with exclusion constraints is independently monitored by the Risk Management Department on a daily basis. They will also be subject to second-level controls through LBP AM's permanent control mechanism.

Human rights commitments, on the other hand, are subject to specific reporting in LBP AM's Engagement Report, published annually on LBP AM's institutional website.

Additionally, information regarding the deployment of the policy is also included in LBP AM's Sustainable Investment Report, published annually on LBP AM's institutional website.

GOVERNANCE AND DEPLOYMENT



GOVERNANCE AND DEPLOYMENT

1.

Validation

LBP AM and TFSA's Human Rights Policy is developed by the ISR Solutions team, with the participation of multiple collaborators from LBP AM and TFSA, and is validated by the Sustainable Finance Committee, which includes members of the Management Board, heads of management and analysis teams, sales teams, risk management, and CSR managers of LBP AM.

This Committee also plays a major role in promoting a corporate culture respectful of human rights, particularly through monitoring regulatory developments and major human rights risks or trends across all key business areas of the company.

2.

Deployment

The daily responsibility for implementing the Human Rights Policy in the operations of LBP AM and TFSA lies with all employees and, more specifically, with members of the management and ISR Solutions team.

LBP AM provides its employees with guides on the use of risk mapping and prominent risks identified through this process. These guides serve as guidelines for better understanding human rights issues and facilitating their integration into all investment activities.

The monitoring of the implementation of the Human Rights Policy mainly relies on two ISR committees:

**GREaT
Committee**

The GREaT Committee, which oversees the cross-functional deployment of engagement and exclusion policies. It decides on the implementation of various components of LBP AM and TFSA's Exclusion Policy, including decision-making regarding LBP AM and TFSA's normative policy ([chapter III.3](#)).

**ESG
Committee**

The ESG Committee, which brings together all members of management, the ISR Solutions team, and Fundamental Analysis teams on a weekly basis, during which:

- **Awareness and monitoring** of major human rights trends, risks, and issues are conducted;
- **Prioritization and organization** of enhanced due diligence or engagement are carried out in accordance with LBP AM and TFSA's normative exclusion policy.



<https://www.lbpam.com>

<https://www.tocquevillefinance.fr>

LBP AM

Société Anonyme à directoire et conseil de surveillance with authorised capital of 6,096,204.80 euros

Registered office: 36, quai Henri IV 75004 Paris, France

Immatriculée sous le n° 879 553 857 RCS Paris

Entered into the Paris Registry of Trade and Companies under n° 879 553 857 RCS Paris

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under n° GP-20000031 (code APE 6630Z)

EU VAT N°: FR 71 879 553 857

Tocqueville Finance

Société Anonyme with authorised capital of 2,520,547.80 euros

Registered office: 36, quai Henri IV 75004 Paris, France

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