



2025

**HUMAN RIGHTS
IN PRACTICE:
DEVELOPMENTS
AND OUTLOOK**

LBPAM 

In an environment characterised by profound economic, technological and geopolitical transformations, **the integration of human rights into investment processes has become a central priority.**

Within the LBP AM Group, **this commitment is both longstanding and foundational.** It reflects our position as a pioneer in responsible investment, as well as our conviction that **respect for human rights underpins sustainable economic development and long-term value creation.**

Our approach is grounded in internationally recognised standards governing responsible business conduct, notably the United Nations Guiding Principles on Business and Human Rights. These principles are implemented through a **due diligence framework that is fully embedded within our investment processes.**

Over time, this framework has been strengthened to better address the growing complexity of these issues. It now relies on a **close integration** of quantitative tools, qualitative analysis and active ownership.

Human rights risks have evolved significantly: they are increasingly diffuse, interdependent and often difficult to identify through traditional analytical frameworks. They arise in particular within global supply chains, environmental transitions and the rapid expansion of digital technologies. **In this context, the ability**

to anticipate and address risks at an early stage has become critical.

Several themes are expected to play an increasingly prominent role in shaping our approach, including climate change and its social implications, geopolitical tensions, and the development of artificial intelligence. **Addressing these challenges requires continuous enhancement of our analytical capabilities, alongside deeper and more structured engagement with companies.**

These developments also reflect a broader shift in responsible investment. The most material risks are often structural in nature and cannot be fully captured at the level of individual issuers. They call for **enhanced mobilisation** across value chains, as well as **stronger collaboration** between investors and a wide range of stakeholders.

Against this backdrop, the LBP AM Group seeks to play an active role through participation in **collective initiatives, partnerships with expert organisations and sustained dialogue with companies.** We are convinced that human rights will continue to shape the evolution of responsible investment, and that their effective integration requires an ongoing adaptation of our practices.



Christine Lebreton,
Chief Sustainable Investment Officer, LFDE

Our Purpose and Commitment to Human Rights

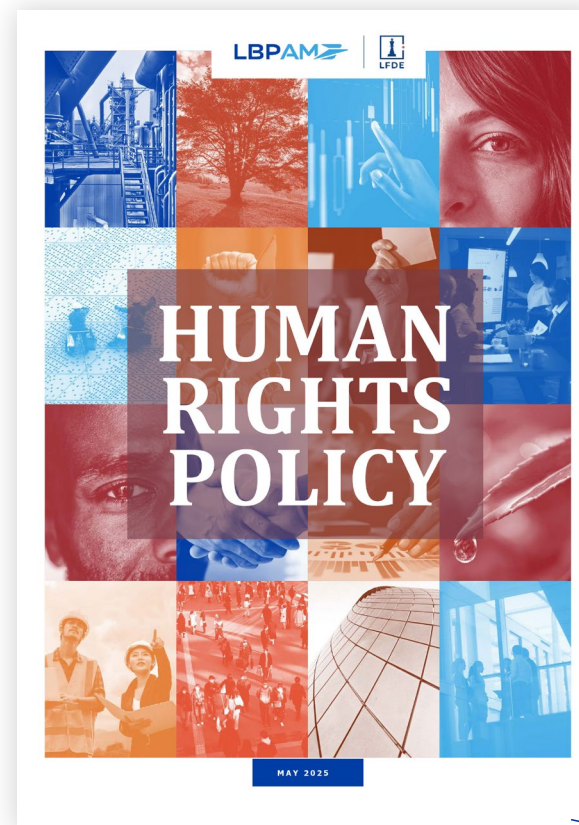
LBP AM and La Financière de l'Échiquier share a common purpose: **to enhance financial, natural and human capital, while supporting clients in their transition towards more sustainable models**. This ambition forms part of a broader vision of an inclusive economy, in which respect for human rights is a fundamental pillar.

A pioneer in socially responsible investment since the 1990s, the Group has structured its approach to systematically integrate environmental, social and governance (ESG) criteria into its investment processes. The **Human Rights Policy** formalises this commitment and sets out its implementation framework.

LBP AM and LFDE are committed to **respecting internationally recognised human rights**¹, understood in their broadest sense. As investors, both entities acknowledge their potential linkage to the impacts associated with the companies in which they invest. They seek to identify, prevent and mitigate these risks, while leveraging their influence where appropriate.

This approach is underpinned by a **due diligence framework embedded across the investment process**, including ESG ratings, norm-based exclusions, engagement activities and ongoing issuer monitoring.

The Group is also committed to **transparency and continuous improvement**, supported by regular dialogue with stakeholders and periodic reviews of its practices. This document aims to illustrate the practical implementation of these commitments.



1. Including, but not limited to, rights recognised in the International Bill for Human Rights, Universal Declaration for Human Rights, International Covenant on Economic, Social and Cultural Rights, International Covenant of Civil and Political Rights, ILO Fundamental Conventions and Protocols

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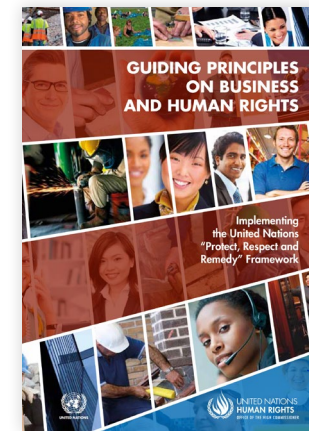
OUR APPROACH TO HUMAN RIGHTS

1. Our key human rights priorities

In line with its Human Rights Policy, the LBP AM Group has identified a **set of salient issues** based on its internal risk mapping methodology. This approach, aligned with the **United Nations Guiding Principles**, is designed to identify the most salient issues, namely those that present the highest potential impacts for individuals and the greatest likelihood of occurrence.

The priorities defined reflect both the outcomes of **this analysis and evolving global dynamics**. They provide a structured framework to guide analysis, investment decisions and engagement activities.

By their nature, these priorities are **dynamic and subject to regular reassessment** in order to incorporate emerging risks, regulatory developments and changes in the economic and technological environment.



ENVIRONMENTAL IMPACTS AND HUMAN RIGHTS

WORKERS' RIGHTS AND FAIR EMPLOYMENT PRACTICES

WORKERS' RIGHTS IN VALUE CHAINS

PRIVACY AND FREEDOM OF EXPRESSION









IMPACTS RELATED TO THE USE OF PRODUCTS AND SERVICES








PRODUCT SAFETY AND CONSUMER PROTECTION

IMPACTS ON COMMUNITIES

DISCRIMINATION AND SOCIETAL IMPACTS OF PRODUCTS AND SERVICES

CONFLICT-AFFECTED AND HIGH-RISK AREAS

 SALIENT ISSUE	 PRIORITY SECTORS	 IN PRACTICE
Implications of environmental impacts and pollution for human rights and public health		<ul style="list-style-type: none"> • Participation to and engagement via the Investors Initiative on Hazardous Chemicals (ChemSec), the Clean Air Initiative (ShareAction) • 7 companies excluded in relation to the production of PFAS. • Integration of human rights expectations into LBP AM Group's Oil & Gas Policy.
Labour rights within value chains		<ul style="list-style-type: none"> • Participation to and engagement via the Labour Rights Investor Network, Investors Alliance for Human Rights, Platform for Living Wage Financials, and directly with Food & Beverage, Household & Personal Products and Consumer Durables & Apparel companies. • Strengthening of our quantitative approach via ISS Modern Slavery Solutions. • Norm-based review of one issuer on these grounds.
Labour rights and equitable employment practices within own operations		<ul style="list-style-type: none"> • Participation to and engagement via Advance by UN PRI, ICCR and their initiative on content moderators' rights, Corporate Human Rights Benchmark. • 16 issuers excluded on these grounds.
Impacts on the right to privacy, digital rights and freedom of expression		<ul style="list-style-type: none"> • Participation to and engagement via Rating Digital Rights initiative (IAHR) and Collective Impact Coalition on Ethical AI initiative. • Norm-based review of one issuer on these grounds.
Adverse impacts on local communities		<ul style="list-style-type: none"> • Participation to and engagement via Advance by UN PRI and ShareAction's Long-Term Investors in People's Health. • Participation to Mining2030. • 13 issuers excluded on these grounds.

 SALIENT ISSUE	 PRIORITY SECTORS	 IN PRACTICE
Product safety and consumer protection		<ul style="list-style-type: none"> • Participation to and engagement via Long-Term Investors in Peoples' Health (ShareAction) Out of Home Initiative. • Creation of a custom indicator on risks related to products and services, integrated in GREaT, our proprietary rating methodology.
Risks related to conflict-affected and high-risk areas		<ul style="list-style-type: none"> • Participation to and engagement via the CAHRA Pilot Project (IAHR). • 19 issuers excluded on these grounds. • Adoption of a Policy on Responsible investment in the Defence industry.
Customer due diligence and impacts rising from the use of products and services		<ul style="list-style-type: none"> • Norm-based review of 30 major European defence companies and creation of a custom scoring system on downstream due diligence in the defence industry, integrated into our ESG rating methodology, GREaT. • Engagement with Defence companies and Tech companies on risks related to defence-exports and transfers. • 8 issuers excluded on these grounds, including one excluded in 2025.
Discrimination and the broader societal impacts of products and services		<ul style="list-style-type: none"> • Participation to and engagement via Access to Medicine Initiative (Access to Medicine Foundation), Collective Impact Coalition for Ethical AI (WBA) and Long-Term Investors in Peoples' Health (ShareAction). • Creation of a custom indicator to monitor and track companies' performance on this issue.

For more information on the priority sectors, please refer to the LBP AM Group [Human Rights Policy](#).

2. Our quantitative approach to human rights

LBP AM Group's quantitative approach is underpinned by its **proprietary ESG analysis framework, GREaT**. This framework enables structured coverage of a broad investment universe, integrating human rights considerations across all themes identified as most salient.

Companies are assessed on the basis of a set of **indicators covering several key dimensions**, including labour rights, social relations, impacts on local communities, the implementation of due diligence, and the societal impacts of products and services.



Structured in this way, the framework ensures consistent coverage of these issues at portfolio level and allows for a more granular integration of the most critical risks into investment decision-making.

In 2025, several enhancements **strengthened the robustness and relevance of this framework**. Firstly, **sector-based weighting of indicators** was introduced to better reflect the outcomes of the Group's human rights risk mapping. This mechanism relies on **sector-specific calibration**, whereby indicators related to the most salient issues are given greater weight. As a result, **assessments are more targeted, improving the capture of risk materiality across different activities** while reinforcing the integration of human rights considerations into portfolio construction and risk management.

In addition, LBP AM strengthened its **capacity to analyse risks related to forced labour and modern slavery** through the integration of a dedicated tool, ISS Modern Slavery Solutions. This tool enables systematic portfolio screening, more precise identification of risk exposures, including the most affected companies and geographies, and a more detailed assessment of corporate management practices in this area. These quantitative analyses **are complemented by**

qualitative assessments, in order to reflect the complexity of supply chains and company-specific contexts.

Recognising the limitations associated with the integration of human rights within ESG data, LBP AM also maintains **an active dialogue with data providers**, notably through collective initiatives such as the **Investors Initiative on Human Rights Data**. This approach aims to enhance the quality, consistency and comparability of available information, while encouraging greater corporate transparency and a more accurate reflection of real-world impacts.

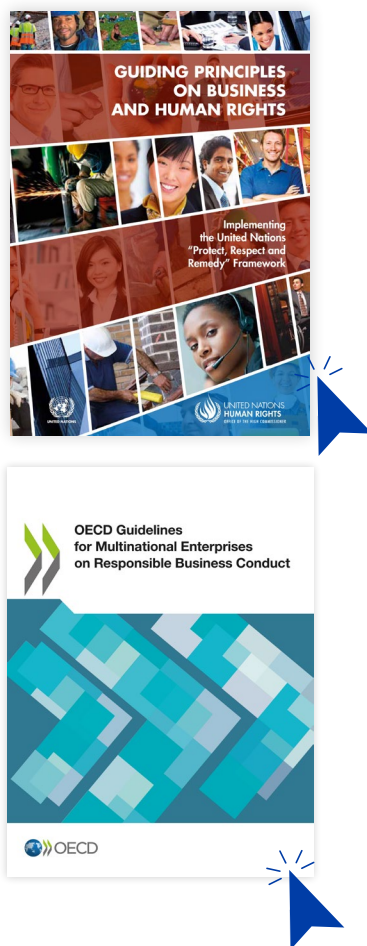
Taken together, these developments strengthen the **Group's ability to systematically and consistently identify, assess and prioritise human rights risks**. By combining quantitative tools, qualitative analysis and engagement, LBP AM seeks to anchor its investment decisions in a more robust and operational understanding of these issues, with a particular focus on their impact on individuals.

For further information on our quantitative approach, please refer to the **LBP AM Group's Responsible Investment Report**.



3. Our norm-Based Approach: Analyses and Exclusions

LBP AM implements an approach grounded in international due diligence standards, foremost among which are the [United Nations Guiding Principles on Business and Human Rights](#) (UNGPs) and the [OECD Guidelines for Multinational Enterprises](#).



This approach is distinguished by **its focus on risks to people and the environment**. Rather than relying solely on controversies or ex post assessments, it aims to evaluate companies' actual exposure to potential impacts, as well as their capacity to implement effective due diligence across their operations and value chains.

The assessment, conducted on a case-by-case basis, is structured around two complementary dimensions. On the one hand, it examines **companies' ability to identify, prevent and mitigate adverse impacts**, through their policies, governance frameworks and risk management systems. On the other hand, it assesses **their ability to respond when impacts occur**, including through remediation mechanisms and the use of their leverage over business partners.

This framework provides a **more operational understanding** of corporate practices beyond visible incidents alone, and enables an assessment of companies' alignment with due diligence expectations as defined by the UNGPs and the OECD Guidelines.

It also allows the LBP AM Group to deploy **a range of graduated responses**. Depending on the severity of impacts and the quality of companies' responses, the analysis may lead to enhanced monitoring, targeted engagement or, where necessary, exclusion decisions. In this way, the approach seeks to **maximise investor leverage** by prioritising the improvement of practices wherever possible.

Defining Red Lines: Beyond engagement, structuring investor action on PFAS

Investor engagement on PFAS has grown significantly in recent years, reflecting **increased awareness of the environmental and health risks associated with these substances**. This is a positive development, and sustained dialogue remains essential to drive change within the chemical sector. However, given the persistence, bioaccumulation and potential irreversibility of PFAS-related impacts, **engagement alone may not always be sufficient**, particularly in the absence of credible transition pathways.

In this context, there is value in complementing engagement with **more structured, investor-led environmental and human rights due diligence**. By developing their own analysis, looking beyond company disclosures, investors can identify the most severe risks across value chains, from production to end-use impacts on communities. This enables them to **define clearer expectations**, including potential “red lines” related to continued reliance on the most hazardous PFAS, insufficient transparency, or lack of time-bound phase-out strategies.

Exclusions can then be used in a targeted and proportionate way. Rather than replacing engagement, they help frame it, clarifying minimum standards and strengthening its

credibility when these are not met. Especially when combined with policy engagements to drive systemic change. Some investors are already moving in this direction. For example, **LBP AM has combined in-depth research on the chemical sector with a norm-based approach** to identify both key risk areas and differentiated responses, linking engagement priorities with potential exclusion decisions.

Such an approach also **supports a more nuanced dialogue**. It allows investors to distinguish between companies making genuine progress, such as committing to group-based phase-outs and safer alternatives, and those lagging behind. Ultimately, combining engagement with clearly defined thresholds can lead to a more consistent, forward-looking integration of PFAS-related risks, aligned with both environmental objectives and human rights considerations.



Patrik Witkowsky,
Senior Sustainable Finance Advisor, ChemSec



Overall, this approach reflects LBP AM's conviction that **effective human rights integration requires both reactive and preventive mechanisms**, grounded in a deep understanding of risk exposure and corporate practices, and aimed at driving continuous improvement in issuer behaviour.

Implementation in 2025

In 2025, LBP AM conducted norm-based analyses on **32 issuers**, illustrating the continued scaling of this approach.

The vast majority of this work was carried out as part of a **sector review of the defence industry** (See Focus 1), reflecting the increased attention given to human rights risks in this area. In addition, several individual assessments were conducted on the basis of specific controversies or risk signals. As a result of these analyses, **one issuer was excluded**, with its impacts deemed critical and insufficiently managed.

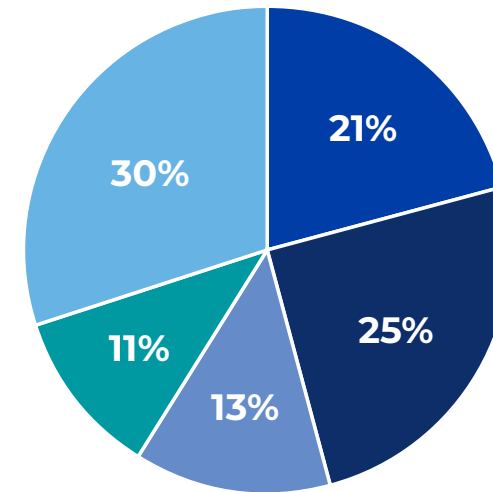
These analyses contributed to a deeper understanding of complex risks, particularly those related to product use, downstream impacts and supply chains. They illustrate LBP AM's focus on both direct and indirect impacts, as well as on corporate responsibility beyond companies' own operations.

To learn more about our normative approach, please refer to the LBP AM Group [Exclusion Policy](#).



Over the past three years, 103 issuers have been assessed under this framework, of which 36 were excluded. This track record reflects the progressive deployment of the approach and its effectiveness in informing investment decisions where significant shortcomings are identified.

ISSUERS EXCLUDED ON A HUMAN RIGHTS BASIS



- Local Communities' Rights
- Workers's Rights
- Impacts of Products and Services on Human Rights
- Environmental Impacts on Human Rights and Human Health
- Conflict-Affected and High-Risk Area (CAHRAs)

The norm-based approach complements LBP AM Group's quantitative framework. It supports the **identification of emerging risks, informs engagement priorities and enhances the consistency** of investment decisions.

More broadly, it reflects LBP AM Group's commitment to **aligning its practices with international human rights standards**, relying on rigorous, transparent analysis grounded in the operational realities of companies.



Focus 1 : Human Rights Due Diligence in the Defence Sector: Structuring Analysis, Investment and Policy

As part of its norms-based approach, the LBP AM Group carried out in 2025 **an in-depth sector analysis of 30 European defence companies**. This work takes into account the specific features of the sector: a highly regulated environment, strongly dependent on government decisions and structured around long-term armament programmes. These characteristics call for **a tailored analysis and a detailed understanding of industrial dynamics**, in order to better understand companies' risks and capabilities with regard to export controls and risks linked to end uses.

In this context, LBP AM developed a **forward-looking and qualitative framework** to assess companies' capacity to manage human rights risks across the full value chain. The analysis focused in particular on downstream risks, including end-use and potential misuse, as well as on the ability of companies to integrate human rights considerations into commercial and export decisions. **This approach goes beyond controversy-based assessments, aiming to evaluate how risks are identified, managed and acted upon in practice.**

A key outcome of this work was the development of a **dedicated scoring methodology** to assess downstream human rights due diligence in the defence sector. This framework, which covers areas such as customer screening, end-use monitoring and risk mitigation measures, has been directly integrated into the **Group's proprietary ESG tool, GREaT**. As a result, the findings of this analysis are not only analytical but have a direct impact on investment decisions, including ESG ratings, portfolio construction and risk management.

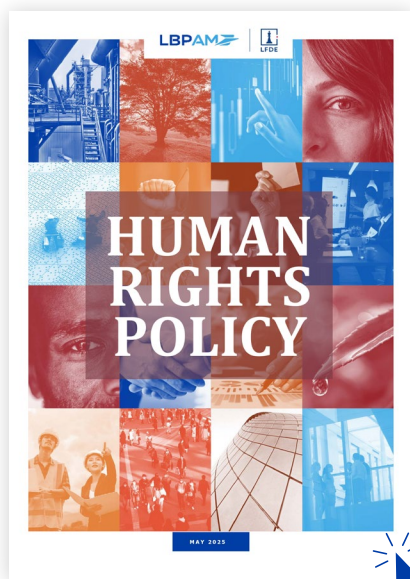
Beyond its integration into investment processes, this work **has also informed the development of LBP AM Group's defence policy**. The insights drawn from the due diligence have enabled the Group to translate its human rights commitments into more operational expectations, while ensuring alignment with international human rights and international humanitarian law standards.

More broadly, this initiative illustrates **LBP AM Group's ability to adapt its analytical frameworks to highly specific sectors, combining sector expertise, qualitative assessment and operational tools**. It also reflects a broader ambition: to move beyond high-level principles and develop approaches that can be effectively implemented in complex, sovereign and high-risk environments.



4. Stewardship: Our Approach to Human Rights Engagement

Engagement is a central pillar of the **Human Rights Policy** of the LBP AM Group. It reflects the Group's role as a long-term investor, with the aim of **preventing and mitigating adverse impacts** on human rights connected with its investment activities.



This approach is structured around the Group's risk mapping and focuses on the issues that are most critical for people. It is based on a targeted allocation of resources: the Group does not engage with all companies in a uniform manner, but rather **prioritises** those for which the **risks are most significant**, as well as situations in which its **leverage is most relevant**.

The aim is to support companies in **strengthening their practices**, in particular their ability to identify, assess and manage risks, both in their operations and in their supply chains. This approach favours an **operational rationale**, focusing on how human rights considerations are concretely taken into account in companies' decisions and processes.

To this end, LBP AM draws on several complementary levers, combining direct dialogue with companies, targeted exchanges on identified risks and participation in collective initiatives. This combination aims to maximise the impact of engagement by bringing together individual influence and industry-wide momentum.

With this in mind, the Group places the emphasis on **concrete outcomes**, seeking to bring about a change in practices rather than confining itself to monitoring formal commitments. This approach makes it possible to move beyond a compliance-driven logic, steering dialogue towards the effective management of impacts and the continuous improvement of due diligence systems.

For further details on the engagements carried out, their results and the associated case studies, please refer to the **Engagement Report** of the LBP AM Group.



How our approach evolved in 2025

In 2025, LBP AM engaged in dialogue with **80 companies** on human rights issues, making **91 recommendations**. Beyond these figures, the year was marked by a shift towards more targeted and **more impact-oriented engagement**, translating the identified priorities into concrete actions.

By way of example, as part of its work on the **just transition**, a theme still emerging for many companies, the LBP AM Group adopted a **proactive approach** by undertaking a just transition risk profile exercise for the companies it engaged with. Rather than confining itself to questioning companies, the Group sought to **build scenarios and to formulate an investor's reading** of the potential social and human rights risks over the medium and long term. It then shared these analyses with the companies, in order to compare the gaps between the investors' external reading and the company's internal reading, but also to identify whether and how the issues identified were being taken into account by the company.

This approach makes it possible to anchor discussions in **concrete elements, by bringing together different perspectives and moving beyond a theoretical dialogue**. It helps to open up more operational exchanges, directly connected to the realities of companies, while facilitating the integration of human rights considerations into strategic thinking around the transition.

It also makes it possible to **translate impact risks into long-term financial issues**, which encourages the integration of our expectations by various functions within companies, beyond the human rights teams alone. In this context, the LBP AM Group also clarifies its expectations, notably with regard to governance, the identification of impacts and the integration of stakeholders, distinguishing between short- and long-term priorities.

Strengthening Human Rights Through Engagement: dsm-firmenich's perspective

“ At dsm-firmenich, **respect for human rights is a core part of how we operate and create long-term value**. We continuously work to strengthen our human rights due diligence and social impact efforts. **Engagement with investors and other stakeholders plays an important role in this journey** as it allows us to incorporate external perspectives, while offering opportunities to share learnings.

Our experience is that investor stewardship is **most effective when it goes beyond compliance and reporting**, focusing instead on how companies **identify, prioritize, and address salient human rights risks and opportunities**. Through ongoing engagement, these dialogues help us **reflect on our approach, validate priorities, and continuously improve our approach** to human rights. Ultimately, this contributes to **more resilient value chains, stronger stakeholder relationships and better outcomes for people connected to our business**. ”



Chantal de Vaan,
Director Social Impact, dsm-firmenich
dsm-firmenich ●●●

At the same time, LBP AM retains a **clear capacity for escalation** when progress is deemed insufficient. This approach was notably illustrated in its dialogue with **Arkema**, where an initial engagement on hazardous substances and transparency was followed by written questions at the 2025 annual general meeting. This type of intervention makes it possible to **structure dialogue over time**, by making the investor's expectations explicit and ensuring they are followed up at various levels of governance.

Moreover, in many cases human rights risks, particularly those present in value chains, have a **structural and systemic dimension**. They often extend beyond the direct perimeter of a single company and are embedded in broader sector-wide or geographic dynamics. As such, an isolated actor generally has limited levers to address these issues in a lasting way.

In this context, the Group endeavours to favour **engagement efforts at sector or thematic level**, making it possible to broaden the scope of analysis and to increase the entry points for dialogue. This approach fosters a more detailed understanding of the mechanisms underlying risks and strengthens the ability to act on their root causes.

The work carried out on **jasmine supply chains** (see Focus 2) follows this rationale, seeking to move beyond a dialogue centred on individual companies in order to promote collective responses at sector level.

Furthermore, the **clarification of investor expectations** is a structuring lever for engagement. As an investor, formalising and articulating one's expectations makes it possible to establish a shared frame of reference with companies and to make dialogue clearer and more constructive. In this respect, the LBP AM Group is developing **dedicated frameworks, such as its sector policy on defence**, which makes it possible **to anchor these expectations and to express them in an intelligible manner** for companies. The existence of these reference frameworks facilitates their adoption and provides a common basis for structuring exchanges.

Once these expectations have been clarified, they can be applied operationally in dialogue with companies. They make it possible to establish more candid conversations, by setting out the objectives pursued and the underlying reasons, and by steering discussions towards concrete avenues for improvement.

More broadly, 2025 was marked by a **diversification of engagement methods**, reflecting a more strategic and context-specific approach. Ahead of each engagement, several factors are taken into account, notably the company's capacity for dialogue, or the relevance of an individual or collective intervention. In some cases, **multi-stakeholder engagement**, bringing together for instance investors, NGOs or workers' representatives, makes it possible to significantly strengthen leverage.

This approach seeks to move beyond a top-down, question-driven model towards a **more balanced and constructive dialogue**, in which investors also contribute their own assessment of risks. The objective is to anchor these exchanges within a long-term perspective, focused on improving practices and effectively reducing adverse impacts.



Presentation by LBP AM to companies on investors' expectations regarding human rights (see Focus 2).

Driving change through Civil Society Organisations and investor partnerships

“ Over the past few years, we have seen a clear shift in how investors approach human rights: **expectations are higher, but engagement often remains reactive and fragmented**. What is needed now is a more structured, proactive dialogue focused on real impacts on people. This means prioritising the most severe risks, addressing entire value chains, and connecting directly with the operational and human rights experts within companies, rather than limiting exchanges to high-level ESG discussions. When investors and companies engage in this way, **the conversation moves from compliance to concrete problem-solving**.

Partnerships between civil society organisations and investors, like the one between the FLA and the LBP AM group, are critical to enabling this shift. CSOs bring credibility, field expertise, local insights and an understanding of root causes, while investors contribute **leverage, long-term perspective and the ability to align business priorities with human rights outcomes**. By working together, they can support companies in moving beyond audit-driven approaches toward more robust human rights due diligence, grounded in stakeholder engagement and impact-based metrics.”

Ultimately, the goal is to create **a more impactful engagement model**: one that is collective, action-oriented and anchored in measurable progress. This includes defining shared objectives, developing common indicators to track improvements, and reinforcing the role of human rights within corporate governance. When these elements come together, partnerships can drive **meaningful and scalable change across sectors and supply chains**.

”



Maxime Belingheri,
Innovation Director, Fair Labor Association





Focus 2 : Sector-Wide Engagement on Child Labour in Jasmine Supply Chains

In 2024, investigations highlighted the presence of children in the jasmine harvest in Egypt, which accounts for almost half of global production. Given the central role of this raw material in the fragrance and cosmetics industry, this situation revealed a **structural human rights risk**, extending beyond any single actor and affecting the entire value chain.

In response to this finding, the LBP AM Group initiated, as early as April 2024, a **sector-wide engagement effort**, involving various actors along the chain, from brands to suppliers. This initiative is based on the idea that this type of risk, systemic in nature, cannot be addressed in isolation and requires collective action.

In 2025, this effort reached a new milestone with **the organisation of a workshop bringing together companies, investors and external stakeholders**, including the Fair Labor Association and the Forum for Responsible Investment. The discussions highlighted **certain limitations of traditional approaches**, still largely centred on audit and compliance logics, and often insufficient to address issues local and socio-economic dynamics.

During this workshop, the LBP AM Group sought to **move the dialogue towards a more operational approach, centred on real impacts and on the root causes of risks**. The aim was to encourage companies to refine their identification of risks, to strengthen dialogue with local stakeholders and to take part in collective, sector-wide efforts.

This initiative also illustrates an **evolution in the way engagement is approached, placing greater emphasis on the practical conditions for implementing due diligence**. It aims in particular to strengthen the role of the functions responsible for human rights within companies, embedding them within a more strategic logic and fostering their connection with operational functions and decision-making bodies.

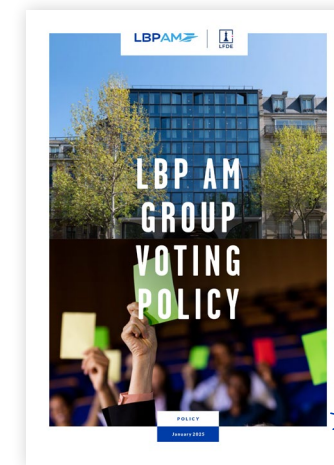
Through this work, the LBP AM Group also sought to **reposition human rights issues as matters of strategic importance for companies**, beyond an approach strictly tied to compliance. This helps to better embed these issues within internal processes, to strengthen alignment between the various functions and to support the emergence of more robust and impact-oriented practices.

More broadly, this effort illustrates the **Group's determination to move beyond an analysis centred on individual companies, in order to promote coordinated responses at value chain level**. By combining peer-to-peer dialogue, the clarification of investor expectations and the involvement of stakeholders, this type of engagement makes it possible to increase the levers for action and to foster lasting improvements.

Despite persistent challenges, this initiative provides a basis for structuring more coherent responses to complex risks. The LBP AM Group intends to build on this first phase in order to deepen this approach and extend it to other value chains facing similar issues.

Finally, **the exercise of voting rights is also an essential component of LBP AM's shareholder engagement approach** and a key element of its responsible investment framework. Through voting, the Group gives concrete expression to its expectations on human rights, addressing in particular risks linked to governance, social practices and corporate responsibility. Its voting policy explicitly incorporates sustainability considerations, including human rights, and is applied systematically across its entire investment universe.

For more information, please refer to the **Voting Policy** of the LBP AM Group and to its **Engagement Report**.



5. The LBP AM SRI Human Rights Fund: Embedding Human Rights in Investment Decisions

The LBP AM SRI Human Rights Fund reflects a structured approach aimed at **integrating human rights considerations into investment decisions**, developed in partnership with the **International Federation for Human Rights (FIDH)**. It seeks to align capital allocation with international standards, notably the United Nations Guiding Principles on Business and Human Rights, by combining financial performance, ESG analysis and independent expertise.

FIDH FÉDÉRATION INTERNATIONALE
POUR LES DROITS HUMAINS

The fund rests on a **comprehensive due diligence framework applied to both sovereign issuers and companies**, with the aim of directing investment towards actors capable of effectively managing human rights risks and impacts. Beyond conventional ESG integration, this approach places particular importance on issuers' ability to prevent, mitigate and address adverse impacts.

A central feature of the model lies in the **role of independent oversight** provided by FIDH, ensuring that investment decisions rest on sound ex ante human rights assessments, informed by field investigations and civil society networks. This grounding in field-based data strengthens both the relevance and the credibility of the investment process.

The fund also establishes a **direct and structuring link between investment activity and action in support of human rights**. Through a revenue-sharing mechanism, a portion of the assets contributes to FIDH's field activities, notably investigations, dialogue with affected communities and collaboration with local partner organisations. This arrangement makes it possible not only to **provide concrete support for human rights**, but also to continuously enrich the information used in the due diligence and investment decision-making processes.

As a whole, this initiative aims to **give practical effect to investor responsibility by embedding human rights due diligence at every stage of the investment cycle**, while fostering a lasting and mutually beneficial interaction between financial actors and civil society.



FIDH centenary poster.

A strategic partnership to bring human rights to the heart of finance

“ The partnership between LBP AM and FIDH is a particularly valuable lever for action. It can help **to open dialogue with companies**, which may prove more receptive when an investor is involved in the discussions and also takes a deep interest in human rights. This model makes it possible to develop a **complementary dialogue**. As a civil society organisation, FIDH often interacts with operational teams in the field, closest to where impacts occur. Investors, for their part, have greater access to governing bodies and finance departments. This combination is particularly valuable, because **it makes it possible to raise human rights issues to a strategic level within the company, while maintaining an operational grounding**. Human rights are then no longer perceived as a constraint, but as an issue that is both material and structuring for the organisation as a whole.

Moreover, this fund stands out for its still largely unprecedented character. Few investment vehicles today are **specifically dedicated to human rights**, notably because this is a deeply qualitative issue, difficult to grasp through standardised data or indicators alone. The originality of this initiative therefore lies **in its theme, in its analytical methodology and in its partnership-based approach**, as well as in its value-sharing mechanism.

Indeed, this partnership also represents **significant support** for FIDH. In an international context marked by a decline in public funding and grants for civil society organisations, this type of collaboration **makes it possible to diversify sources of funding and to strengthen the sustainability of civil society's work** and, in this particular case, that of FIDH. Beyond the financial dimension, it is above all a strong signal: that of a **growing mobilisation of the financial sector in support of human rights**, which we are seeking to encourage and to structure.

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Rozenn Le Caïneg,
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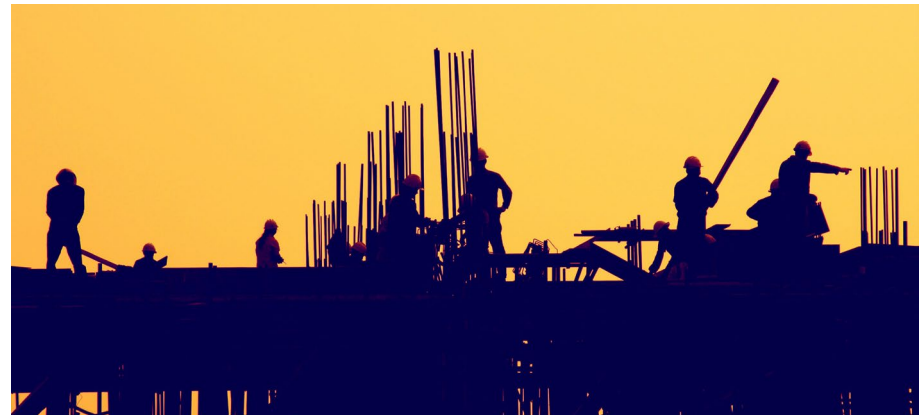
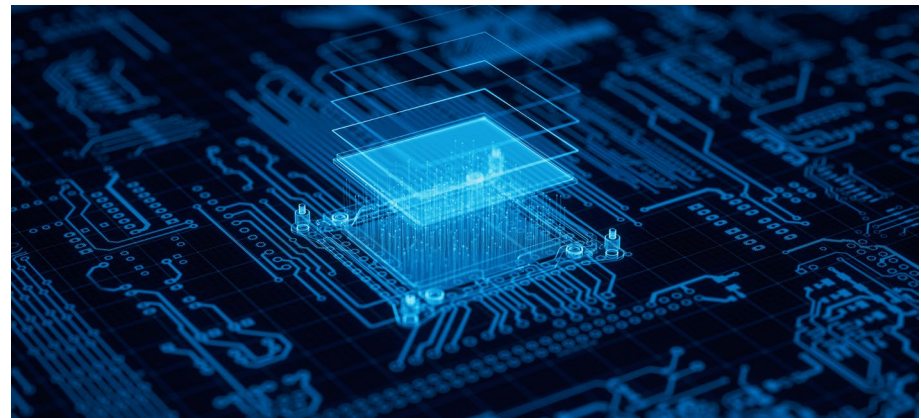
OUTLOOK AND FUTURE CHALLENGES

The rapid transformation of the economic, technological and geopolitical environment is reshaping the landscape of human rights risks for investors. Whether in relation to the climate transition, the development of digital technologies or the growing role of security and defence issues, investors face risks that are increasingly **complex, evolving and interconnected**.

In this context, the approach developed by the LBP AM Group, as described above, provides a **suitable framework for grasping these developments**. By combining analysis, engagement and vigilance over value chains, it makes it possible to take into account not only current impacts, but also **emerging risks and their long-term implications**.

This approach also leads the Group **to position itself proactively on issues that are still taking shape**, for which reference frameworks are still evolving and companies' practices remain uneven. It involves in-depth analytical work, including the identification of scenarios, an understanding of sector dynamics and the anticipation of potential impacts on people.

The following sections thus highlight three areas, **defence and conflict, artificial intelligence and the just transition**, in which the LBP AM Group is deepening its work. These themes illustrate both the need to continuously adapt analytical methods and the Group's determination to help structure the responses to long-term challenges that will be decisive for the integration of human rights into investment.



1. Navigating Conflict, Defence and Emerging Technologies

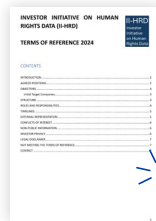
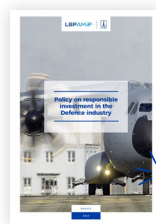
The recent geopolitical context is marked by an **intensification of armed conflicts and international tensions**, as well as by a return to prominence of sovereignty issues and defence capabilities, in Europe as well as globally. For investors, this development brings to the fore a **structural tension**: while the development of a robust defence ecosystem appears increasingly necessary from a strategic standpoint, this sector remains associated with **high risks in relation to human rights and international humanitarian law**.

In this context, the challenge for responsible investors is not to resolve this tension, but to manage it in a coherent manner, **reconciling these imperatives with the need to uphold high standards in respect of human rights**.

At LBP AM, this reflection has led to the development of a dedicated **defence policy**, designed to formalise clear expectations towards companies. This policy provides a structuring framework for analysis and engagement, anchoring the Group's position in a transparent and intelligible manner.

The approach is grounded, first, in the **application of strict exclusions relating to prohibited weapons**, in line with international conventions and the Group's norm-based framework. Beyond these safeguards, it relies on an **engagement strategy** aimed at supporting companies in strengthening their practices, particularly in relation to governance, due diligence processes and transparency.

This approach reflects a determination to go **beyond a risk management logic, by helping to bring about a change in industry practices**. It also forms part of a **collective momentum**, through LBP AM's participation in structuring industry-wide initiatives such as **GRID** (*Guidance for Responsible Investment in Defence-related companies*). By contributing to this work, the Group takes part in the emergence of a shared framework, aimed at strengthening the consistency of practices and increasing investors' leverage for action.



In addition, LBP AM is involved in a working group dedicated to the **convergence between defence and technology issues**, in a context marked by the rapid development of military applications of emerging technologies, notably artificial intelligence. This work aims to better grasp risks that are evolving rapidly, that extend beyond the traditional actors of the defence sector and that now concern a broader spectrum of companies.

Within this framework, LBP AM's priority is to maintain a **high level of requirement, consistent with its human rights commitments**. This entails continuously evolving the analytical frameworks, particularly with regard to downstream risks and technological issues, engaging companies on emerging themes such as the governance of artificial intelligence, and contributing to the structuring of market practices through collective initiatives.

Thus, LBP AM's approach aims to **address the issues specific to defence in a pragmatic and structured manner, combining analysis, engagement and collective action**. It forms part of our commitment as a responsible investor to promote robust safeguards for the respect of human rights and international humanitarian law in the context of the development of defence capabilities



Rethinking “Defence”: Investment Challenges in the Age of Dual-Use Technologies

“ The blurring of the defense and technology industries, or “defense tech”, has disrupted the investment ecosystem in profound and unprecedented ways. Though an oversimplification, responsible or ESG-aligned investors historically approached the defense sector in a relatively uniform manner, revenue and product-based exclusion.

However, **the integration of AI and other dual-use technologies** across military, immigration enforcement, and policing operations, have left investors asking themselves, “What is a defense company?,” “What is a weapon?,” and “How do we invest responsibly in a rapidly expanding universe of weapons systems?”

Last October, Heartland Initiative launched the **Working Group on Defense Tech & Responsible Investment** to answer this last question. Convening **investors with over \$18 trillion AUM** and experts at the vanguard of military AI, autonomous weapons systems, and high-risk surveillance, the Working Group is co-creating publicly available guidance to analyze the salient and material risks of these technologies, engage companies on respect for international law and human rights from product planning to end use, and exclude those

companies whose products or conduct exceed investors’ risk thresholds.

We hope that this emerging best practice will help public and private equity investors **effectively use their capital to capitalize upon, shape, and constrain the defense tech industry for the benefit of rights holders and shareholders alike.** ”



Samuel Jones,
President, Heartland Initiative



2. Artificial Intelligence – A Systemic Human Rights Challenge

The **rapid development of artificial intelligence** (AI), and of generative AI in particular, makes it one of the most defining human rights issues for the coming decade. Now deployed across a great many sectors, AI opens up **significant transformative prospects**, while generating wide-ranging risks that are often difficult to identify and to govern.

A central characteristic of these technologies lies in **their ability to affect several rights simultaneously, on a large scale**. They raise major issues with regard to data protection and privacy, surveillance and fundamental freedoms, as well as discrimination, notably through algorithmic biases liable to influence access to employment, credit or essential services.

Beyond these dimensions, AI also poses **challenges relating to the integrity of information and the quality of public debate**, as well as economic and social issues linked to automation and the organisation of work. The use of subcontracting chains for data annotation or content moderation highlights, in particular, forms of work that are often invisible and precarious. More broadly, **the opacity and complexity of AI systems** raise questions about the mechanisms of accountability and access to remedy.

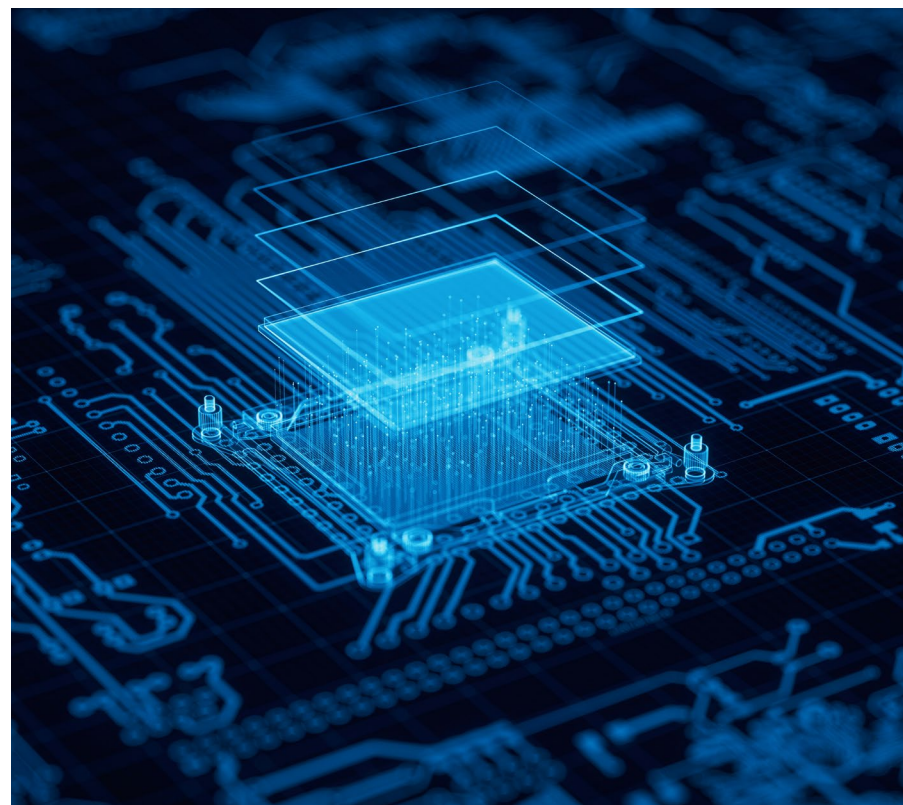
These risks unfold within complex value chains involving developers, suppliers and users, and call for a **due diligence approach covering the entire life cycle of the systems**, from their design to their deployment.

In this context, LBP AM has already undertaken a number of initiatives aimed at better grasping these issues. The Group has in particular carried out **norms-based due diligence on certain companies in the technology sector**, particularly in the areas of digital platforms and social networks, in order to analyse their exposure to risks and their management systems.

At the same time, LBP AM takes part in **several industry-wide initiatives**, such as the Collective Impact Coalition on Ethical AI, the Labour Rights Investor Network and the **FIR working group dedicated to AI**. These engagements make it possible to build a shared understanding of the risks and to strengthen dialogue with companies on topics such as the governance of systems, data-related practices and the rights of digital workers.

Building on these initiatives, **LBP AM plans to adopt a dedicated policy on artificial intelligence by 2026**. As with the sector policy on defence, this framework is intended to clarify the Group's view of the main human rights and environmental risks, as well as the associated expectations of companies. The aim is to have a **structuring reference framework** that makes it possible both to guide investment analyses and to enhance the quality of dialogue with companies, by setting out the priorities, the levels of requirement and the expected areas of progress.

More fundamentally, this work forms part of a **broader reflection on how to support the development of these technologies**, in order to foster uses aligned with sustainable and inclusive outcomes, without exacerbating inequalities or undermining fundamental rights.



3. Just Transition – Anticipating Long-Term Human Rights Risks

The transition towards a low-carbon and sustainable economy is accelerating, but it is accompanied by **profound economic and social transformations**, liable to generate significant impacts on human rights, particularly for workers, communities and vulnerable populations. In this context, the notion of a just transition has gradually established itself as a **structuring framework** aimed at ensuring that these developments are both inclusive and respectful of rights.

While companies have stepped up their mobilisation on climate issues, **the integration of social dimensions remains uneven**. Transition strategies often focus on short-term environmental objectives, without always taking sufficiently thorough account of their medium- and long-term impacts on people. Yet these issues sit at the crossroads of major concerns, such as climate change, biodiversity, the use of resources and territorial dynamics, with direct implications for local communities and the most exposed populations.

In this context, **one of the main challenges is to better incorporate a forward-looking reading of impacts**. The most significant effects of transition pathways, whether transformations in employment, economic restructuring or increased pressure on natural resources, often unfold through gradual and cumulative dynamics. Taking them into account requires moving beyond a strictly reactive approach, **by developing scenario-based analyses, broadening the analysis to value chains and territories, and incorporating these dimensions into strategic decisions**.

This approach is in line with the principles of human rights due diligence, in that it seeks to anticipate impacts before they materialise and to structure their management over time.

Within this framework, **LBP AM has identified the just transition as a priority area for the development of its approach**. The Group takes an active part in several collective initiatives, such as the Just Transition Collective of **Human Level** and the **work of the FIR**, which aim to bring about operational methodologies and to foster a better integration of social issues into transition pathways.

This work makes it possible both to **strengthen the Group's internal expertise and to inform dialogue with companies**, by providing concrete analytical input and by structuring investor expectations on these still-developing issues.


In the future, the just transition will continue to be a central area of work. LBP AM intends to **deepen its integration into analyses and engagement efforts**, drawing in particular on forward-looking approaches and contributing to collective initiatives aimed at structuring market practices.

More broadly, this work forms part of a **broader evolution of responsible investment**, which entails a better understanding of the interactions between environmental and social issues, and the incorporation of long-term impacts into investment decisions, in order to contribute to a transition that is not only environmentally effective, but also fair and inclusive.



CONCLUSION :

ADVANCING A
PREVENTIVE AND
IMPACT-DRIVEN
APPROACH TO
HUMAN RIGHTS



This report highlights the **progressive strengthening of LBP AM's approach** to human rights, founded on a clear ambition: to move beyond a static reading of risks in order to develop a more anticipatory and impact-oriented investment framework.

Drawing on **its quantitative tools, its norms-based analysis and its engagement activities**, the Group has structured an integrated approach in which human rights considerations inform investment decisions, engagement priorities and long-term strategic positioning. This approach rests on a **central conviction: effectively addressing risks requires not only responding to existing impacts, but also anticipating those that remain invisible or emerging, particularly where they are complex, cumulative or potentially irreversible**.

The report illustrates the practical implementation of this ambition. Whether through sector engagements on value chains, structured dialogues on risks linked to defence and downstream uses, or work on digital technologies and artificial intelligence, LBP AM endeavours to act where **the issues are most material, with the aim of bringing about a change in companies' practices**.

A notable development lies in the growing recognition of the structural nature of many human rights risks, which extend beyond the perimeter of a single company. Initiatives such as the work on jasmine supply chains, hazardous chemical substances and collective action on AI illustrate the

importance of approaches that cover entire value chains and mobilise a broader set of stakeholders.

Looking ahead, **the dynamics at work, geopolitical tensions, technological transformations and the environmental transition, confirm that human rights will remain at the heart of responsible investment**. These issues call for the continuous adaptation of analytical methods, the strengthening of expertise and greater mobilisation among actors.

In this context, LBP AM will continue its efforts to **strengthen the integration of human rights into its investment processes**, to structure analytical frameworks suited to emerging risks and to contribute actively to collective initiatives aimed at changing market practices.

More broadly, the Group's approach forms part of a long-term objective: **to support economic, environmental and technological transformations while ensuring that they are aligned with fundamental rights and contribute to a more sustainable, inclusive and resilient economy**.



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