

BPCE comments on 2019 Human Rights Benchmark

Category 1: Policy commitment.

1.1 Has the bank adopted a policy statement to respect human rights?

Groupe BPCE conducts all banking and insurance businesses through its two main cooperative networks – the Banque Populaire banks and the Caisses d'Epargne – and their subsidiaries (Palatine and Natixis). 71% of the net banking income of the Groupe comes from retail banking and insurance activities based in France. Groupe BPCE's total headcount at December 31, 2018 was 105,458 employees, 90% of whom work in France. Groupe BPCE and the large majority of our clients have to respect European and French laws regarding human rights.

Groupe BPCE & its subsidiary Natixis operate a number of policies to ensure that it respects human rights and is committed to acting in an ethical manner. The respect of human rights is a fundamental principle factored in at various levels.

- Code of conduct
- Adherence to the Global Compact
- Duty of vigilance plan
- Responsible purchasing policy
- Human resources policy
- Adherence to the Business for Inclusive Growth (B4IG)

Both BPCE Group and Natixis expressed their public commitment regarding human rights in their code of conduct - it includes a written commitment to respect human rights

<http://guide-ethique.groupebpce.fr/> [https://www.natixis.com/natixis/upload/docs/application/pdf/2019-08/natixis-code of conduct inter.pdf...](https://www.natixis.com/natixis/upload/docs/application/pdf/2019-08/natixis-code_of_conduct_inter.pdf)

Natixis also expressed a public commitment in its modern slavery act statement

https://www.natixis.com/natixis/upload/docs/application/pdf/2018-06/slavery_act_statement-natixis-2018_2018-06-26_13-53-36_570.pdf

Groupe BPCE and Natixis are signatories to the United Nations Global Compact

As French companies with over 5,000 employees, both Groupe BPCE and Natixis are subject to the act of March 27, 2017 on the duty of due diligence of parent companies and client companies.

BPCE Procurement (for Groupe BPCE & Natixis) signed the Responsible Purchasing Charter.

In this charter, BPCE Procurement encourages its suppliers to promote and respect international law on human rights within their sphere of influence and to ensure that their own corporations are not implicated in the violation of human rights: The supplier commits to promoting and enforcing its own suppliers, service providers and / or subcontractors, to abide by the principles stated in this charter. Approved suppliers sign a master agreement

with the Purchasing department which governs all relationships in France and abroad, and incorporates our sustainable development clauses relating to human rights

<https://back.bpce-achats.fr/storage/documents/9YMh2ecdXFSrAUhMOp4SKfZWh64bfInkxPnW5izi.pdf>

1.2 Is the policy commitment approved at the most senior level of the business?

BPCE Group and Natixis codes of Conduct were approved by the CEOs and the boards.

In Natixis all matters concerning the Code of Conduct and its application by all subsidiaries and direct branches are governed by the Global Conduct Committee set up in June 2018. It is chaired by the Chief Executive Officer and is formed of members of the Natixis Senior Management Committee. It is in charge of the oversight and regular monitoring of matters pertaining to the rules of conduct, including updates to the Code and deciding on complex cases. An escalation process is also in place to consult the Committee if required. The Committee met three times in 2018 to discuss individual cases, approve ESR procedures, and supervise the rollout of the Code.

Since 2003 Groupe BPCE is member Global Compact. <https://www.globalcompact-france.org/participants/148>.

Since June 2007 Natixis is member Global Compact

[https:// http://www.globalcompact-france.org/participants/577](https://http://www.globalcompact-france.org/participants/577)

As a signatory of the Global Compact (advanced level obtained for the second time in 2018), Groupe BPCE and NATIXIS have undertaken to uphold the ten associated principles covering human rights, international labor standards, environmental protection and anti-corruption.

Its membership is renewed each year and the commitments are firming by BPCE & Natixis CEOs. In appendix letter July 2018 firming by Laurent Mignon – BPCE CEO and letter July 12th 2019 firming by François Riahi Natixis CEO. Groupe BPCE commitments will be renewed by September 2019.

August 25th 2019, Groupe BPCE joined the Business for Inclusive Growth coalition. Business for Inclusive Growth (B4IG) is a global coalition (B4IG), powered by the OECD, which aims to pool and strengthen efforts by private companies to reduce inequalities linked to opportunity, gender and territories, and to build greater synergies with government-led efforts.

1.3 Does the bank's policy commitment extend to the bank's client and investee relationships?

By setting up different policies Groupe BPCE and Natixis made sure that the full scope is covered and all the counterparts engaged ; personnel, suppliers, clients. As written in BPCE code of conduct, BPCE Group strives to *"Promote Human Rights in the pursuit of all our activities We strive to ensure that all our stakeholders comply with the precepts of Human Rights, whether these stakeholders are internal (customers, cooperative shareholders, employees, senior managers and directors) or external (suppliers, investors), in all the territories where Groupe BPCE is present, whether in France or overseas."*

Category 2: Due diligence process.

2.1 Does the bank describe how it carries out human rights due diligence?

To prepare its due diligence plan, the Group reviewed its existing policies and their suitability in terms of the existing assessment tools and risk management approach, across the scope covered by the law. The following scope was considered in terms of the risks incurred by the Group's activities:

- its members of staff;
- its business activities.

With regard to the implementation of the UNGPs a risk review was performed in terms of the following issues:

- issues involving human rights and fundamental freedoms, in particular discrimination, inequality, the right to privacy and family life, right to protest, freedom of association, and freedom of opinion;
- issues involving personal health and safety: health-related risk, failure to observe legal working conditions, forced labor, child labor, violation of worker safety and unequal access to healthcare;

Specifically for high-risk and very high-risk procurement categories exceeding a given threshold, the suppliers involved in RFPs organized by BPCE Procurement are assessed for their CSR performance. They are required to complete a questionnaire specific to their category and to provide details of the actions taken to mitigate risks and prevent major violations of human rights and fundamental freedoms, personal health and safety and the environment. BPCE Procurement assesses these actions and determines a CSR rating, which is included in the supplier's overall rating. Depending on the results, an improvement plan can be established with the winning supplier, subject to review at the six-month point

For Natixis Human rights issues are taken into account in its financing and investing businesses, guided by notable ESR charters, including Principles for Responsible Investment (since 2008) and the Equator Principles (since 2010). Indeed, within the Equator Principles, close attention is being paid to the impact of financed projects on local populations. Since 2013, the Equator Principles were updated to recognize the UN's Framework for companies and human rights. They refer to the International Finance Corporation's Performance Standards on labour matters which include such issues as harmful or exploitative child labour or forced labour. Besides, whenever material human rights issues are detected by Risk, Compliance or ESR, during the internal client onboarding process or the credit process, those issues are raised for full account in the decision to enter into or pursue business relations with the client. In order to make this approach systematic, Natixis is currently working on an ESR screening tool aiming to refine the review of all its corporate clients from an environmental & social risk perspective, including human rights. Implementation is expected in 2020

Signatory of the Principles for Responsible Investments, Ostrum Asset Management applies environmental, social and governance (ESG) criteria by excluding equities and corporate bonds that fail to comply with certain requirements. The analysis is based on three sources of information: - Severe conflicts with the United Nations' Global Compact principles - Cases investigated by the OECD's national contact points for non-compliance with the OECD's guidelines for multinational enterprises; - Companies subject to public exclusion by institutional investors on the basis of the above-mentioned principles.

Natixi's sector policies applicable to coal, oil and gas, tobacco, defense, bombs and anti-personal mines are published.

2.2 Does the process involve meaningful consultation with potentially affected groups?

Human resources policies are strictly monitored under existing legislation in France, in particular the Labor Code. Specific commitments or voluntary measures have been implemented for some of these topics by Groupe BPCE.

For the management of its employees, Groupe BPCE is aware that its first scope of responsibility lies in-house and to this end, it has a responsible staff management policy. For the risks incurred by its members of staff – most of whom work in France – the most relevant areas requiring attention in terms of the activities performed by BPCE and its subsidiaries were deemed to be:

- preventing discrimination and promoting equal opportunities for men and women
- promoting equal opportunities for visible minorities
- preventing discrimination against persons with disabilities
- facilitating social dialog and the freedom of association
- health and safety in the workplace
- non-compliance with legal working conditions
- equal access to law and healthcare

As a responsible company, BPCE ensures it applies ethical business practices by fostering a compliance culture among all members of staff through the Groupe BPCE code of conduct and Ethics. This is rounded out by a responsible compliance approach implemented by Financial Security and Compliance: anti-money laundering, anti-fraud and anti-corruption measures.

Regarding the risks relating to its customers arising with the distribution of financial products and services, the following topics were identified :

- preventing discrimination and promoting equal opportunities for men and women
 - promoting equal opportunities for visible minorities).
 - financial inclusion;
 - financing the real economy and society's needs;
 - sustainable customer relations and customer protection
 - the transparency of the product offer.
- Customers' right to privacy, data protection and cybersecurity

In its financing activities, for several years now, Groupe BPCE and Natixis have addressed the human rights and environmental risks incurred by some of its financing activities, most notably by applying the Equator Principles for project financing and policies applied to sensitive sectors.

For the financing of major industrial and infrastructure projects under the Equator Principles, Natixis requires from its client to undertake an independent social impact analysis and engage with local and other potentially impacted stakeholders. According to these principles :

- When Affected Communities are subject to identified risks and adverse impacts from a project, the client should undertake a process of consultation in a manner that provides the Affected Communities with opportunities to express their views on project risks, impacts and mitigation measures, and allows the client to consider and respond to them. The extent and degree of engagement required by the consultation process should be commensurate with the project's risks and adverse impacts and with the concerns raised by the Affected Communities.
- For projects with potentially significant adverse impacts on Affected Communities, the client will conduct an Informed Consultation and Participation (ICP) process.
- For projects with adverse impacts to Indigenous Peoples, the client is required to engage them in a process of ICP and in certain circumstances the client is required to obtain their Free, Prior, and Informed Consent (FPIC).

Funding will only be provided when Natixis are confident that these risks have been effectively mitigated.

2.3 Does the bank clearly allocate responsibility to specific functions?

No comment

2.4 Does the bank have a process for assessing its relationship to an adverse impact?

The French Act on the Duty of Vigilance requires BPCE and Natixis to prepare, publish and implement a vigilance action plan containing measures capable of identifying and preventing risks of violating human rights and basic freedoms, the environment, and occupational health and safety, associated with the activities conducted by BPCE as well as its subsidiaries, sub-contractors and suppliers. Launched in 2017, the Duty of Vigilance is an ongoing project involving several departments: ESR, Purchasing, Human Resources, Logistics, Compliance and Legal.

Duty of Vigilance in purchasing BPCE Procurement and Natixis worked alongside as part of a concerted approach in the bancassurance industry, with the help of three other banking groups, to map out ESRESR risks in purchasing activities. This tool, delivered in 2018, is used to measure, by country and by category of purchase, the following risks: - Fair practices and ethics - Environmental impact - Human rights including forced labor and modern-day slavery Of the more than 100 purchasing categories in the banking sector, the mapping system identified 13 types of high ESR risk-type purchases. These are to be the subject of targeted duty of care measures: Under the new consultation procedures conducted by BPCE Procurement in sensitive categories, suppliers are assessed on the basis of their ESR performance. This process was applied in 2018 (e.g. Servers category) and further consultation efforts are scheduled for 2019 (works, vehicles).

Duty of Vigilance in everyday operations A large majority of Natixis' employees and establishments are located in France (73% and 75%, respectively). Human rights issues are already strictly governed by a number of prevailing regulations in France, notably including labor law, the personal and property safety policy, and the Professional Risk Assessment Document. A whole host of internal agreements have also been signed in France (relating to union law, collective bargaining, gender equality, the professional integration and retention of employees with disabilities, and quality of life at work)

Natixis also has a large number of establishments outside France, however, and it needs to ensure that employees and service providers working outside France and Europe are not subject to major occupational health and safety risks. Natixis has decided to focus on countries in which it has a headcount (excluding financial holdings) of more than 100 employees and on countries deemed to be at risk on the country risk map, based on three indicators: - Gross national income per inhabitant in dollars: GNI/inhabitant (source: World Bank) - Weekly working hours (source: International Labor Organization) - The index of "violence and repression of workers" (source: ITUC*)

Duty of vigilance in our financing and investing activities Human rights issues are taken into account in our financing and investing businesses, guided by notable ESR charters, including Principles for Responsible Investment (since 2008) and the Equator Principles (since 2010). Indeed, within the Equator Principles, close attention is being paid to the impact of financed projects on local populations. Since 2013, the Equator Principles were updated to recognize the UN's Framework for companies and human rights. They refer to the International Finance Corporation's Performance Standards on labour matters which include such issues as harmful or exploitative child labour or forced labour. Besides, whenever material human rights issues are detected by Risk, Compliance or ESR, during the internal client onboarding process or the credit process, those issues are raised for full account in the decision to enter into or pursue business relations with the client. In order to make this approach systematic, Natixis is currently working on an ESR screening tool aiming to refine the review of all its corporate clients from an environmental & social risk perspective, including human rights. Implementation is expected in 2020 Signatory of the Principles for Responsible Investments, Ostrum Asset Management applies environmental, social and governance (ESG) criteria by excluding equities and corporate bonds that fail to comply with certain requirements. The analysis is based on three sources of information: - Severe conflicts with the United Nations' Global Compact principles - Cases investigated by the OECD's national contact points for non-compliance with the OECD's guidelines for multinational enterprises; - Companies subject to public exclusion by institutional investors on the basis of the above-mentioned principles.

2.5 Does the bank track the effectiveness of its response?

No comment

Category 3: Reporting.

3.1 Does the bank report formally on how it addresses its human rights impacts externally?

Yes BPCE group reports formally its human rights impacts on its registration document (Respecting business ethics in all Group business lines Registration document chapter 2.4.3).

<https://labrador.cld.bz/BPCE-2018-Registration-document/86/>

Yes, Natixis reports formally on its human right impacts in its registration document (Registration document - duty of vigilance chapter 6.4.2)

https://www.natixis.com/natixis/upload/docs/application/pdf/2019-03/natixis_registration_document_2018.pdf

The language "Human rights" is used.

3.2 Is reporting sufficient to evaluate the adequacy of its response to particular human rights impacts?

No comment

3.3 Does reporting include indicators for identifying and addressing adverse impacts on human rights?

No comment

Category 4: Remedy.

4.1 Does the bank provide for or cooperate in the remediation of adverse impacts to which it identifies it has caused or contributed?

No comment

4.2 Has the bank established or participated in a grievance mechanism for individuals and communities who may be adversely impacted?

Groupe BPCE has a **whistleblowing framework** in place setting out the applicable procedure at all Group entities, as provided for in the act of December 9, 2016 (i.e. the Sapin 2 Act) and the Ministerial Order of November 3, 2014 on internal control of banking sector companies. The current whistleblowing procedure applies to all internal employees, as well as to external and interim staff, who may use the procedure should they become aware of any crime, offence, major legal offence, threat or major breach of general interest or any conduct or situation that breaches the code of conduct. Groupe BPCE entities protect whistleblowers. Under no circumstances may they be subject to any disciplinary action or legal proceeding, provided they have acted impartially and in good faith.

In Natixis, the whistleblowing system forms an integral part of Natixis' Code of Conduct and is based on a company-wide policy which sets the minimum standard to be applied throughout Natixis group.

This grievance mechanism is available to any person holding an employment contract with Natixis, as well as to employees of external service providers or subcontractors.

The procedure provides protection to the whistleblower (who may in no circumstances be subject to disciplinary action or legal proceeding provided they have acted impartially and in good faith) and ensures the information is treated appropriately and in full confidence, in accordance with the applicable regulations.

At Natixis, each entity, subsidiary and branch office must adapt the overall policy to its activities and specific situation and/or ensure that the policy complies with its own procedures and local regulations.

For the data protection Groupe BPCE set up , a GDPR project support system was established, including digital projects, conducted in accordance with an agile development cycle:

Organization

- appointment of a Data Protection Officer (DPO) at all entities;
- implementation of a personal data protection process; ● appointment of Business division data processing officers in the Group's entities to liaise with the DPO;
- training for all Group DPOs;
- preparation and application of a data protection awareness course for all Group employees.

Controls

- permanent controls conducted by all Group entities to ensure that PSSI-G rules are actually observed;

Customer complaint management

Complaints are handled at three successive levels: the branch or business center in charge of the relationship, the Customer Relations department and finally the independent mediator.

All Groupe BPCE entities have a department that handles customer complaints. .A report is periodically submitted to Groupe BPCE bank directors, Internal Control departments and all sales structures.

All the issues regarding **human resources policy** are managed by the different human resources directions. All Groupe BPCE entities have a human resources direction.

4.3 Do the grievance mechanism(s) meet effectiveness criteria?

No comment