

TCFD
THE CLIMATE REPORT
OF GROUPE BPCE

2022 EDITION



CONTENTS



GOVERNANCE

This chapter reviews the principal characteristics of Groupe BPCE's governance system flowing from its universal, cooperative and decentralized banking model. It describes how the Group validates its climate-related strategic orientations and oversees their implementation. The chapter also describes the organizational structure set up – *via* its governance system and set of dedicated committees and departments – to ensure compliance with regulatory requirements.

● Page 4



ENVIRONMENTAL STRATEGY

This section presents Groupe BPCE's commitment to making climate change an area of priority action for all its business lines and companies. It also describes the mechanism for identifying and managing climate-related risk factors liable to have an impact on its activities.

● Page 10



RISK MANAGEMENT

This chapter describes the governance system set up to manage climate risks as well as the management function created to handle these issues in all Groupe BPCE companies. It describes the processes and tools used to analyze climate risks and how specific contingencies are accounted for in the Group's overall risk management system.

● Page 22



METRICS & TARGETS

This chapter notably presents the Green Evaluation Methodology approach to the climate-risk assessment of Groupe BPCE's lending portfolios along with work undertaken to measure the climate impact of its financing and investment portfolios.

● Page 34

INTRODUCTION

Events in 2022 reminded us on several occasions that we are living in unprecedented times. While the IPCC again painted an alarming picture of the situation facing the world in the different reports it published over the past eighteen months, the droughts suffered by many countries during the summer of 2022 came as a reminder that climate change is actually upon us. The challenge confronting us all is momentous in scale and must remain our priority despite the upward pressure on energy prices and the return of structural inflation.

While the measures necessary to mitigate – and to adapt to – climate change must be global, immediate, and ambitious in scope, they call for a deep political commitment from governments along with coordinated action from all the different stakeholders: regulators, supervisors, economic players, and the financial sector. Groupe BPCE, together with all its companies, is determined to stay the course and align its business portfolios with the temperature trajectory defined in the Paris Agreement as expressed in the commitment it

made in July 2021 in its 'BPCE 2024' strategic plan and in its decision to join the Net Zero Banking Alliance. The Group now confirms this commitment with the December 2022 publication of its first two targets for the oil & gas and power generation industries.

The Task Force on Climate-Related Financial Disclosures (TCFD) report, a reference framework for climate-related financial information that Groupe BPCE is publishing for the second year in succession, provides the Group with an opportunity to release a progress report on its work in this area and to give an update on the realization of its objectives designed to gauge the impact of its different financing and investment activities. Groupe BPCE will continue to act in favor of the climate and to support all its customers as they undertake their own transformation by providing them with advisory services, investment or financing solutions to ensure they make a successful transition to a low-carbon economy. Groupe BPCE has both the means and the determination to do so.



1

GOVERNANCE



GOVERNANCE



GOVERNANCE

- The Group's business model is that of a universal, cooperative and decentralized bank that takes a long-term view of its actions.
- The Group's Supervisory Board approves the climate-related strategic orientations and oversees their implementation; it also manages the risks and opportunities associated with these challenges with the help of two specialized committees.
- The Chairman of the Management Board and the members of the Executive Management Committee define the strategy, oversee its implementation and monitoring process, and ensure compliance with regulatory requirements.
- Groupe BPCE has set up an organizational structure around its CSR and Risk Departments in all its businesses and companies in order to meet the challenges posed by climate change.

Groupe BPCE operates in the retail banking and insurance sectors in France through its two major cooperative networks, Banque Populaire and Caisse d'Épargne, in addition to Banque Palatine and Oney. It is also present worldwide in Asset & Wealth Management with Natixis Investment Managers and active in corporate banking with Natixis Corporate & Investment Banking.

The 14 Banques Populaires and 15 Caisses d'Épargne, owned by their nine million cooperative shareholders, are fully-fledged banks present throughout France. They are the joint and equal holders of the entire share capital of BPCE, the Group's central institution responsible for defining the policy and strategic orientations of Groupe BPCE, for coordinating the commercial policies of each of the retail banking networks, and for ensuring the liquidity and solvency of the Group as a whole. The central institution also takes all measures necessary to ensure the Group's risk management and internal control. Prominent individuals representative of their regional economies are members of the Banque Populaire Boards of Directors and of the Caisse d'Épargne Steering & Supervisory Boards. This organization ensures that the banks' resources are allocated first and foremost to satisfying local needs and the needs of regional customers.

The Group's Supervisory Board is comprised of seven members representing the Banques Populaires, seven representatives of the Caisses d'Épargne, three independent members, two staff representatives, and six non-voting directors. This membership provides the Group with a well-balanced corporate governance structure closely aligned with the concerns of its local customers and French society at large. The Supervisory Board approves the policy and strategic guidelines of Groupe BPCE (including those relating to climate risk) and the Banque Populaire and Caisse d'Épargne retail

banking networks as well. Responsibility for implementing these guidelines is entrusted to the Chairman of the Management Board, who is appointed by the Supervisory Board, and to the Executive Management Committee, which also includes the five members of the Management Board.

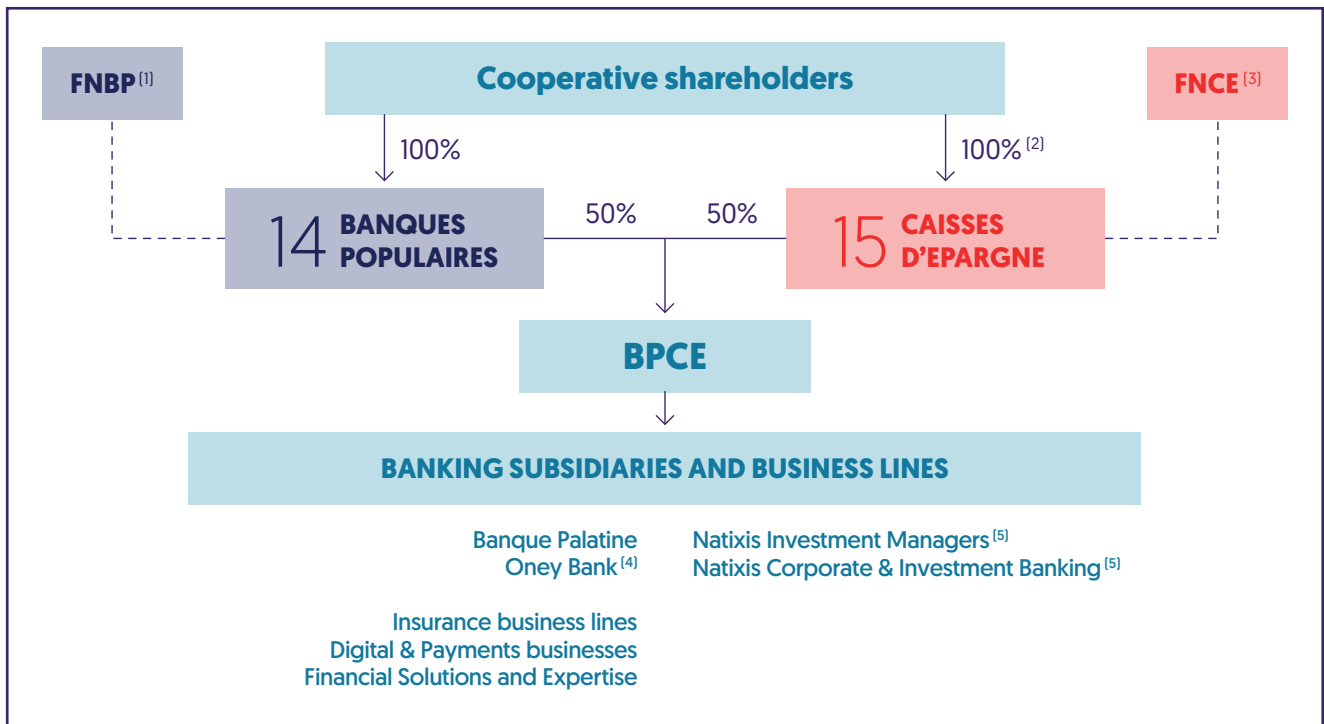
The two retail banking networks and their cooperative shareholders are represented respectively by the Fédération nationale des Banques Populaires (FNBP) and the Fédération nationale des Caisses d'Épargne (FNCE), bodies that provide a setting for deliberation, communication, and representation.

To enhance Groupe BPCE's commitment to a proactive policy on social and environmental responsibility, the Group CSR Department, reports directly to the Chairman of the Management Board. This Department is responsible for drawing up and coordinating a common CSR strategy for all the entities of the Group as a whole, notably in light of the targets defined in the Group's strategic plan, BPCE 2024.

A Climate Risk function was also set up in 2020 with a view to bringing together a network of correspondents in all the Group's different companies and business lines. This function reports to the Climate Risk department of the Group's Risk Management department.

After 2021, a year devoted to firmly establishing Groupe BPCE's strategic climate-change ambitions, 2022 was the year of the implementation of this strategy when it was rolled out in all the Group's different business lines and companies. The implementation of the climate strategy is founded on a solid governance structure, an enhanced coordination system, and a large number of awareness-building and training initiatives for all Group employees.

Organization structure of Groupe BPCE as at December 31, 2022



⁽¹⁾ Fédération nationale des Banques Populaires

⁽²⁾ Indirectly through local savings companies (LSCs)

⁽³⁾ Fédération nationale des Caisses d'Epargne

⁽⁴⁾ 50.1% owned

⁽⁵⁾ Indirectly through Natixis SA

1 - The senior management bodies are at the heart of Groupe BPCE's climate governance structure

1.1 - The Supervisory Board, guarantor of the Group's climate strategy

The Supervisory Board validates, controls and gives perspective to Groupe BPCE's environmental strategy presented by the Chairman of the Management Board and the Executive Management Committee. The Supervisory Board is assisted in this task by two specialized committees: the Cooperative & CSR Committee and the Risk Committee. It is also responsible for defining – working with the Remuneration Committee – the method and amount of remuneration awarded to each member of the Management Board and for ensuring that CSR issues form an integral part of the compensation policy.

The results of monitoring the implementation of the Climate component of the strategic plan are presented to the Cooperative & CSR Committee at regular intervals, with an occasional focus on one or several projects requiring

the attention of the Supervisory Board. For example, the following projects were presented:

- 'Supporting customers of the retail banking networks and reducing the Group's own environmental footprint', at the Cooperative & CSR Committee meeting convened on June 2, 2022,
- 'Greening our portfolios,' at the Cooperative & CSR Committee meeting convened on December 1, 2022.

Supervision of climate risk management is the responsibility of the Supervisory Board's Risk Committee, which bases its activities on the work carried out by the Climate Risk Committee in charge of the operational monitoring of climate risks for the entire Group and its different business lines.

In 2022, the members of the Supervisory Board received three training sessions on climate issues: the first devoted to climate risks and the Group's work on aligning its portfolios with a Net-Zero Emissions trajectory; the second focusing on the CSR strategy and the Group's ESG project management system; and the third related to the regulations governing sustainable finance.



1.2 - The Chairman of the Management Board and the Executive Management Committee define the Group's environmental strategy

The Chairman of the Management Board and the members of the Executive Management Committee of BPCE draw up the Group's environmental strategy, ensure its implementation and oversee the management of the Group's climate risks.

Since fiscal year 2021, the compensation awarded to the Chairman and members of the Management Board of BPCE has included an annual variable portion, 40% of which is indexed to qualitative criteria, including 10% tied to the fulfillment of CSR-related criteria. The effective allocation of this variable portion depends on the implementation of the Group's strategic ambitions related to environmental matters (including climate issues).

In the first quarter of 2022, the members of Groupe BPCE's Executive Management Committee received training on the Climate Fresk¹ during a seminar dedicated to the rollout of Groupe BPCE's climate strategy.

2 - The Group CSR Department oversees the implementation of the Group's strategic ambitions

The mission entrusted to the Group CSR Department is, notably, to oversee the implementation of the Group's strategic ambitions in the fight against global warming (the 'Climate' chapter of the BPCE 2024 strategic plan). In early 2022, the Department set up a Sustainable Finance Center (SFC) comprised of experts in sustainable finance with the principal missions of:

- Overseeing the gradual alignment of Groupe BPCE's portfolios with a Net-Zero Emissions trajectory in accordance with the commitments made within the framework of BPCE 2024 and the Net Zero Banking Alliance (NZBA),
- Coordinating the definition and introduction of methodologies for measuring the carbon footprint and alignment of these portfolios in the Group's various business lines and companies,

¹. The Climate Fresk is a collaborative game that enables participants to understand the causes and consequences of climate change.

In order to oversee the implementation of the Group's strategic ambitions in the fight against global warming, the Group's CSR Department set up a Sustainable Finance Center in early 2022.

- Supporting the adoption of new regulatory requirements in the area of sustainable finance.

To carry out its missions, the Group CSR Department and its Sustainable Finance Center draw on the work of:

- The CSR Departments in the Group's different business lines,
- The Fédération nationale des Banques Populaires (FNBP) and the Fédération nationale des Caisses d'Épargne (FNCE);
- At a more operational level, the CSR Departments of the Group's companies.

2.1 - The climate risk function is responsible for rolling out the climate risk management system

A climate risk function, set up to bring together a network of correspondents in all the Group's different companies and businesses, is managed by the Climate Risk Department of the Group's Corporate Risk Management department. Present within each entity, the climate risk correspondents act as veritable local relays. Their main task is to follow the latest work carried out by the function in order to be able to present this work to the senior management bodies of their respective establishments.

2.2 - The Group's ESG supervisory and governance system was strengthened in 2022

The monitoring of environmental issues forms part of a governance and supervisory system for all projects related to the Group's ESG challenges. Led by the Group's CSR Department, this system makes it possible to ensure:



GOVERNANCE

- The regular monitoring of progress made by the various projects by the Executive Management Committee and by the Supervisory Board,
- The verification of the consistency of the various approaches, methodologies, and data used by the Group's different business lines.

These projects include, in particular:

- Work on measuring the carbon footprint of portfolios and aligning them with a Net-Zero emission trajectory,
- The rollout of offers, tools and even partnerships to help customers meet their own transition challenges,
- Projects to reduce the Group's direct environmental footprint (digital, real estate, mobility, purchasing, etc.),
- The integration of ESG criteria into risk management,
- The adoption of new regulatory requirements (Taxonomy, EBA Pillar 3 disclosures of ESG risks, Sustainable Finance Disclosure Regulation, MiFID II and ESG preferences, etc.),
- Employee training,
- At the intersection of most of the projects mentioned above, the 'ESG data & technologies' initiative is aimed at the sourcing standardization and distribution of the ESG data required for these different uses in all the Group's information systems.

In addition, new committees have been added in relation to the CSR governance set up at the beginning of 2021 (see the [TCFD 2021 report](#)), including:

- The ESG Regulatory Monitoring Committee, which is part of the Group's Regulatory Monitoring Committee. Chaired by the Group's General Secretary and made up of representatives of all the business lines, the committee's objective is to monitor the regulatory changes to which the Group is subject and to ensure that they are implemented correctly,
- The ESG Data & Tech Strategic Committee, responsible for overseeing the work of the ESG Data & Technologies project. It is co-chaired by the Group CSR Department and by the two members of the Executive Management Committee respectively responsible for data and technology.

3 - Employee training and awareness-building

Since the launch of the BPCE 2024 strategic plan, in July 2021, a large number of Group awareness-building and training initiatives have been carried out, including:

- In November 2021, the detailed presentation of the Group's environmental strategy as well as a conference on climate issues at the BPCE Strategic Convention attended by 2,000 Group executives and managers,
- In May 2022, the distribution to the members of the Supervisory Board and the top management of the Group's companies of a Climate booklet that summarizes the current state of scientific knowledge on climate change and the principal challenges in terms of environmental transition, particularly in France. The booklet focuses on three sectors that are particularly concerned by the transition, namely transportation, real estate and the food industry, including the agricultural sector.
- In June 2022, a one-day training session on climate change issues organized within the framework of the Executive Forum, a training structure dedicated to the Group's senior management (nearly 300 Group executives attended),
- In November 2022, all Group employees obtained access to the Climate School, a training program consisting of a series of micro e-learning sessions enabling them to learn about climate change issues and identify their levers of action. The aim of the Climate School is to provide greater awareness about climate change, the depletion of natural resources, the impact of these changes on our societies, as well as the roadmap drawn up to combat climate change for the Group, its business lines and companies,
- The regular organization of Climate Risk Mornings (quarterly, with all the Group's Climate Risk and CSR correspondents invited) and CSR Plenary Sessions (monthly, with all the Group's CSR correspondents invited), at which discussions focus on climate issues and the Group's work in this area,
- The Group's participation each year at the European Sustainable Development Week, a key opportunity to raise awareness about environmental issues among all employees (technical data sheets, podcasts, videos, conferences, etc.). In 2022, thanks to a network of facilitators trained within the Group, a number of Climate Fresh workshops were organized for employees.

In order to raise awareness among employees and involve them in the Group's commitment to combat global warming, the profit-sharing scheme for BPCE SA employees has been partly indexed, since 2022, to the achievement of the Group's strategic objective of reducing its direct environmental footprint.

2

ENVIRONMENTAL STRATEGY





ENVIRONMENTAL STRATEGY

- Groupe BPCE has made climate change a priority for all its business lines and companies:
 - It has set itself the goal of helping its customers to meet their own environment-related challenges and fully intends to make the environmental transition one of its main growth drivers within the framework of its strategic plan, BPCE 2024.
 - It is committed to a process of aligning its portfolios with a 'Net Zero' trajectory by prioritizing those portfolios where the bank can have the greatest impact, i.e. portfolios with the largest proportion of the most greenhouse gas intensive sectors.
 - It wants to be exemplary and reduce the carbon footprint of its own operations by 15% between 2019 and 2024.
 - It is developing a sustainability bond program enabling the issuance of green bonds and social bonds that align financing activities with the sustainable development requirements and missions of our Group.
- Groupe BPCE has set up a robust system to identify and manage climate risk factors liable to have an impact on its activities.

1 - Groupe BPCE is committed to the fight against climate change

The need to combat climate change and create a more low-carbon society is the defining challenge of our time and – more than ever before – a matter of absolute priority. To meet this challenge, the financial industry has a key role to play in facilitating the transition to a low-carbon economy capable of accommodating the various environmental, social and economic needs of society. Groupe BPCE, a front-ranking financial institution specializing in banking, asset management, and insurance, has been mobilized in pursuit of this objective for many years. Thanks to its strong presence throughout France and around the world, it supports all types of economic players – individuals, professionals, companies, associations, public entities, local authorities, and investors – in the pursuit of their transformation projects.

The environmental transition is central to its preoccupations and, as such, is one of the three pillars of its BPCE 2024 strategic plan and a priority action area for all its business lines and companies. In this context, Groupe BPCE has launched a long-term adjustment of its balance sheet with the adoption of a strategy aimed at mitigating the climate impact of the activities it pursues and the assets it finances, invests in, or insures. As such, it wants to meet the expectations of society at large by gradually aligning its financing and proprietary investment portfolios with a 'Net Zero' trajectory, thereby helping to achieve carbon neutra-

lity by 2050. It was in pursuit of this strategy that the Group joined, in July 2021, the Net Zero Banking Alliance (NZBA) for its banking activities and in June 2022 the Net Zero Asset Owner Alliance (NZAOA)¹ for its insurance activities.

In its BPCE 2024 strategic plan, Groupe BPCE has set itself four key climate-related objectives to:

- Measure the climate impact of its financing, investment, and insurance activities and manage their climate trajectory within the reference framework of the Paris Agreement, aiming for the 1.5°C target, and by prioritizing portfolios with the largest proportion of the most greenhouse gas intensive sectors,
- Help its customers meet the challenges of their environmental transition by fulfilling their needs for financing, savings or insurance and by offering advisory services and a structured strategic dialogue providing expertise, solutions, and a long-term vision.
- Extend its sustainable funding strategy with the issuance of environmental and social-themed bonds,
- Speed up the reduction of its direct environmental footprint with a target of reducing its carbon emissions by 15% (compared to 2019) by 2024.

¹. International coalition of investors committed to transforming their investment portfolios to achieve carbon neutrality by 2050.



ENVIRONMENTAL STRATEGY

2 - A robust system has been set up to identify, assess, and manage climate risks

The Group has set up a robust system for identifying, managing, and steering climate risks liable to have an impact on the execution of its climate strategy. It distinguishes physical climate risk, directly related to the consequences of climate change, and transition risk, related to the necessary adaptation of its clients' business models and its own activities to a low-carbon economy.

The materiality of these risks is assessed by reference to the main categories of usual risks, namely: credit risk, market risk, and operational risk. They are integrated into the Group's sectoral risk policies (*see Chapter 3 – Risk management*).

Groupe BPCE uses public scenarios drawn up by financial institutions to assess the risks and opportunities it faces. Its aim is to use scenarios that are comparable, robust, regularly updated and with a granularity adapted to the specificity of each sector. The results obtained from applying these scenarios to the Group's activities allow it to test the vulnerability of its business model and environmental strategy and thereby to assess the Group's resilience to climate change.

3 - Sustainable funding strategy: new solutions to meet investors' priorities

Within the framework of its BPCE 2024 strategic plan, Groupe BPCE is intensifying its bond issuance program by setting itself the goal of issuing at least three sustainable development public issues per year with a view to contributing fully to the development of a more sustainable finance. Groupe BPCE's issuance program for sustainable development bonds provides for the issuance of green and social bonds that align its financing activities with the Group's sustainability imperatives and missions. The loans refinanced in areas related to sustainability must help to reduce the effects of climate change (CO₂ emissions) or help to support other environmental challenges (such as sustainable agriculture, biodiversity, waste treatment or water conservation) through clean energy production, energy savings or other types of action.

In areas related to social action, the loans refinanced must contribute to human development (e.g. health-care, education or social housing) or local economic development (e.g. safeguarding and/or creating jobs in disadvantaged areas).

In 2022, Groupe BPCE issued three green bonds for a total of €1.9 billion to environmentally and socially responsible investors, bringing the total amount of sustainable development public issues carried out by the Group to €11.5 billion. If account is taken of issues carried out by the retail banking networks, private placements and savings products subscribed by its individual and corporate customers, the total amount of sustainable development refinancing reached an aggregate total of €15.3 billion.



1st European issuer
of a 'sustainable agriculture' public bond
destined to refinancing loans granted
to agricultural players committed
to a transition to organic farming

Largest Financial Corporate Green Bond in 2021

**For the 'Green Buildings' bonds
issued by BPCE SFH**

[May 2021 - Climate Bonds Awards]

RMBS Deal of the Year
**for the 1st green securitization
transaction devoted to financing
low-energy housing**

[Global Capital's European Securitization awards,
October 2022]



4 - All the business lines and companies of Groupe BPCE have made climate change a strategic priority

4.1 - Groupe BPCE is continuing the progressive greening of its financing, investment, and insurance activities

Groupe BPCE is committed to a process of modifying the structure of its balance sheet to limit the climate impact of its financing, investment and insurance activities, and to gradually align its portfolios with a net-zero trajectory.

In pursuit of this objective, this year the Group continued:

- To develop mechanisms to measure carbon emissions and manage the climate trajectory of all the Group's portfolios. In line with the commitment made when it joined the Net-Zero Banking Alliance, it has published a set of intermediate targets for 2030 in two priority sectors: energy and hydrocarbons. These trajectories were drawn

up in line with the guidelines drafted by the convergence working group of the French Banking Federation (FBF), in which Groupe BPCE played an active role (*see Chapter 4 – Metrics & targets*),

- To strengthen the operational management of the climate impact of the Corporate & Investment Banking portfolio. This objective has now become a metric that is measured and monitored within each business unit in the same way as the risk and performance indicators,
- To improve its system for identifying and managing the physical and transitional climate risks to which its customers and its own activities are exposed (*see chapter 3 – Risk management*),
- To continue to withdraw from the most emission-intensive activities through the adoption of targeted sectoral policies.

Withdrawal from the most emission-intensive sectors



COAL

Groupe BPCE¹ has adopted a strategy of reducing progressively its exposure to thermal coal to zero by 2030 as far as its activities in the European Union and OECD countries are concerned, and by 2040 for its activities in the rest of the world.



HYDROCARBONS

The Group has a strategy whereby:

- The Corporate & Investment Banking business unit will reduce its exposure to hydrocarbon exploration and production activities by 15% by 2024 compared with 2020.

- The Corporate & Investment Banking business unit will cease financing:
 - Projects dedicated to the exploration and production of shale oil and gas,
 - Projects related to the exploration, extraction, transportation, storage or development of export terminals involving oil derived from tar sands or extra-heavy grade oil,
 - Companies where 25% or more of their business activities falls within the scope of these exclusions,
 - Onshore and offshore oil and gas exploration and extraction projects in the Arctic [[see oil & gas sector policy](#)].

¹. Excluding the affiliates of Natixis Investment Managers.



4.2 - Commitment of all the Group's business lines and companies to the environmental transition

4.2.1 - Activities of the Retail Banking & Insurance business unit

RETAIL BANKING ACTIVITIES

To support their individual customers, the Banque Populaire and Caisse d'Épargne retail banking networks progressively enhanced their range of energy renovation solutions in 2021 with loan offers enabling customers to start energy renovation work on their homes (with partial deferments allowing them to anticipate reception of a subsidy for their project, an immediate repayment option, or a pre-approved financing envelope enabling them to plan work over a longer period). At the end of 2022, Groupe BPCE asserted its determination to strengthen its position in the financing of energy renovation by be-

Heightening the skills of our sales teams

To ensure the successful market launch of these specific products, Groupe BPCE has rolled out awareness-building, training, and acculturation tools for the sales teams of the Banque Populaire and Caisse d'Épargne retail banking networks. Two guidebooks have been published for the retail banking market. Designed to emphasize how important it is to finance the environmental transition, these green books present the different products and provide keys to understanding the regulatory framework and how it is changing. They also serve as an excellent support for coordinating the network.

For the corporate market, a complete system – in the form of sector-specific fact sheets on the ten sectors most sensitive to physical and transitional climate risks – has been designed to help corporate and professional account managers to increase their skills and enable them to advise their clients more effectively.

coming the first player to distribute the *Mon Eco-PTZ Prime Rénov* solution, a combination of the Eco PTZ loan with the French government's *Ma prime Rénov* grants. In addition to financing its customers' renovation projects, Groupe BPCE has also entered into a partnership with Cozynergy, a start-up that carries out assessments of property to be renovated and provides proposals for the work to be carried out, including all aspects of financing and subsidies.

The range of loans for professional customers has been enlarged with the addition of four financing solutions dedicated to:

- Energy renovation,
- Renewable energies (investments linked to buildings or activities, such as the fitting of photovoltaic panels on the roof of business premises or the installation of shading on a parking lot),
- Green mobility to finance low-carbon passenger and/or commercial vehicle fleets and charging stations,
- Business transition to finance the reduction of energy consumption and/or the decarbonization of production facilities.

The interest rates charged on this financing can be subsidized, depending on the case, thanks to the financing line negotiated with the European Investment Bank (envelope of €300 million).

To enhance this range of financing solutions, a number of partnerships have also been set up with various service providers to help customers decarbonize their production facilities, define a sustainable real-estate strategy, and manage the energy performance of buildings on the basis of in-depth diagnostics. These assessments make it possible to determine what work needs to be carried out to improve the building's energy performance while simultaneously obtaining the labels and certifications required to prove the building's environmental status.

Lastly, Groupe BPCE also offers its business customers an impact loan whose effective interest rate is indexed to the customer's non-financial performance. The customer's performance is then assessed in terms of how well they achieve key social and environmental indicators. This loan is aimed at social landlords, local authorities, and companies.



Building a better understanding of our customers to offer them more effective support

In order to initiate a dialogue with all its corporate customers on environmental and social issues – when entering into a new business relationship or during an annual review interview, for example – Groupe BPCE has created an ESG questionnaire. This tool will be rolled out in the Caisse d'Épargne and Banque Populaire retail banking networks in early 2023 with a view to getting better acquainted with our customers, to gaining a better understanding of their standing regarding environmental, social and governance issues in order to provide them with better support in their transition. It allows us to assess the risks facing customers and the measures they have taken to manage them, while also serving as a basis for a strategic dialogue to identify opportunities for the bank to support them: partnerships, financing solutions, savings, etc. The environmental issues assessed with the customer are based on the 6 environmental objectives described in the European taxonomy. At the same time, Groupe BPCE is contributing to the work of the FBF's market bodies aimed at drawing up a common questionnaire for all financial institutions. The ESG questionnaire will also be part of the system for integrating ESG criteria into the loan granting process since the answers provided by customers will form part of the credit file and will be included as such in the appraisal of the counterparty at the time of the granting analysis.

INSURANCE ACTIVITIES

Groupe BPCE's decision to make its insurance activities a member of the Net Zero Asset Owner Alliance (NZAOA) in June 2022 confirms its commitment to a low-carbon economy and its ambition to align the investment portfolio of its insurance activities with a 1.5°C trajectory by 2030. As climate and biodiversity issues are closely linked, BPCE Assurances has also joined the Foundation for Biodiversity Research (a platform for exchange with scientific actors and companies on biodiversity) to strengthen its understanding of the role of biodiversity and the impact of its investment portfolio on biological diversity. In 2021 and the first half of 2022, in the area of personal insurance, the Group invested nearly 20% of its euro funds in green assets that help finance the environmental transition, such as green bonds or assets eligible for the 'Greenfin' label, thereby significantly exceeding its annual target of 15%. As of December 31, 2022, 8.6% of the Group's euro fund assets were invested in green assets. At the same date, 59% of the life-insurance unit-linked policies² made available to Group customers boasted ESG labels (all ESG labels).

The non-life insurance business is also contributing to the fight against climate change. It offers a premium reduction for customers who own an electric or hybrid vehicle emitting less than 50 grams of CO₂ per km. What is more, the home insurance offer gives eco-citizen customers the opportunity to insure their wind turbines, photovoltaic panels or wood-frame houses. To promote sustainability in claims management, a number of projects are currently underway with adjusters to encourage the repairing of goods or the use of reconditioned parts (for vehicles). The Group also analyzes the CSR practices of the service providers with whom it works.

The Group confirms its ambition to align the investment portfolio of its insurance activities with a 1.5°C trajectory by 2030.

². Scope: BPCE Vie freely managed products.

³. Natixis Investment Managers is built on the strength of an independent approach to asset management.

Affiliated asset management companies focus on investment styles and disciplines in which they can demonstrate proven expertise.



4.2.2 - Asset Management activities

Natixis Investment Managers (Natixis IM), through its affiliates³, is convinced that a credible decarbonization strategy will help attract players seeking to reallocate capital to companies committed to the low-carbon transition. Natixis IM therefore supports its clients in their transition to carbon neutrality through an approach based on four strategic pillars:

- **Assess:** In 2022, Natixis Investment Managers set up an analysis platform called 'ESG and Climate Portfolio Clarity', which allows clients to assess which investments in their portfolios are liable to be impacted by climate change and be exposed to both physical and transitional climate risks. This platform allows clients to:

- Calculate their carbon and environmental footprint,
- Analyze and compare the results of different climate scenarios in terms of transition and physical risks,
- Assess the exposure of assets most exposed to climate risks,
- Identify solutions to support the energy transition and promote alignment with the green taxonomy.

- **Design** an asset allocation system aligned with the Net Zero trajectory: the strategy to contribute to reaching carbon neutrality depends on the portfolio's initial asset allocation as well as on the investor's risk and financial return objectives and constraints. A tailored approach is therefore required to meet the specific objectives and targets set by each client. Every year, Natixis IM helps its clients readjust their asset allocation on the light of new information and progress made by portfolio companies as well as upcoming regulations and emerging technologies.

- **Invest:** with €396 billion of assets under management classified under articles 8 and 9, €30.5 billion invested in sustainable bonds, €534 million invested in natural capital as of December 31, 2022, Natixis IM's affiliates offer a range of funds and individual mandates based on the strategy of investing to combat climate change:

- Designing and implementing low-carbon strategies across portfolios while simultaneously maintaining financial performance objectives,
- Investing in green investment products,
- Carrying out carbon offsetting wherever possible and necessary.

Ossiam's index strategy aligned with the Paris Agreement

In 2022, Ossiam, a Natixis IM-affiliated asset management company, brought its index strategies in line with the Paris Agreement. These strategies will now replicate the 'Paris Aligned Benchmarks' (PAB) indices aimed at limiting temperature rises to below 2°C and, if possible, below 1.5°C, compared with pre-industrial levels. The PAB strategies favor companies with ambitious green house gas emission reduction targets and exclude companies that significantly undermine environmental goals as well as the industrial sectors releasing the greatest amounts of greenhouse gases.

- **Help** to increase transparency: Natixis IM has set up the analytical platform to meet clients' reporting needs.



4.2.3 - Corporate & Investment Banking activities

Natixis CIB has continued to contribute actively to Groupe BPCE's drive to achieve its 'Net Zero' commitment. The corporate & investment bank, which gives primacy in its business strategy to supporting its clientele of borrowers, issuers, and investors in the different stages of their ecological and energy transition, acts in its dual capacity as a consultant and as a preferred financial partner.

At the level of economic operators, the transition is multi-dimensional, requiring companies to draw on their capital and investment capacities and to make use of services in intermediation (capital markets) and consultancy regarding the different interdependent levers at their disposal:

- withdrawal or divestment from the most CO₂-emitting activities,
- business diversification to increase the proportion of activities that are sustainable and/or that contribute to the transition (emissions avoided),
- intrinsic decarbonization of industrial supply and production processes,
- carbon sequestration (priority given to the use of nature- or technology-based solutions after engaging the previous decarbonization levers), and
- corporate governance and the consideration of transition issues in the company's management.

Natixis CIB's approach consists in increasing the financing of 'green' assets and players (i.e., those generating low greenhouse gas emissions or contributing to the decarbonization of the economy) but it also involves support for the most resolute transition trajectories of its customers (notably in the fossil fuel, construction or mining industries). This effort involves all the different business lines of Natixis CIB.

Natixis CIB is convinced that a successful transition will not truly be possible without the support of the emission-intensive sectors and so-called 'hard-to-abate' technologies still used in the absence of decarbonized alternatives. It is therefore rolling out an expert positioning and strategy with strong roots in customer support, based on a nuanced, detailed and resolutely realistic approach where account is taken of factors related to differing geographical situations, time horizons and technological maturity.

Natixis CIB develops and promotes decarbonized activities and technologies while simultaneously supporting its customers' transition plans thanks to the following:

- A determined and acknowledged commitment to green and sustainable finance through its Green & Sustainable Hub (GSH), a global expert team that centralizes and circulates expertise in sustainable finance and ESG strategy across the full range of CIB's business lines and helps to

Supporting Vistra, an energy and power generation company, in the transformation of its generation portfolio

Experts from Natixis Corporate & Investment Banking's Green & Sustainable Hub worked with Vistra to define a 'green financing framework' focused on the earmarked use of money market funds to support Vistra's commitment to speeding up the pace of its transition and to financing a mix of projects in the renewable energy sector. Vistra aims to have 90% of its power generation derived from low- or zero-carbon resources by 2030 and to achieve zero emissions by 2050.

Transforming Vistra's production portfolio requires investments in renewable energy and other innovative technologies. With the assistance of Natixis Corporate & Investment Banking teams, Vistra Corp. closed an offering of 1 million series B perpetual preferred shares (non-convertible) on December 10, 2021. The net proceeds will be used to pay or reimburse the partial or full payment of existing or new 'green' projects eligible for the abovementioned financing framework.



ENVIRONMENTAL STRATEGY

structure green and sustainable financial transactions, both in financing and investment. These instruments make it possible to target the financing of specific green assets or projects (e.g. financing of renewable energy, environmentally responsible real estate, and electric public transport infrastructure), or to support and encourage its customers' ESG performance by indexing the structure of the products (i.e. the margin on a loan, or the coupon rate on a bond) on ESG performance (e.g., targets for shrinking a carbon footprint, increased use of recycled raw materials, boosting the number of trained employees, expanding access to essential services, etc.). The GSH also provides customers with advisory services by conducting missions to help them in their CSR and/or transition strategy, or by assisting them in their attempts to secure sustainable financing and/or to create methods and tools to measure and manage their alignment with the UN's sustainable development goals, or 'SDGs' (cf. the advisory work with the International Development Finance Club, a global network of public development banks, described in greater [detail here](#)).

- Natixis CIB's front-ranking position in the financing of renewable energies (more than 60% of the annual amount arranged since 2020 by Natixis CIB overall, that ranks No.4 worldwide in the IJ Global 2022 ranking).
- A determined support strategy focused on transition technologies, materials and solutions for its customers, with the launch of cross-functional and expert initiatives in sectors recognized as sustainable, notably by the European Union's green taxonomy:
 - Green Hydrogen,
 - Batteries and recharging facilities for electric vehicles,
 - Bioenergy,
 - Decarbonization of steel production,
 - Transition metals (copper, aluminum, nickel, lithium, cobalt),
 - Carbon capture, utilization and storage (CCUS) and other carbon capture solutions.

The high-stakes sectors – the oil and gas industry, as well as electricity – have each been the subject of a detailed roadmap along with tighter management control over their trajectory.

In 2022, the position of the GSH was further enhanced with the creation of 'GSH for the Groupe BPCE Banking Network', a team of experts dedicated to the sustainable

Supporting Lhyfe, a fast-growing company specializing in the production of green hydrogen, in its initial public offering

The strategic dialogue with Lhyfe, an independent European leader in the production of green hydrogen aimed at decarbonizing mobility and highly-emissive manufacturing sectors (notably steel, fertilizers, petrochemicals, and glass production) enabled Natixis CIB to support the company in its May 2022 initial public offering, acting in its capacity as a global coordinator and Bookrunner alongside two other banks.

This operation enabled Lhyfe to raise a total of €118 million, leading to a sharp acceleration of its growth plan focused on developing, building, and operating facilities, chiefly in Europe, producing hydrogen via electrolysis as well as the speeding up of its innovation program (notably offshore production of green hydrogen). This round of fundraising was successfully completed with several dozen European and global investors despite the tense equity market affected, in particular, by the crisis in Ukraine.

finance solutions tailored for the French public sector and intermediate-sized corporate customers of the Banque Populaire and Caisse d'Épargne retail banking networks. This team, which is housed within the GSH, benefits from the hub's expertise.

In 2022, the GSH's Center for Expertise & Innovation developed content and tools related to 'greenflation' (inflation generated by the green transition), the decarbonization of the aviation sector, carbon neutrality strategies, biodiversity, voluntary carbon credits, and adaptation to climate change, while simultaneously pursuing its analytical monitoring of the regulatory environment regarding sustainable finance (publications available [here](#)). Its members have regularly participated in the work of several financial regulatory bodies in France (AMF) and Europe (EFRAG, ESMA).



Involved in the financial market's sustainable finance initiatives, Natixis CIB also distinguishes itself notably through the renewal of its mandate, and active contribution, as a member of the Executive Committee of the ICMA's Green Bond Principles, where it also co-chairs the commissions on Transition Finance and Sustainability-Linked Bonds.

Finally, Natixis CIB strengthened the monitoring of its climate trajectory in 2022 using its own transition monitoring tool (the 'Green Weighting Factor,' or GWF, see the section devoted to this dedicated section p. 39), which provides input for measuring decarbonization targets and sector-based objectives defined by Groupe BPCE within the framework of NZBA.

Recognized for its ESG expertise and its capacity for innovation in sustainable finance (notably for the creation of the GWF), Natixis CIB won a number of major prizes in 2022, including recognition from its peers as 'Investment Bank of the Year for Sustainable Bonds' and 'Investment Bank of the Year for Sustainability,' both awarded by The Banker magazine, as well as the 'Environmental Finance IMPACT Awards 2022' presented by the online news and analysis service of the same name: [press release](#).

5 - The Group reduces its direct environmental footprint

In its 2021-2024 strategic plan, Groupe BPCE set itself the target of reducing its carbon footprint by 15% within the space of three years (compared with the 2019 benchmark).

Within the framework of this strategy, the Group has rolled out a proactive plan of action based on four areas:

- A reduction of the carbon footprint of Group premises (via energy renovation work, the widespread use of automation in offices and bank branches, and the reduction of floor space occupied),
- A more responsible digital environment thanks to using development techniques leading to more economical applications, extending the useful life of equipment, improving the energy efficiency of data centers, and raising the awareness of all Group employees about eco-responsible actions,
- Mobility, with a reduction in employee travel (notably home-to-work travel) thanks to the development of teleworking and the transformation of the vehicle fleet,
- Even more eco-responsible procurement activities with the systematic inclusion of CSR criteria, including carbon footprint considerations, in all specifications governing supplier selection procedures.

In order to monitor the correct implementation of the steps taken so far, and the achievement of the specific objectives it has set itself, Groupe BPCE uses a dedicated tool to review its greenhouse gas emissions based on a methodology compatible with that used by the Ademe (the French environment and energy management agency), ISO 14064, and the Greenhouse Gas Protocol.

In 2019, this monitoring system made it possible to estimate the Group's direct emissions at 604 kteqCO₂ (pro forma figures). In 2020, the Covid-19 crisis led to a substantial drop in emissions to 541 kteqCO₂ (pro forma figures), chiefly due to a drastic reduction in employee travel. Despite the resumption of business activities in 2021, the Group's emissions have declined to 520 kteqCO₂ thanks to the first positive effects of the energy-saving measures already implemented.

Details about the Group's carbon footprint are provided in chapter 2.3.6 of the 2022 Non-Financial Performance Statement.



ENVIRONMENTAL STRATEGY

3

RISK MANAGEMENT



RISK MANAGEMENT

- In 2022, the Group Risk Division strengthened its governance structure dedicated to managing climate risks thanks to a climate risk management program for all Group business lines and functions.
- This program, which is structured around nine major projects, is aligned with the guide published by the European Central Bank and the climate and environmental commitments made by the Group.
- The Climate Risk Department is continuing to pursue the development of processes and analytical tools capable of enhancing the management of climate risks (physical and transition risks) with a view to improving their operational integration into the activities of all the Group's different business lines.

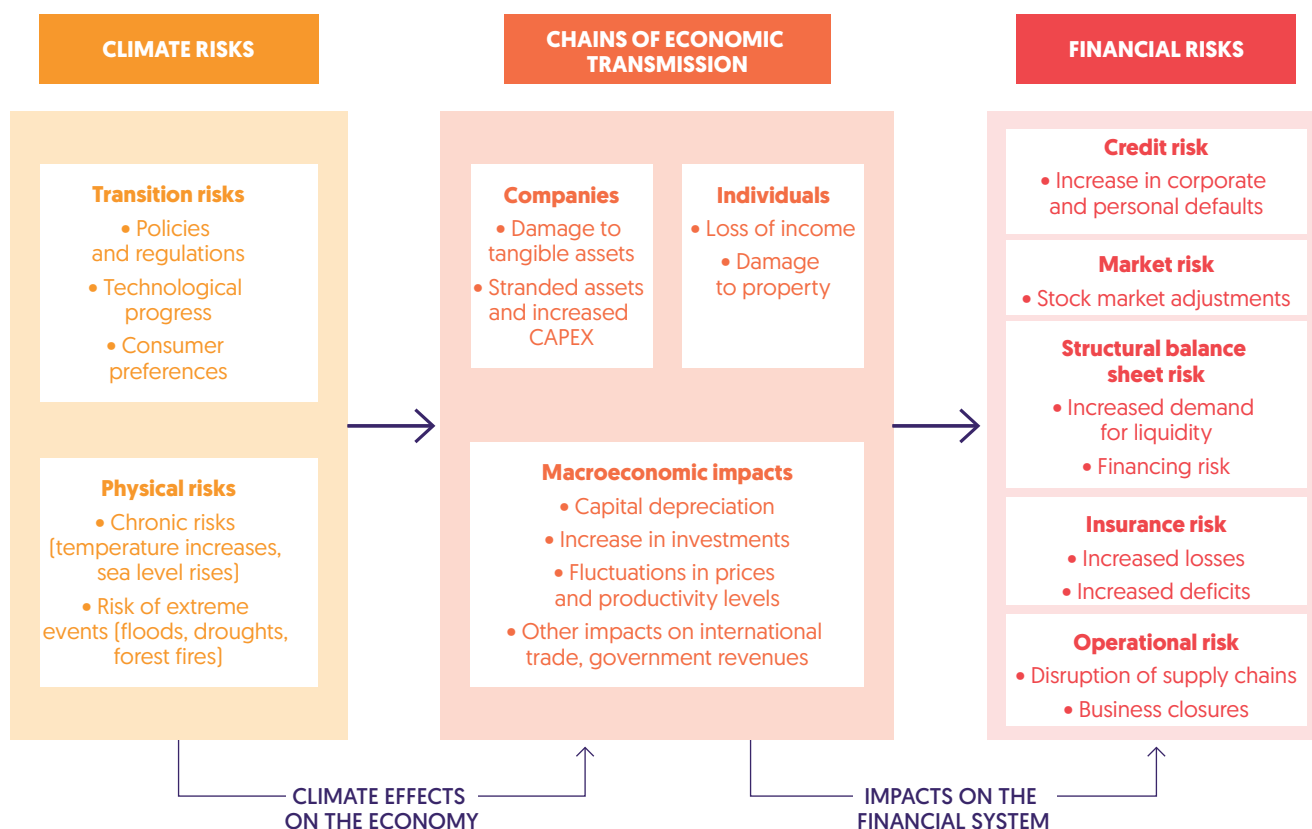
1 - Organization of climate risk management

The Group Risk Division has structured the management of climate risks with the creation, at the end of 2021, of a Climate Risk Department working through an extensive network of approximately 60 climate risk correspondents in all Groupe BPCE companies and in the other departments of the Group Risk Division. The Climate Risk De-

partment, whose objectives are organized around the 13 expectations of the [European Central Bank's guide](#) to climate and environment-related risks published in November 2020, focuses on:

- The development of processes and analytical tools to enhance the management of climate risks (physical and transition) to make them more fully integrated into the Group's risk appetite framework,

From climate risk to financial risk



- The appraisal of the materiality of climate risks regarding major traditional risk categories, namely: credit risk, financial risk (market and liquidity) and operational risk,
- The inclusion of climate risks in Groupe BPCE’s usual risk management framework (credit policy for companies and individuals, and according to the type of assets financed) and the consideration of these risks during the periodic reviews of the Group’s sectoral policies,
- The inclusion of climate risks in the investment processes and engagement policies of asset management and insurance businesses.

2 - Identification of climate risks

The materiality of climate change-related risks is assessed regarding the major risk categories in Pillar 1 of Basel III, which are credit risk, market risk, and operational risk, including non-compliance and reputational risks. Groupe BPCE has therefore set up a robust system for identifying climate risk factors liable to influence the Group’s traditional risks, supported by a precise monitoring tool. A process designed to assess the materiality of climate risks was also launched at the end of 2022 in the various entities comprising Groupe BPCE.

Groupe BPC Materiality matrix for Groupe BPCE risks in 2022

| Risk category | Physical risks | | | | Transition risks | |
|--|---------------------------------------|---------|----------------------------------|---------|---------------------------------------|----------------------------------|
| | Time horizon BPCE 2024 strategic plan | | Time horizon Long term > 4 years | | Time horizon BPCE 2024 strategic plan | Time horizon Long term > 4 years |
| | Acute | Chronic | Acute | Chronic | | |
| Credit and counterparty risk: customer default, collateral impairment | Low | | Medium | | Medium | High |
| Market and asset valuation risk: changes in the valuation of equities, interest rates, commodities, etc. | Low | | Medium | | Low | Medium |
| Liquidity risk: short-term liquidity, funding, liquidity reserve | Low | | Medium | Low | Low | Medium |
| Insurance risk | Low | | Medium | Low | Low | Low |
| Proprietary investment risk | Low | | Medium | | Low | Low |
| Risk inherent in customer portfolios (insurance and asset management) | Low | | Medium | | Low | Medium |
| Business continuity operational risk | Low | | Medium | | Low | Medium |
| Reputational risk | Low | | Low | | Medium | High |
| Business activity and ecosystem strategic risk | Low | | Medium | | Medium | High |
| Legal, compliance, and regulatory risk | Low | | Low | | Medium | High |



'Acute physical risks' are defined as direct losses triggered by extreme weather events, whose induced damage may lead to the destruction of physical assets (real estate and/or production facilities) and provoke a collapse in local economic activities and, possibly, a disruption of value chains. 'Chronic physical risks' are direct losses triggered by longer-term changes in the climate (rise in sea levels, chronic heat waves, changes in precipitation patterns and increased fluctuations in these patterns, disappearance of certain resources) that can progressively weaken the productivity of a given industrial sector.

'Transition risks' result from the economic and financial consequences of implementing a low-carbon business model, whether through changes in the regulations, technological progress, or changing consumer expectations and reputational impacts.

3 - Climate risk management program

The Climate Risk Department coordinates the implementation of the risk management framework through a dedicated program. This program, in line with the Group's climate and environmental commitments, has set specific objectives for all business lines and functions. The proposed program aims to ensure the most comprehensive coverage possible of the 13 pillars proposed by the ECB. It also integrates the national and international regulatory perspectives that currently represent a benchmark in this area.

This program has been updated at regular intervals to take into consideration the areas of improvement identified by the ECB following discussions regarding the self-assessment questionnaire at the end of 2021, and the thematic review carried out at the beginning of 2022.

In concrete terms, this system is organized around nine major workshops (governance, risk appetite framework, stress test, financial risks, operational risks, credit risks, risk control system, dashboard, and data).

The work and expectations are given a precise description on a theme-by-theme basis, making it possible to determine and monitor the following: the status, time-

The climate risk management program is organized around 9 individual projects and sets out to ensure the most exhaustive coverage possible of the 13 pillars recommended by the ECB.

table for completion, the responsible individuals in the climate risk department and other departments (such as those involved in the implementation of the program), or the expected deliverables.

Representatives of the Banques Populaires, Caisses d'Épargne, and of the Group's international business lines have also been involved in the program in order to ensure that the actions planned are operational in each Group entity.

3.1 - Governance

In 2022, Groupe BPCE made it a general practice to include climate factors into the climate-risk committee structures of each of its entities.

Awareness-raising among climate risk correspondents has continued thanks to the coordination of the function in conjunction with the CSR departments, and training initiatives have been offered in other departments. A monthly newsletter, a quarterly conference, and virtual classes on specific topics have helped to spread the 'climate risk' culture throughout all entities. The best practices identified are presented at these regular or ad hoc events. The Climate Risk Pursuit training program continues to be followed in the entities. By the end of July 2022, 18,037 employees had taken the course. Moreover, training courses that meet employees' expectations as closely as possible are also under development. Training in these issues is also provided for the senior management bodies at regular intervals.



3.2 - Risk appetite framework

The 'Climate Risk/Transition Risk' and 'Climate Risk/Physical Risk' categories were added to BPCE's risk framework document in 2019. At this stage, the materiality of these risk categories has been assessed by expert opinion and supported by mapping work. Transition risk has therefore been deemed material, including over the short term, in view of the potential impacts in terms of reputation, risks related to changes in the regulatory and legal framework, and the strategic risk related to market developments undertaken in response to the climate transition.

Two risk appetite metrics related to transition climate risk are currently being integrated at Group level (metrics under observation before the calibration of a limit). Within the scope of activities of the Corporate & Investment Banking (CIB) division, the share of assets classified as 'dark brown' according to the Green Weighting Factor method – which are the assets most exposed to transition risk – is monitored in the CIB's Risk Appetite Framework. A threshold and a limit have been defined as of 2022.

3.3 - Stress test: measuring the impact of climate risks on the Group's assets

In 2020, Groupe BPCE volunteered to take part in an initial climate risk assessment exercise led by the European Banking Authority (EBA). Groupe BPCE also contributed to the pilot exercise launched by the French Prudential Supervisory Authority (ACPR, Autorité de Contrôle Prudentiel et de Résolution) in 2021 aimed at estimating physical and transition risks. In 2022, Groupe BPCE also took part in the very first climate stress test launched by the ECB.

The stated objective of this latest exercise was to identify the state of preparedness of the hundred or so banking groups under supervision for the financial and economic shocks liable to be caused by climate risk. This initiative formed part of a desire already expressed by the national supervisory authorities.

This exercise should be considered as a joint learning exercise with pioneering features, aimed at strengthening the capacity of the banks and supervisory authorities to assess climate risk.

For this first learning exercise, the ECB was keen to simplify the application. The stress test targeted specific categories of assets exposed to climate risks and not the entire balance sheets of banking institutions. The exercise is based on three modules:

- The first module focused on the framework and governance of the approach,
- The second module set out to collect a certain amount of data in order to assess sectoral sensitivity,
- Finally, a third module consisted in estimating the impact of physical and transitional risks on results, in the short and long term.

The physical risks concern only drought and floods on credit risk over a one-year time horizon. For transition risks, two types of scenarios have been developed. One short-term scenario with a 3-year time horizon, concerns credit risk and market risk in the event of an unexpected and brutal shock in the price of carbon. The other long-term scenario consists in assessing the climate impact on our balance sheets over a 30-year time horizon, according to three scenarios: an orderly transition, in anticipation of the Paris Agreement in 2050; a disorderly transition, where no new policies are adopted until 2030, followed by a sudden and brutal transition; and a 'no-transition' scenario leading to significant global warming.

Groupe BPCE's participation in the 2022 climate stress test exercise demonstrated its ability to quantify climate risk under different scenarios. The Group was required to integrate into its internal models a new sectoral dimension with unprecedented time horizons of up to 30 years. It was also required to collect new data, such as housing energy performance certificate (EPC) provided as guarantees, in order to complete its stress tests. This exercise led to the identification of areas for improvement in the collection of reliable and recurrent data. Finally, this stress test enabled Groupe BPCE to quantify the main risks facing it and to prioritize actions to identify, mitigate and monitor these risks.

In terms of results, the metrics vary according to the type of risk and scenario defined by the ECB.

The most representative physical risk in a short-term period is flooding, a consequence of the large exposure of the Group's housing loan portfolio. This impact is also the corollary of the methodological framework used for insurance coverage. The insufficient granularity of certain data also precludes the possibility of offering a more nuanced interpretation of these results.

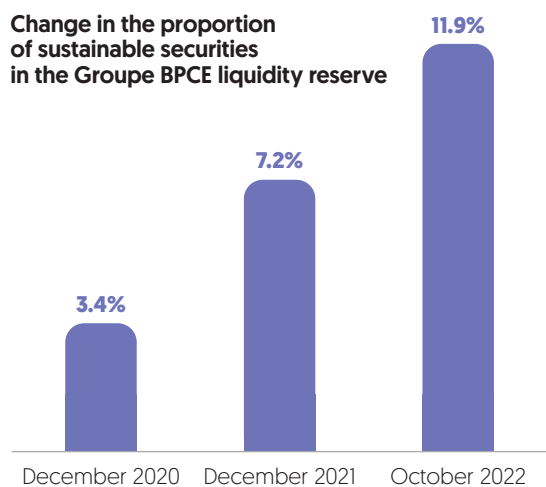
The short-term transition risk is increased due to the lack of energy performance data for collateral backed by cor-

porate exposures but remains limited overall owing to Groupe BPCE's limited exposure to the most carbon-intensive sectors.

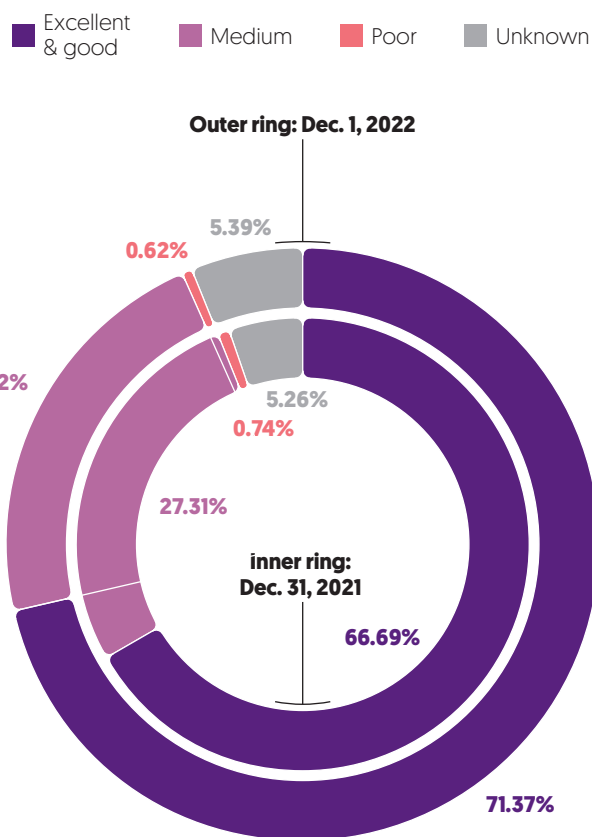
With regard to the long-term transition risk, thanks to this low exposure to sectors identified as sensitive by the supervisory authority, the scenarios posed do not present a particularly differentiated impact on Groupe BPCE.

Significant improvement in the ESG ratings assigned to the liquidity reserve

Within the scope of the liquidity reserve portfolio, the share of sustainable securities¹ and the share of securities with an ESG rating of 'Excellent & Good' increased by 3 and 4 points respectively compared with December 31, 2021. This improvement is due to better availability of ESG information accessible to operational staff and decision-making committees, the maturing of investments, the sale of securities with the lowest ESG ratings and/or the purchase of higher-rated securities.



Comparison of the ESG ratings of the Groupe BPCE liquidity reserve, in %



Provider: ISS ESG

¹ Sustainable securities: green bonds, social bonds, sustainable bonds and sustainability-linked bonds.



RISK MANAGEMENT

3.4 - Financial risks

In terms of financial risks, an assessment of climate risks is carried out, notably through the management and monitoring of the liquidity reserve. Account is taken of climate criteria and, more broadly, ESG criteria by focusing attention, in particular, on the environmental quality of the security and the ESG rating of the issuers.

For private equity investments, work is underway to integrate ESG analysis criteria in order to define investor-establishment ESG profiles.

3.5 - Operational risks

OWN ACTIVITY RISKS

To anticipate physical climate events liable to affect its own activities, Groupe BPCE has set up a business continuity plan that defines the procedures and resources enabling it to deal with natural disasters in order to protect employees, assets and key activities and to ensure the continuity of essential services. An internal tool makes it possible to identify the sites and branches exposed to climate risks and to monitor climate incidents.

REPUTATIONAL RISK

The more pronounced emergence of environmental awareness and changing behaviors *vis-à-vis* climate issues represent a sensitivity factor for the banking industry liable to result in damage to the Group's reputation in the event of non-compliance with regulatory expectations or in the event of scandals related to controversial activities. A metric for measuring reputation that incorporates climate-related and, more broadly, ESG-related events is currently being developed by the Group's Operational Risk Department.

The Non-Financial Risk Committee convenes monthly meetings to carry out ESG reviews of all business sectors and per client type.

LEGAL, COMPLIANCE, AND REGULATORY RISK

In order to limit the effects induced by climate change, administrative and legislative authorities are required to adopt new regulations. These texts may be international (Paris Agreement), European (Taxonomy regulation) or national (French Climate & Resilience Act). For example, the French parliament has stepped up its demands with article 29 of the Energy-Climate Law.

3.6 - Credit risks

INCLUSION OF ENVIRONMENTAL CRITERIA IN THE GROUP'S SECTORAL CREDIT POLICIES

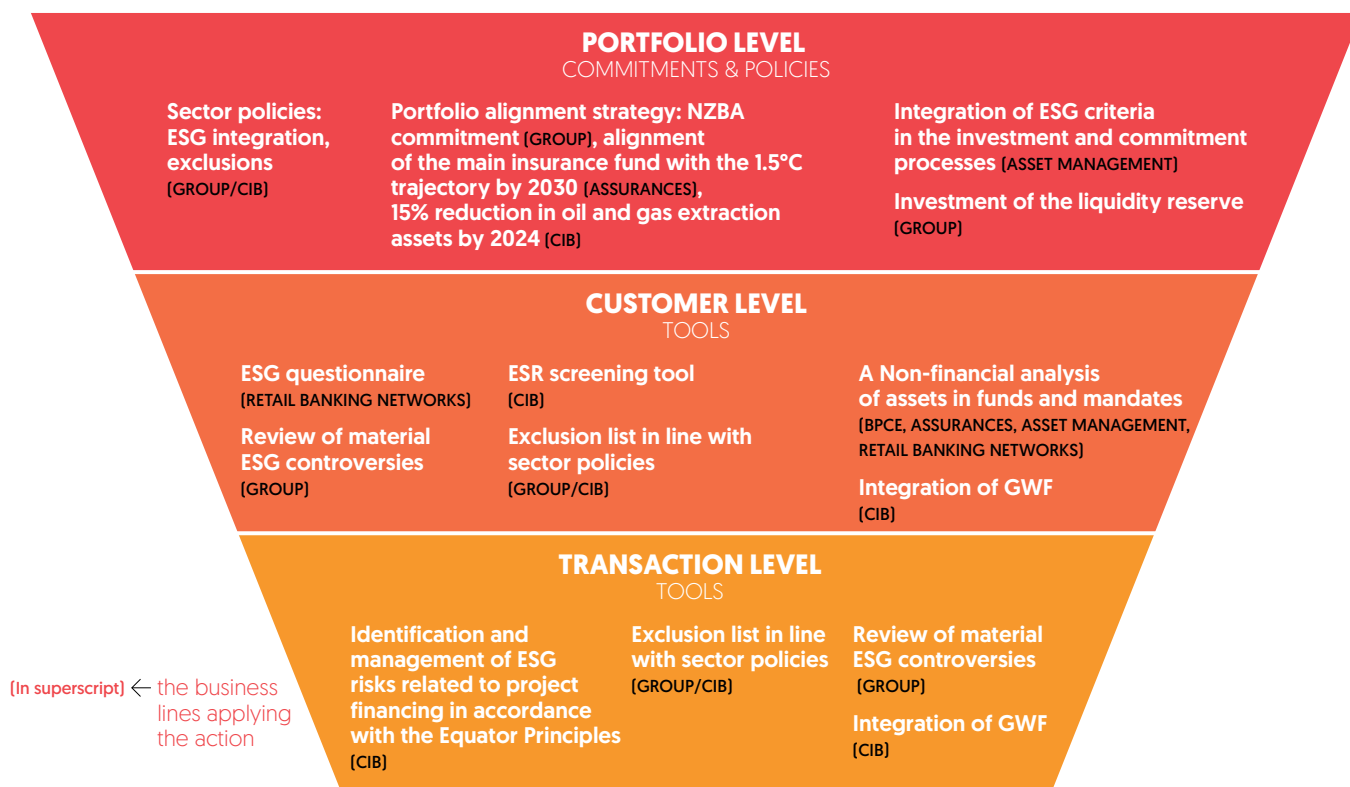
Within the scope of Retail Banking activities, above and beyond the coal policy applied to all Groupe BPCE companies (*see Chapter 2, Strategy*), environmental criteria have been systematically integrated into sectoral policies since 2018. The Non-Financial Risks Committee comprising the Climate Risk, Credit Analysis, and CSR teams has been meeting every month since March 2020 to conduct ESG reviews of all business sectors and by type of customer.

Within the framework of these reviews, each business sector is assessed on the basis of the six environmental objectives defined in the European Taxonomy: physical climate risks, transition climate risks, biodiversity, water, pollution other and greenhouse gases, and the circular economy. An environmental sectoral classification is derived from this assessment and identifies specific areas for attention.

The purpose of these sectoral ESG analyses is to provide input for discussions, notably when granting loans. The primary objective is to provide additional analytical elements with regard to changes in the regulatory and market environments, and to be able to better advise our clients in their own transitions.

For major counterparties, a non-financial assessment of the client is added to the analysis sheets with a view to enriching the credit granting process. The reminder of climate and environmental issues flows from the analyses of the sectoral policies of the Non-Financial Risks Committee mentioned above.

From sectoral perspective to transaction



These elements will be used progressively for the credit and counterparty committees of the Group’s entities and of Groupe BPCE itself.

TRANSITION QUESTIONNAIRE BEING ROLLED OUT TO RETAIL BANKING CUSTOMERS

For Retail Banking activities, account managers have tested a questionnaire designed to appraise how customers take account of environmental issues in their business models with a view to gathering information about how well their customers understand, take action about, and express their commitment to climate- and environment-related issues. This tool has been developed in response to the EBA guide on the granting and monitoring of ESG loans.

The initial details gathered make it possible to assess the customer’s maturity in terms of mastering the climate-related and environmental challenges of their sector of activity. The pilot phase was completed in early 2022 with consideration of its future integration into customer rating systems once the necessary historical perspective has been obtained.

The main goal is to integrate this data into the credit gran-

ting process and to use it for risk monitoring purposes. The operational implementation is currently being developed with the Commitments and Risk divisions along with the Development divisions.

USE OF THE GREEN WEIGHTING FACTOR BY THE CORPORATE & INVESTMENT BANKING BUSINESS UNIT

The Green Weighting Factor is a tool for analyzing the climate performance of the financing of large corporates. This metric is monitored globally in the CIB risk appetite dashboard and also on a granular basis by determining the environmental impact of the financing granted. Work is currently underway to complete the validation and control system associated with this tool.

3.7 - Climate risk control system

Groupe BPCE is setting up the organization necessary to develop permanent and periodic risk controls. The permanent control systems will be described in greater and specific detail during workshops to be held with the companies. The aim will be to integrate the climate elements into the existing processes.

The Group's Inspection Générale function has drawn up an internal periodic control guide to ensure that assignments in the various Group entities are carried out in the most efficient and consistent manner possible.

3.8 - Dashboards

Dashboards for monitoring and supervising climate and environmental risks are currently being developed. The dashboard for the Group as a whole was validated at the beginning of July 2022 and is designed to ensure the reliability and quality of the data used. It will be made available for the scope of each entity as and when the relevant data becomes available.

3.9 - Data

A project to build a Group ESG data repository was launched in 2022, accompanied by the adoption of an ESG data governance system at Group level. Within this framework, the needs of the Risk Division have been identified and can be met by acquiring data from external suppliers or by reprocessing internal data.

2022 was marked by the publication of the first Green Asset Ratio in its eligible dimension. This exercise will be repeated in 2023 before an alignment publication in 2024.

Towards a common European language

Groupe BPCE is preparing for the use of the European Taxonomy and has been carrying out work to make it an integral part of its analytical approaches since 2020. In the first quarter of 2022, an ad hoc task force was set up to draw up the rules for calculating the mandatory and voluntary Green Asset Ratio (GAR) in line with the work carried out in the financial market. The Climate Risk Department has provided training to the Risk and Compliance Directors of the Group's entities, as well as to their climate correspondents, about the European Taxonomy, its implications in terms of greenwashing and understanding the calculation of the GAR. The criteria of the European Taxonomy are echoed in sectoral policies and are used as a basis for reflection in strategic work aimed at making them an integral part of information systems and client monitoring mechanisms. The European Taxonomy also serves as a framework for defining new sustainable banking products when they bear an environmental label.

4 - Insurance activities and asset management

4.1 - Insurance activities

BPCE Assurances takes account of sustainability risks in the management of its investment portfolios. This 'sustainability' consideration is becoming a major element of portfolio management. BPCE Assurances uses a non-financial rating system that assesses sustainability risks

The management of climate risks, an essential factor for achieving the carbon neutrality objectives of the main insurance fund

The investment strategy pursued by BPCE Assurances includes a Climate policy that translates the objectives of aligning the investment portfolio with the objectives of the Paris Agreement by 2024 and then by 2030, in compliance with the requirements of the SFDR regulation and the decree implementing Article 29 of the French Energy and Climate Law. BPCE Assurances is committed to combating global warming by setting itself the goal of aligning its investment portfolio with the objectives of a global warming trajectory of 2°C by 2024, and of 1.5°C by 2030. One of the ways to achieve this goal is to devote at least 15% of new investments to green assets every year. Continued green investment will move the portfolio's assets toward a 2°C climate alignment trajectory. At the same time, the proportion of portfolio assets subject to climate analysis is being monitored and this proportion is increasing. These analyses make it possible to identify companies that present significant risks of having a negative impact on the climate and to guide portfolio management towards achieving the predetermined goals.

and the negative impacts of the portfolio on sustainability factors (double-materiality principle). This analysis takes a two-pronged approach:

- A global approach (ESG) to social, environmental and governance quality issues,
- A strategic approach (climate) linked to climate issues.

The global ESG approach is expressed firstly through normative, sectoral and best-in-class exclusions, representing the basis of its ESG commitment:

- Normative: all issuers in serious violation of the United Nations Global Compact,
- Sector-based:
 - Tobacco and defense sectors (controversial weapons),
 - Oil sands and extra-heavy oil sectors (proportion of sales greater than 25%),
 - Coal sector: gradual and significant divestment of issuers in this sector, subject to turnover and exit plans.
- Best-in-class: any company rated 'negative' on sustainable development according to the ESG analysis conducted by Mirova, one of the management companies affiliated with Natixis Investment Managers.

Beyond these exclusions, BPCE Assurances is also committed to making a positive contribution to the sustainable development goals by implementing a selective ESG integration policy. Based on Mirova's analysis, BPCE Assurances aims to improve the ESG profile of its investments under management mandate and in dedicated funds. This policy, which mirrors the exclusion of 'negatives,' consists in increasing the share of sustainable assets in the portfolio, composed of 'positive' issuers (contributing positively to the achievement of the sustainable development goals) and 'committed' issuers (making a highly favorable contribution to achieving the sustainable development goals).

For property & casualty insurance products, the management of weather risks forms an integral part of the underwriting, provisioning, and reinsurance policies for the coverage offered to customers.

The property & casualty insurance portfolio for individual customers and professionals, through its home, automobile and comprehensive professional coverage carries the risk of claims related to climate events. Analysis of the portfolio of insurance contracts is carried out on a regular basis with a view to identifying and measuring risks, in particular those related to climate events (floods,



RISK MANAGEMENT

drought, storms, etc.), to characterize their geographical distribution and adapt the underwriting policy. Within the framework of the 'Own Risk and Solvency Assessment' (ORSA) process, climate stress tests are also carried out with a view to measuring the sensitivity of solvency ratios to the occurrence of major weather events.

To reduce the balance-sheet impact of weather-related claims, BPCE Assurances transfers a part of its risks, including climate risks, to reinsurers worldwide through various reinsurance treaties.

Finally, in order to help customers and limit the consequences of climate events, BPCE Assurances sends a text message to its customers concerned by the risk of a climate event to give them advance warning, to enable them to take shelter and to protect their property. In order to speed up the response to customers' demands when claims are filed, BPCE Assurances is strengthening the teams dedicated to the declaration and management of claims and is taking steps to mobilize very rapidly its networks of insurance adjusters.

4.2 - Risk management in the asset management business lines

Natixis Investment Managers has identified climate risks as a key challenge and is taking steps to obtain a better understanding in order to support sectors and companies working on transition and impact investments.

Risks are broken down by sector and by company to identify not only the magnitude of each risk but also how that risk is liable to impact long-term investment performance. Affiliates make ESG criteria an integral part of their investment and commitment processes.

This practice is supported by a number of actions: the rolling out of training programs, the definition of methodologies, the improvement of climate data and measuring the carbon footprint of the portfolio.

As part of its commitment to supporting innovative environmental solutions, Natixis IM recently made a minority investment in Iceberg Data Lab, a fintech company that develops valuation tools and provides environmental data solutions to financial institutions.

Tools dedicated to climate risk management developed in-house by the Group's affiliates

- AEW is launching a tool to assess the financial risks associated with climate change. This tool consists of a mapping of climate hazards, along with a vulnerability matrix and offers recommendations and financial appraisals.
- DNCA has developed a proprietary 'Above & Beyond Analysis' (ABA) model. The tool is designed to identify companies facing risks and to detect opportunities in terms of responsible investment and CSR.
- Ossiam uses a quantitative model based on artificial intelligence (ESG Machine Learning).

The aim is to find links in the data, such as recurring impacts, and to use this information to identify risks.

- Ostrum Asset Management adopted a new materiality assessment tool in 2019, available on an internal platform. This assessment is systematically supported by a qualitative analysis of each ESG dimension; this analysis is presented in a dedicated report written by analysts, issuer by issuer. In 2020, asset managers were offered training on climate issues and carbon accounting methods.

4

METRICS & TARGETS





METRICS & TARGETS

In order to comply with the Paris Climate Agreement and align its activities with a carbon neutrality trajectory by 2050, Groupe BPCE is:

- Pursuing the climate assessment of its financing portfolios through the development of the Green Evaluation Methodology,
- Piloting at an operational level the color mix of its investment banking portfolios and the temperature of the investment portfolios in its insurance activities,
- Prioritizing its alignment work on the most carbon-intensive sectors by publishing its first intermediate NZBA targets for the energy sector by 2030.

Groupe BPCE has adopted a process of aligning its financing and insurance portfolios with a view to achieving carbon neutrality by 2050. The Group's contribution to achieving this compliance with the Paris Climate Agreement presupposes the definition of methodologies, a set of metrics, and the adoption of intermediate targets.

Our banking group – which already enjoys the status of a pioneer in the Corporate & Investment Banking sector worldwide with the development of the Green Weighting Factor – has constantly deepened the methods used to assess the climate performance and alignment of its portfolios thanks to its Green Evaluation Methodology color rating system. In pursuit of its goal to achieve carbon neutrality by 2050, the Group has notably joined different international alliances such as:

- The Net Zero Banking Alliance initiative for its banking activities, in July 2021,
- The Net Zero Asset Owner Alliance for its insurance activities, in October 2022.

The Green Evaluation Methodology approach, which consists in attributing a color scale to the Group's financing portfolios, generates an appraisal of their climate performance and an assessment of the customers' transition potential. It is designed to inform our commercial orientations focused primarily on the sectors responsible for the highest emissions.

The 'Net Zero' initiatives both reinforce and complement the framework for monitoring the climate alignment of the portfolios based on targets comparable to those published by its peers.

The need to make progress regarding measurements and to improve the quality of climate data is a challenge shared by all companies and institutions. Groupe BPCE has consequently undertaken to monitor and gradually adopt the latest

developments related to data, scientific scenarios, standards or methodologies for carbon assessment and for aligning with a carbon neutrality trajectory.

Carbon data methodologies used for climate measurements / Disclaimer

The information presented in this document has not been subject to independent verification.

The data used regarding the Group's customers is chiefly derived from data providers or corporate publications. Discrepancies may exist in the greenhouse gas measurements obtained from data providers (e.g., related to geographical factors and scopes) and inaccuracies or gaps may occur in the information about activities covered by our customers in their publications. Estimated measurements will be updated in line with the improvement in the quality of the available data.

Similarly, the alignment measurement methodologies are based on market standards currently under development and market practices that are continuing to change. In addition, the targets set by Groupe BPCE are conditioned by our customers' commitments and their ability to meet these commitments over the long term. These objectives are also contingent on government policies in force and the development of low-carbon technologies, which are critical for long-term horizons.

Clear notification will be published should any significant changes occur in the methodology or data used to draw up our reduction commitments regarding the abovementioned targets.



1 - Climate performance of the financing portfolios

The in-house assessment approach known as the 'Green Evaluation Methodology' is currently being rolled out with a view to appraising Groupe BPCE's overall climate profile. This approach is based on the 'Green Weighting Factor' (GWF), a tool initially developed for the Corporate & Investment Banking portfolio but subsequently modified to take account of the specific characteristics of the Group's other portfolios (notably those related to the retail banking activities) and tailored to the sector of activity of each of the counterparties taken into consideration (customers, projects).

The Green Weighting Factor is a tool for appraising the climate performance of loans granted to large corporate entities. It has been implemented since 2018 by the Group's Corporate & Investment Banking business unit, thereby making this business unit the world's first bank to actively measure and manage the climate impact of its balance sheet in the form of a color-coded metric.

The Green Evaluation Methodology rating system is based on the Green Weighting Factor color scale divided into seven levels ranging from 'dark brown' to 'dark green.' The ratings obtained from these evaluation models are used by the Group to:

- Engage in strategic dialogue with customers and to structure financial products aligned with counterparties' support requirements
- Manage exposures in a dynamic manner,
- Set up a strategic planning system for commercial activities in line with portfolio alignment commitments.

The methodologies used to assess customers' climate performance and the reference scenarios used are specified in the 2021 TCFD reports published by Groupe BPCE and Natixis.

1.1 - Scopes covered by the Green Evaluation Methodology approach

The measurements obtained thanks to the inhouse Green Evaluation Methodology approach will ultimately cover all the exposures in the banking portfolio.

At the end of 2022, these assessments covered the home loans portfolio, corporate finance, dedicated financing and the funding of public service institutions (including sovereigns), consequently covering a wide range of the most carbon-intensive sectors.

The trading portfolio, derivatives, money market instruments, central bank deposits and the financial sector are excluded from the scope of the climate performance assessment. Sovereign exposures are monitored but are not included at this stage in the scope covered by the Corporate & Investment Banking business unit.

CORPORATE CUSTOMERS

Corporate finance, dedicated financing, and securities related to investment activities are appraised by the Green Weighting Factor (GWF) rating methodology for all sectors financed by Corporate & Investment Banking activities, with the exception of the financial sector. The Group is gradually continuing to extend climate performance measurement methods to the financing of intermediate-sized enterprises (ISEs) and SMEs – portfolios related to its retail banking activities – by drawing on the GWF methodology and adapting it to this type of clientele.

INDIVIDUAL CUSTOMERS

Measurements concerning the climate performance of individual financing is currently carried out on home loans. It is drawn up on the basis of the estimated energy performance certificate (EPC) of the customer's home.

SOVEREIGN AND PUBLIC SECTOR CUSTOMERS

The climate performance of financing granted to sovereign and public sector entities in France is chiefly carried out on sovereign exposures, local authorities and public sector companies. It is essentially based on a macro-economic approach to the sector.



METRICS & TARGETS

1.2 - Proportion of exposures covered by the Green Evaluation Methodology approach

Scope of the Green Evaluation Methodology approach (GEM)

| | December 2020 | December 2021 | Q3-2022 |
|---|---------------|---------------|---------|
| Proportion of exposures* covered by GEM | ~ 30% | ~ 40% | ~ 50% |

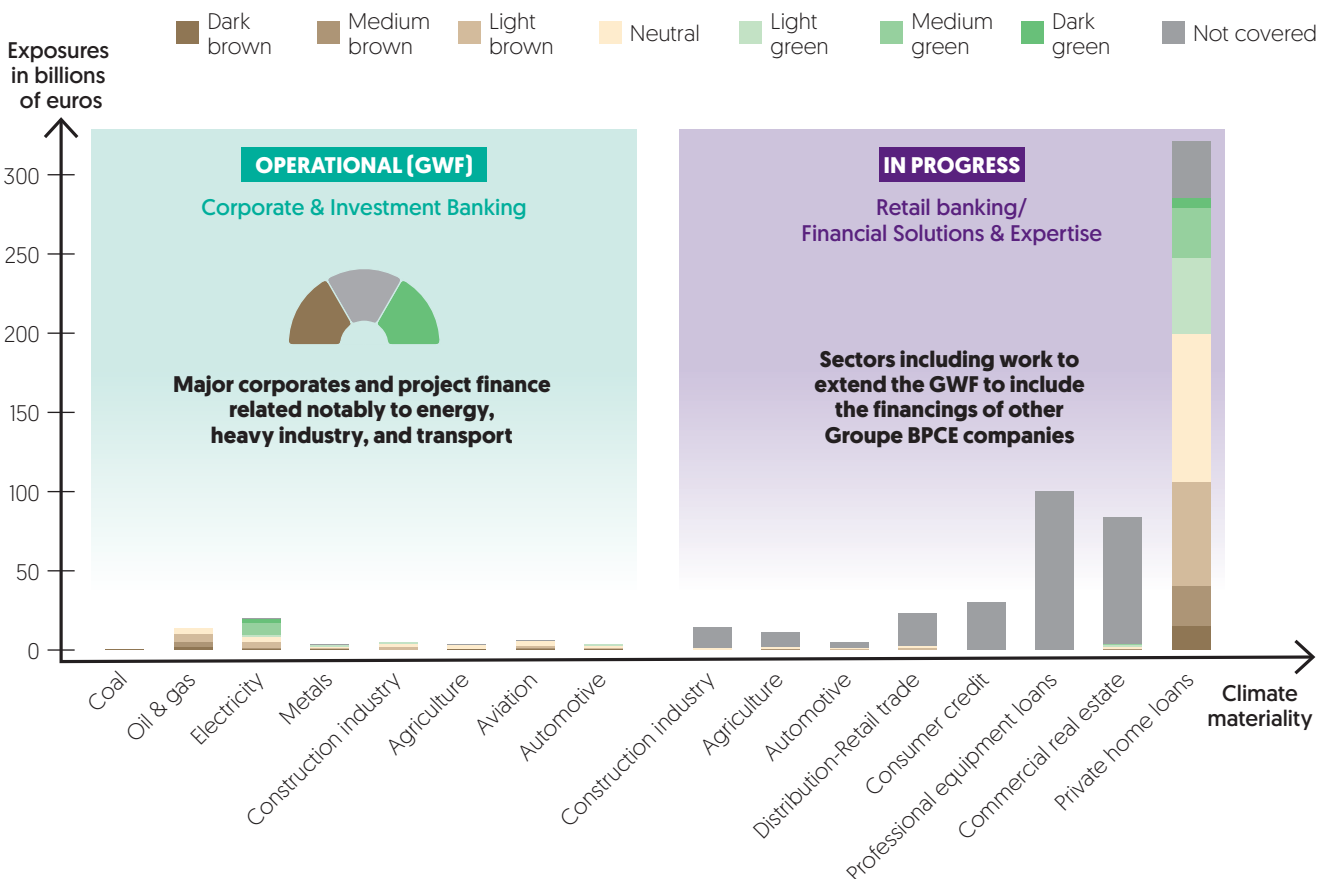
* on- and off-balance sheet exposures of the banking book (excluding money market and central bank deposits)

Groupe BPCE has set itself the target of covering 100% of the exposures in its banking portfolio by the end of 2024. At the end of 2022, approximately 50% of the portfolios were covered by the GEM approach vs. 40% at the end of 2021.

The increase in 2022 can be explained by:

- Improvement in the EPC coverage of home loans,
- Enhanced coverage of Corporate & Investment Banking activities,
- Extension of the scope of the GWF tool to include the other banks in Groupe BPCE,
- The use of the climate performance assessment of the sovereign and public sector entities.

Green Evaluation Methodology: the most carbon-intensive sectors are already covered by steering measures





The Green Evaluation Methodology approach is currently being rolled out across the entire banking portfolio. Over the next few years, the Group is aiming, in particular, to draw up initial estimates of the climate performance profile of small and medium-sized companies and intermediate-sized companies in line with their business and geographical sectors.

2 - Operational management of the portfolios per business line

2.1 - Alignment of the financing portfolios of the Corporate & Investment Banking business unit with a carbon neutral trajectory

Natixis CIB continues to deploy the Green Weighting Factor (GWF), its model for measuring and managing its climate impact. The bank has strengthened the methods used to color-rate its portfolio and credit decisions, and has extended the scope of its coverage to 91% of its financing activities.

Within the framework of Groupe BPCE's commitment to the NZBA, the Green Weighting Factor will feed into the measurement of the decarbonization targets and sectoral objectives defined by Groupe BPCE.

The operational steering framework of Natixis CIB's climate trajectory is now based on two complementary and interdependent systems: the Green Weighting Factor, an internal management tool to guide operational financing decisions and, externally, the monitoring of public sector decarbonization trajectories at Groupe BPCE level as part of the NZBA.

Indeed, after the delisting of Natixis and its reintegration into Groupe BPCE in 2021, it is at the level of Groupe BPCE as a whole that the external decarbonization targets are defined and communicated according to the framework proposed by the NZBA, with a view to adapting to market practices and contributing to the collective drive to harmonize efforts made in favor of the climate – and to ensure the comparability of these efforts – within the banking sector.

2.1.1 - The Green Weighting Factor in a nutshell

As early as 2018, Natixis CIB chose to steer its climate trajectory at an operational target. Natixis CIB was the first bank worldwide to actively measure and manage the climate impact of its financing portfolios.

It was specifically for this purpose that it developed the Green Weighting Factor (GWF) tool. The GWF uses a seven-color rating scale ranging from dark brown to dark green to determine climate performance while simultaneously taking account of risks posed by the most material environmental externalities not directly related to climate (water, waste, biodiversity, pollution) in of its non-financial sector financing activities¹.

The climate component of the GWF color rating of each transaction is the result of a life cycle approach: the assessment therefore covers scope 1 to scope 3 greenhouse gas (GHG) emissions (both upstream and downstream) for all high-impact sectors, but also includes the decarbonizing power of the companies' products and activities (emissions reduced and/or avoided for their customers). In fact, the calculations and projections of Groupe BPCE's NZBA metrics will be based on the wealth of data used in the production of the GWF.

This assessment is carried out on a granular basis for each of the financing exposures on the balance sheet for all banking products (loans, guarantees, bonds, documentary credits) regardless of their maturity in all geographical regions and in all sectors of activity with the exception of the financial and sovereign and public sectors. The GWF coverage ratio (€124 billion of balance sheet exposure) stood at 91% at the end of 2022 (vs. 77% in 2020).

¹ The exclusion of the financial sector from the outset can be explained by the lack of granular public information allowing for a robust and detailed analysis of the climate performance of all relevant scopes of the different players active in the sector. This position may change in the future in line with any major changes in ESG disclosure regulations.



METRICS & TARGETS

The choice of working with a seven-color scale reflects Natixis CIB's desire to assess the granularity and progressiveness of the transition process for all players. The nuances and differences in treatment made possible by these seven levels help Natixis CIB to achieve its principal objectives related to climate change: to accompany its clients and the economies in which it operates through the various stages of their transition process, taking account of differences in baselines, pace of change and dynamics.

The assessment methodology distinguishes between:

- Non-dedicated financing (when the purpose of the transaction is not specific) for which a dynamic analysis of each client is performed according to the emissions released (induced, reduced and avoided), their decarbonization strategy, future trajectory and exposure to negative non-climate environmental externalities. These assessments are carried out by the Carbone 4 Finance firm on the basis of public and non-public data.

- Dedicated financing (projects, assets, products or raw materials). The rating is determined by a decision tree specific to each sector/technology, developed in collaboration with the external Icare by BaringPoint and Quantis consultancies.

Our portfolio evaluation methodologies are constantly evolving and have not yet been stabilized. They are consequently based on changes and improvements of the scope of coverage, adaptation to changes in scientific knowledge or market standards, and the quality of the data available.

Pro-forma 2020

Deeply rooted in a rigorous and innovative approach, Natixis CIB has gradually completed and enhanced the reliability of the GWF tool, taking account of changes in market standards.

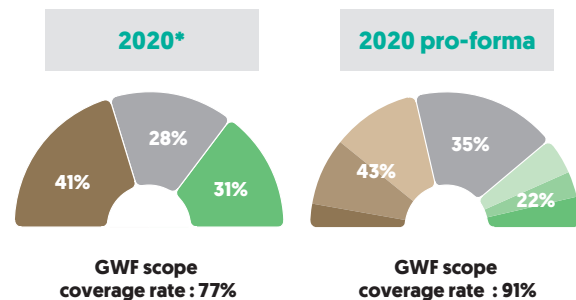
Over the past two years, the implementation of this active monitoring has led to:

- Adjustments in the steering metrics: a shift from modeling and monitoring in terms of risk weighted assets (RWA) to monitoring in terms of exposures,
- Adjustments in the scope: extension of the scope of financing covered by the GWF (acquisition, export, Strategic Equity Capital Markets, etc.), expansion of the customer coverage rate, exclusion of market activities from the scope of consolidation,
- Adjustments in methodology: a continuous

improvement process to identify the purpose of financing and to adapt to initial feedback based on the availability and quality of data.

All of these changes and a more detailed analysis of the portfolio resulted in 2022 in a pro-forma calculation of the 2020 baseline.

Pro-forma color-mix of the color-coded scope of GWF 2020 vs. announcements made in 2021



* as published in 2021.



2.1.2 - The Green Weighting Factor, a management tool at the heart of Natixis CIB

The GWF has gradually become the operational steering tool for decarbonizing the financing portfolio of the Corporate & Investment Banking business unit.

Within the framework of the introduction of a global and decentralized governance system for steering its activities, this tool plays a central role in implementing the various levers and tools of its transition plan: from providing input for the strategic dialogue with clients, to the decision to grant a loan at the transactional level, to the strategic and commercial planning, the allocation of capital, the active management of the portfolio, the supervision of the risk appetite all the way to the appraisal mechanisms set up to assess the individual performance of the finance origination teams.

Since its operational launch in 2019, the GWF has triggered a cultural transformation within Natixis CIB, making the management of the climate trajectory of financing an important issue for everyone.

2.1.3 - The Green Weighting Factor in support of the carbon neutrality trajectory

The Green Weighting Factor, and the climate performance component in particular, has made a significant contribution to the definition of decarbonization targets for the power generation and upstream oil & gas sectors in relation to the establishment of carbon neutrality trajectories within the Net Zero Banking Alliance (NZBA). Indeed, the GWF contains the data required to calculate or estimate the carbon footprint indicators recommended by the NZBA.

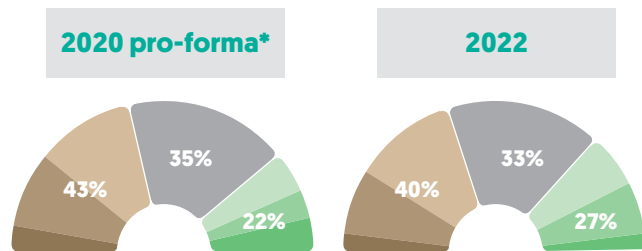
In order to adapt to market standards and contribute to the collective effort for greater harmonization and comparability, Natixis CIB has decided to use the communication of NZBA sectoral targets for 2030 instead of its initial objectives expressed in terms of color mix and temperature for 2024.

Thus, the operational management framework for Natixis CIB's climate trajectory will now be based on two complementary and interdependent systems: the Green Weighting Factor, an internal management tool to guide operational financing decisions and, externally, the monitoring of public sector decarbonization trajectories as part of the NZBA. These two flagship systems are supplemented by operational monitoring of certain key transition drivers for Natixis CIB. (see table on p. 48-49).

2.1.4 - Changes in Natixis CIB's color mix

The changes in the color mix over 2020-2022 illustrated below reveal a significant increase in the proportion of green in the portfolio and a decrease in the proportion of brown.

Color-mix of the color-coded scope of GWF 2020/2022



* see dedicated insert on page 40.

This change over 2020/2022 was notably fueled by the adoption of a proactive strategy on our financing of oil & gas activities with the following impact: the gradual rebalancing of the hydrocarbon mix towards more gas and less oil, the gradual reduction of exposure to national oil companies or major oil companies less committed to a transition process. For decarbonized activities, the period saw a significant increase in exposure to renewable energies or transition metals.



2022 was special year. The geopolitical context disrupted the challenges of energy sovereignty, while the extreme volatility of commodity prices simultaneously created new financing and/or hedging requirements from clients needing to ensure the continuity of their operations and the security of supply in Europe, and to do so in a controlled-risk environment.

The maturity of analysis and level of detail acquired during these initial active management exercises also called for greater consideration of economic and geopolitical realities, on which the pace of Natixis CIB's transformation is highly dependent.

The decarbonization trajectory of the balance sheet must therefore take into account exogenous factors of a geopolitical, macroeconomic and technological nature. What is more, the non-linear pace of transition around the world influences business performance and introduces an element of volatility in the metrics. In this context, the priority transition lever lies in the targeted allocation of capital, when new financing is arranged, in favor of activities or assets in the process of transformation, or that are decarbonized by their very nature (*see the paragraph 'NZBA'*).

Indeed, the 2030 milestones of the NZBA approach, regarding oil & gas in particular, along with the close monitoring of technological developments at scale and, notably, the development of green hydrogen, are all factors favoring the successful pursuit of carbon neutrality objectives in 2050.

The momentum built up between 2020 and 2022 allows the Group to reassert its long-term ambition of 'Net Zero' alignment by 2050, as evidenced by the deployment of the NZBA interim commitments to 2030.

Even before our commitment to NZBA and as early as the end of 2020, Groupe BPCE had already initiated a rapid pivoting of its activities towards the financing of low-carbon energy production, as demonstrated by the late-December 2022 achievement of our target to reduce Natixis CIB's outstandings related to oil & gas extraction and production (-15% between 2020-2024) and the strong growth of our outstandings in the renewable energy sector (+60% of annual amounts arranged since 2020 at the level of Natixis CIB overall). Natixis CIB has also maintained its position among the Top 5 financial institutions

worldwide for renewable infrastructure financing (No. 4 in the IJ Global 2022 ranking).

2.2 - Alignment of the insurance portfolios of BPCE Assurances with a carbon neutral trajectory

Since BPCE Assurances signed the Principles for Responsible Investment in 2016, it has developed a very proactive responsible investment policy. It discontinued the financing of coal-fired power plants and thermal coal mines as early as 2016 and then set about strengthening its ESG investment policy at regular intervals. In 2018 it set itself the goal of aligning its investment policy with the 2°C trajectory set by the Paris Agreement for 2030. In 2021, the realization of this objective was brought forward to the end of the Group's current strategic plan (end of 2024).

To achieve this objective, BPCE Assurances has adopted a selective policy for the integration of ESG criteria and devotes nearly 15% of its investment flows to green assets² every year with a view to reaching 10% of its investment portfolio outstandings by 2024 at the latest. In 2021 and 2022, more than €1.5 billion and €1.4 billion respectively was invested for the climate, bringing total green assets to more than €5 billion in Q4 2022.

In the fourth quarter of 2022, fossil fuels accounted for 2% of assets (€1.2 billion), including €0.03 billion in thermal coal.

2. Green Bonds and assets eligible for the Greenfin label are considered to be 'green assets'



2.2.1 - Scopes covered

Exposures covered or to be covered by a temperature measurement

| | December 2020 | December 2021 | Q4 2022 |
|---------------------------|---------------|---------------|---------|
| Scope to be covered (€bn) | 52 | 56 | 60 |
| Proportion covered | 60% | 65% | 78% |

The measurements and commitments made concern all the outstandings in the insurance portfolios (excluding unit-linked portfolios).

2.2.2 - BPCE Assurances is moving closer to achieving its 2024 temperature target

Temperatures measured

| | December 2017 | December 2018 | December 2019 | December 2020 | December 2021 | December 2022 | Target 2024 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|-------------|
| Temperature of the investment portfolios of BPCE Assurances | 4.3 °C | 3.0 °C | 2.7 °C | 2.7 °C | 2.4 °C | 2-2.5 °C | 2 °C |
| % of green investments held in portfolio | 1.0% | 1.8% | 3.4% | 4.5% | 6.3% | 8.6% | 10.0% |

Measuring the temperature alignment of an investment portfolio involves a large number of assumptions and methodological choices.

A change in methodology was adopted in 2022: the Mirova methodology, developed with Carbon4Finance, initially focused on two principal metrics: emissions 'induced' by a company's activities, and emissions 'avoided' thanks to the adoption of 'green solutions' and improvements in energy efficiency. The methodology now includes a qualitative analysis of the company's decarbonization strategy.

Finally, in order also to be consistent with climate science, which is based on various assumptions, BPCE Assurances decided to display temperature ranges in 2022 in line with Mirova's methodology.

2.2.3 - Next steps

In keeping with its commitment to align the temperature of its investment portfolio to 1.5°C by 2030, BPCE Assurances joined the Net Zero Asset Owner Alliance (NZAOA) initiative in October 2022.



3 - Groupe BPCE's commitment to the Net Zero Banking Alliance, an international initiative contributing to the convergence of metrics

In July 2021, Groupe BPCE joined the Net Zero Banking Alliance (NZBA), a financial initiative of the United Nations Environment Program – UNEP FI covering more than 40% of the assets financed by banks worldwide. This inter-bank alliance represents a decisive step in the mobilization of the financial sector.

The commitments made by the member banks of the alliance are as follows:

- To align the carbon emissions from its exposures with a Net Zero trajectory by 2050,
- To define targeted trajectories for priority sectors, i.e., the most carbon-intensive sectors within the portfolios,
- To aim to achieve intermediate targets, no later than 2030,
- To publish the amount of carbon emissions every year,
- To determine a robust and structured action plan to move its portfolios forward on its alignment strategy.

The NZBA commitment complements the Green Evaluation Methodology approach adopted by Groupe BPCE. The definition of targets within this framework aims to make the alignment objectives adopted for BPCE portfolios comparable to those of its peers.

In December 2022, Groupe BPCE published intermediate alignment targets for two of the most highly emission-intensive sectors: the power generation sector and the 'oil & gas' sector.

The goal of speeding up the climate transition of our activities and to support our customers towards carbon neutrality lies at the very heart of Groupe BPCE's strategic plan.

Groupe BPCE's first two NZBA objectives presented here for the energy sectors are the following:

- To be below the 138g CO₂eq/kWh threshold by 2030, estimated by the International Energy Agency (IEA) 1.5°C scenario in 2021, for the power generation sector,
- To reduce its absolute carbon emissions from the end use of oil & gas production by 30% between 2020 and 2030.

3.1 - The different steps in the NZBA approach

Four steps are required to define the alignment targets in the NZBA framework:

- Definition of scopes, methods and scenarios according to expected and comparable international standards,
- Assessment of portfolio carbon footprints,
- Analysis of required portfolio changes and the definition of an alignment strategy,
- Definition of targets and action plan to be implemented.

This work was led by the Group's CSR department in close coordination with the business lines.

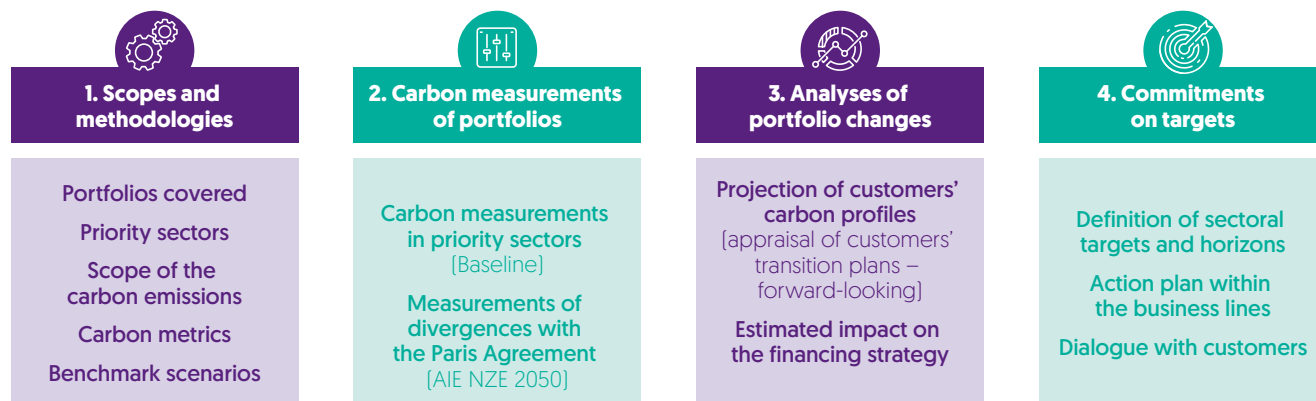
The methodology used by Groupe BPCE to establish the announced measurements and forecasts is based on a set of still-evolving market standards. It is also based on the work of the French Banking Federation (FBF) related to the development of standards and methodological principles common to French banks and to which Groupe BPCE has made a major contribution.

With regard to the analysis of changes in portfolios, the definitions of trajectories consisted of:

- Identifying the most carbon-intensive customers within their sector,
- Estimating their transition commitment based on their publicly available carbon reduction documents and outlooks for strategic development,
- Determining future changes in the portfolios by 2030 based on the objectives targeted by the business lines according to geographical factors, technologies and customer outlooks,
- Deducing the absolute emissions or average carbon intensities of portfolios by sector and any action plans to achieve net zero targets.

Action plans have been determined by developing internal financing targets aimed at reducing exposures to customers with little or no low-carbon transition objectives.

The principal stages in the NZBA approach



3.2 - The scopes

The measurements and commitments made cover all on- and off-balance sheet exposures of the banking portfolio.

Corporate finance, project finance, securities related to investment activities and short-term exposures are included in the scope of assessment. In accordance with NZBA guidelines, the trading book, derivatives, money market and central bank deposits have been excluded.

3.3 - Measurements, commitments, and action plan for the power sector

Based on the data measured, Groupe BPCE has committed to a carbon intensity target for its power generation exposure to be below 138g CO₂eq per kWh by 2030 aligned with the International Energy Agency's Net Zero Emissions by 2050 scenario (NZE 2050 – World Energy Outlook 2021).

In 2020 and 2021, the carbon intensity of the electricity generation portfolio is 156 g CO₂eq/kWh³, 66% lower than the IEA World Zone NZE reference scenario of 459 g CO₂eq/kWh in 2020 according to the World Energy Outlook 2021.

The portfolio's lower carbon-intensive profile compared to the IEA NZE 2050 benchmark scenario can be explained by a technology mix enjoying low exposure to fossil fuels: coal, oil and gas. For several years now, Groupe BPCE has been committed to gradually reducing to zero its exposure to thermal coal, with a deadline of 2030 for the European Union and OECD countries, and 2040 for the rest of the world. This result is also closely linked to the analysis of the portfolios' climate performance and the use of the GWF during the credit granting phases as far as the Corporate & Investment Banking unit is concerned.

This strategic approach has also made it possible to increase exposure to renewable power generation projects to more than half of Groupe BPCE's total exposure to power generation. With more than €12 billion in exposure to renewable energy projects as at December 31, 2022, the Group is one of the largest financiers of renewable energies, notably in France vs. €0.4 billion of exposure to coal (*cf. the summary table in section 4*) and a zero exposure target by 2030 for OECD countries and the EU by 2040 for the rest of the world.

Intensity of emissions (g CO₂eq/kWh)

| Power generation | 2020 benchmark | 2030 target |
|------------------|----------------|-------------|
| IEA NZE 2050 | 459 | 138 |
| Groupe BPCE | 156 | < 138 |

³. Weighted attribution factor based on gross on- and off-balance sheet exposures, with it being possible to cover nearly 90% of exposures by data.



METRICS & TARGETS

Between 2020 and 2022, the Group, and more specifically Natixis CIB, stepped up the pace of its financing activities dedicated to renewable energy projects, as well as to the producers of these projects, and should benefit from an improvement in the carbon intensity of some of its power-producing customers as of 2022.

3.4 - Measurements, commitments, and action plan for the Oil & Gas sector

Reducing carbon emissions from the end use of oil and gas production is essential if the objectives of the Paris Agreement are to be attained (carbon equivalent emissions from Scope 3⁴ represent more than 90%⁵ of the sector's overall carbon emissions).

Groupe BPCE has set itself a key target (based on 2020 data) for the trajectory of its reduction of absolute emissions related to its financing of oil and gas production, namely a reduction of 30% between 2020 and 2030 in line with the IEA Net Zero 2050 scenario for this sector.

Groupe BPCE reduced its carbon emissions between 2020 and 2021 by almost 20%, notably by reducing its exposure to oil & gas production/exploration dedicated financing in the Corporate & Investment Banking business unit (*see the summary table in section 4*). Between 2020 and 2022, the Corporate & Investment Banking unit reduced its exposure from €5.5 billion at December 31, 2020 to €3.4 billion at December 31, 2022, thereby meeting its 2024 target.

Percentage of absolute emission reductions related to the end-use of oil and gas production (scope 3)

| Oil & gas extraction and production | 2020-2030 % réduction |
|-------------------------------------|-----------------------|
| IEA NZE 2050 | -30% |
| Groupe BPCE | -30% |

This sharp reduction in its outstandings in a short space of time will enable Groupe BPCE to make rapid progress towards achieving its target by 2030, despite the many exogenous factors already mentioned in this report. However, regular and precise monitoring, facilitated by the GWF, is necessary to continue all the transition efforts already undertaken. While the carbon footprint and these fossil fuel exposures may vary over time depending on market conditions, these downward oriented trends are consistent with achieving the target by 2030.

In line with the NZBA approach, the Group will review its targets at regular intervals to take account of the latest available scientific climate scenarios and the data to be updated.

Groupe BPCE will also continue to cover other carbon-intensive sectors in 2023 and 2024 in order to complete the demonstration of its active support for the decarbonization of our economy.

4. Scope 3 carbon emissions chiefly correspond to emissions related to the combustion of its fuels by the final products: automotive, petrochemicals, etc.

5. CDP Technical Note – Guidance methodology for estimation of Scope 3 category 11 emissions for oil and gas companies.

SUMMARY OF GROUPE BPCE'S LEVERS ENABLING IT TO REACH ITS EMISSION REDUCTION TARGETS

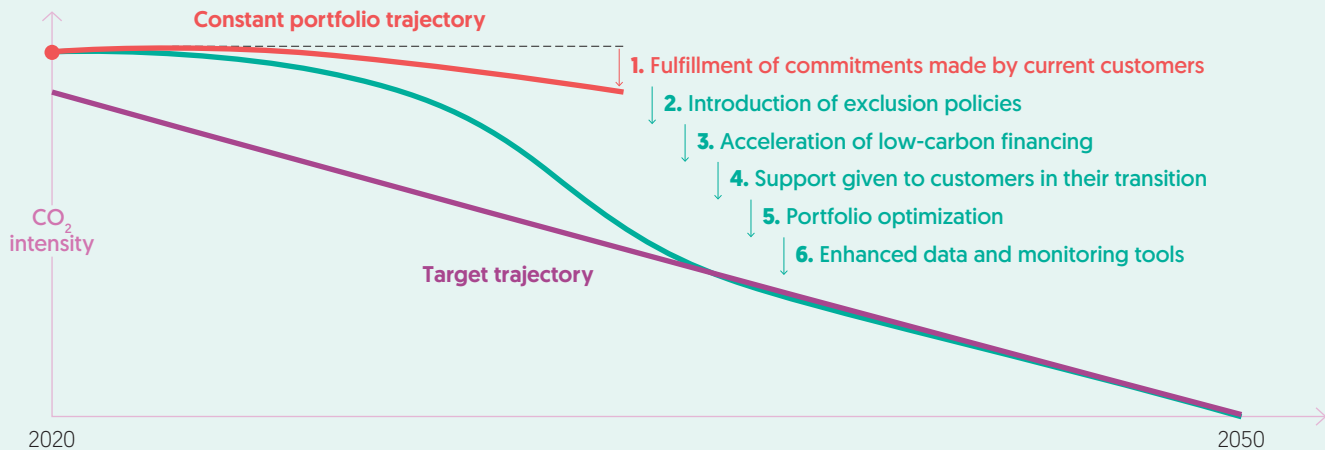


Illustration of the impact of the additional actions decided by Groupe BPCE to reduce its financed emissions and to align itself with an objective of Net Zero Emissions by 2050

Source : Net Zero Financing Roadmaps – UNCC Conference.

1. Fulfillment of commitments made by current Groupe BPCE customers

The decarbonization commitments of Groupe BPCE's current customers make it possible to anticipate a natural decline in its financed emissions on a constant portfolio basis. Although the commitments of Groupe BPCE's customers are already leading to a reduction in financed emissions, this may not be sufficient to ensure that the Group's targets are met in 2030. Groupe BPCE is therefore acting on additional levers to reduce the carbon footprint of its activities between 2020 and 2030.

2. Introduction of exclusion policies

Groupe BPCE has chosen to exclude from its portfolios those activities that are most harmful to the environment in the broadest sense. The gradual reduction of exposures related to these activities will contribute to the reduction of financed carbon emissions

3. Acceleration of low-carbon financing

For Groupe BPCE, the need for massive financing for the development of new low-carbon technologies and associated new markets represents an opportunity* to expand its business activities and reduce its carbon intensity. Groupe BPCE is a pioneer in a number of these markets (e.g., financing of floating offshore wind energy) and aims to accelerate the roll-out of these technologies by focusing on innovative projects characterized by their impact at the local and regional level.

4. Support given to customers in their transition

To achieve its objectives, Groupe BPCE is strengthening its dialogue with its customers to support them through advice, financing and

strategic dialogue, with increased support for solutions aimed at transforming and decarbonizing their business activities.

Aware of the profound transformation required if it is to attain the objectives it has set itself, Groupe BPCE is rolling out appropriate resources to support its customers in financing their projects:

- The Sustainable Finance Center, which reports to the Group's CSR department, was set up in early 2022. Its missions include steering the gradual alignment of the Group's portfolios with a carbon neutrality target from 2050 onwards and coordinating the definition and implementation of methodologies for measuring the carbon footprint and trajectory of its portfolios across all of the Group's businesses and companies.

- The Green & Sustainable Hub was created in 2017 in the Corporate & Investment Banking business unit. With nearly 30 experts, this hub supports customers worldwide in their transition challenges with sustainable financing and investment solutions.

- At the operational level, the Group has deployed the Green Weighting Factor, a tool for analyzing the climate performance of its customers and assisting in decision-making for its CIB activities. The Group has decided to extend this approach to all its financing portfolios.

- In addition, the availability of green products that meet the challenges of the transition means that customers of the Banque Populaire and Caisse d'Epargne retail banking networks can benefit from a wider range of loans tailored to their projects, with the possibility of receiving support as of the initial energy diagnosis stage for renovation projects. This commitment to environmental transition

may lead to a reduction of exposure to the most carbon-emitting customers in the absence of credible transition plans, and in enhanced collaboration with companies whose transition plans are most aligned with Groupe BPCE's objectives.

5. Portfolio optimization

In order to effectively and sustainably reduce its carbon intensity, Groupe BPCE's Investment Banking business unit is adopting a management approach that makes climate criteria an integral part of the optimization of its capital allocation, which may lead it to reallocate some of its exposures within a single sector or between different sectors.




6. Enhanced data and monitoring tools

The continuous improvement of methodologies, tools and data quality will enable Groupe BPCE to better assess the level of emissions and commitments of its customers during their transformation.

* Net Zero Financing Roadmaps – UNCC Conference. <https://assets.bbhub.io/company/sites/63/2021/10/NZFRs-Key-Messages.pdf>. The investments required to achieve a Net Zero Emissions target by 2050 are estimated at €4,500 billion per year starting in 2026 for a total of €125,000 billion by 2050.

4 - Summary of the climate assessment and of the Group's climate commitments Climate metrics of portfolios per business line

| Business line | Topics | Metrics | 2020 | 2021 | 2030 targets |
|--|--|--|-------|-------|---------------------------------|
| Group (retail banking networks, Financial Solutions & Expertise, Corporate & Investment Banking) | NZBA alignment of oil & gas financing portfolios with a Net Zero trajectory | Absolute carbon emissions [expressed in M tonnes CO ₂ eq] from financing end-use activities from oil & gas production | 14.6 | 11.7 | -30% between 2020/2030 |
| | NZBA alignment of power production financing portfolios with a Net Zero trajectory | Intensity of Scope 1, 2 carbon emissions of electricity production exposures [expressed in g CO ₂ eq/kWh] | 156.0 | 156.0 | < 138 g CO ₂ -eq/kWh |

| Business line | Topics | Metrics | 2020 | 2021 | 2022 | 2024 targets |
|--|--|---|---|---|---|--|
| Group (retail banking networks, Financial Solutions & Expertise, Corporate & Investment Banking) | Alignment of the Group's portfolios with a Net Zero trajectory | Coverage of loan outstandings using the Green Evaluation Methodology approach | ~ 30% | ~ 40% | ~ 50% | 100% |
| | Total fossil fuel exposures | Amount [in €bn] of Groupe BPCE's gross exposures to the coal sector [% of the sum of overall exposure to corporate loans ^(a)] | < €0.5bn | <€0.5bn (0.16%) ^(a) | <€0.4bn (0.12%) ^(b) (Q3) | Thermal coal: €0m by 2030 for OECD countries and by 2040 for the rest of the world |
| Retail banking networks | Supporting our customers in their environmental transition | Average outstanding financing for transition projects within the scope of the Retail Banking activities ^(c) | | | €4.8bn | |
| | | Average outstanding financing for the renewal of real estate assets within the scope of the Retail Banking activities ^(c) | | | €55.6bn | |
| Corporate & Investment Banking – Natixis Corporate & Investment Banking | Alignment of portfolios with a Net Zero trajectory | Green Weighting Factor color mix [% of 2020 pro-forma exposures] | 43% brown 35% neutral 22% green  | 43% brown 33% neutral 24% green  | 40% brown 33% neutral 27% green  | |
| | | Renewable energy financed | 87% of new energy generation projects financed in 2020 | 89% of new energy generation projects financed in 2021 | 80% of new energy generation projects financed in 2022 | Minimum 75% of new power production projects funded [in generation] |
| | Green exposures | Underwriting commitments in renewable energy financing | €1.9bn | €2.8bn | €5.9bn over 2021-2022 | €9bn over 2021-2024 |
| | | Green revenues | | | In line with the 2024 target | x 1.7 vs. 2020 |
| | | Amount of green and social bond issues arranged (Natixis share) | €11.95bn | €18.57bn | €12.1bn | |
| | Transition risk exposures | Proportion of assets exposed to transition risks ^(f) | 10% | 6% | 4% | |
| | | Total exposure linked to fossil fuels | €5.5bn of exposures in the oil & gas sector related to exploration & production activities | €4.7bn of exposures in the oil & gas sector related to exploration & production activities | €3.4bn of exposures in the oil & gas sector related to exploration & production activities ^(g) | 15% reduction in exposure to exploration & production activities |
| Asset management – Natixis Investment Managers | Sustainable exposures | Outstanding green/social bonds | €18.5bn in assets under management | €25bn in assets under management | €30.5bn in assets under management | |
| Insurance activities – BPCE Assurances | Alignment of portfolios with a Net Zero trajectory | Carbon footprint of the investments | 166 t CO ₂ -eq/€m | 166 t CO ₂ -eq/€m | 154 t CO ₂ -eq/€m | |
| | | Temperature rise induced by investments | Portfolio: 2.7°C | Portfolio: 2.4°C | Portfolio: 2.0°C-2.5°C | 2°C |
| | Green exposures | Proportion of green assets | 4.5% | 6.3% | 8.6% | 10% |
| | Fossil fuel exposures | Fossil fuel-related outstandings | 2.1% of assets (€1.2bn, including €1bn in the general fund) including €0.07bn in thermal coal | 1.6% of assets (€0.9bn), including €0.02bn in thermal coal | 2% of assets (€1.2 bn), including €0.03bn in thermal coal | €0m coal sector by 2030 for OECD countries and by 2040 for the rest of the world |

(a) Amount in €bn of Groupe BPCE's gross exposure (on and off-balance sheet) to the coal sector, calculated at the end of December 2021. Note that, without taking account of guarantees given, derivatives, equities, loans and undrawn commitments, the amount in €bn of Groupe BPCE's exposure to the coal sector is –€0.4bn (figure published in the 2022 Statement of Non-Financial Performance).

(b) Amount in €bn of Groupe BPCE's gross exposures (on- and off-balance sheet) to the coal sector, calculated at end-September 2022. At end-September 2022, the amount of gross exposure related to project finance was < €40m.

(c) Percentage of Groupe BPCE's total corporate lending exposure (source: FinRep data) related to coal sector financing.

(d) New metric – Banque Populaire and Caisse d'Épargne combined – Financing of transition projects (energy renovation of residential property, green mobility, support for the transition of the activities of our legal entity customers including sustainable agriculture, renewable energy equipment loans)

(e) New metric – Banque Populaire and Caisse d'Épargne combined – Financing of new property (acquisition of new property or construction).

(f) Percentage of bank outstandings rated 'dark brown' under the Green Weighting Factor methodology (excluding financial sector, global markets and sovereign).

(g) Significant impact of variations in the €/€ exchange rate.

COMMITMENTS

made by the Group

GLOBAL COMPACT

Reporting at the GC Advanced level of the United Nations Global Compact, which defines ten principles relating to respect for human rights, labor standards, environmental protection, and the fight against corruption.

SUSTAINABLE DEVELOPMENT GOALS (SDGS)

Nine priority goals are positively impacted by the Group's actions through its internal management procedures, sponsorship activities and above all its financing activities (social, associative, renewable energies, agriculture, education, health, microfinance, etc.)

PRINCIPLES FOR RESPONSIBLE BANKING (PRB)

Groupe BPCE and Natixis have signed the Principles for Responsible Banking and are committed to strategically aligning their activities with the United Nations Sustainable Development Goals (SDGs) and the Paris Climate Agreement. By signing the UNEP FI Principles for Responsible Banking, Groupe BPCE and Natixis joined a coalition of 132 banks worldwide, representing more than \$47 trillion in assets, and undertook to play a key role in contributing to a sustainable future.

PRINCIPLES FOR RESPONSIBLE INVESTMENT (PRI)

The Group has adhered to the PRI since 2008 *via* Natixis. This set of principles helps institutional investors to make environmental, social and corporate governance considerations an integral part of their investment decision-making processes.

EQUATOR PRINCIPLES

The Group has been signatory to the Equator Principles since 2010 *via* Natixis. The aim of these principles is to take account of social and environmental risks in the context of project financing. By adhering to the UNEP FI Principles for Responsible Banking (28 founding signatories), Natixis is one of the first financial institutions to formally align its strategy with the United Nations Sustainable Development Goals and the Paris Climate Agreement.

ISO 26000

Wanting to make its commitment and actions even more tangible, Groupe BPCE adopted this recognized and robust international standard by rolling out external ISO 26000 audits within its different entities.

NET ZERO BANKING ALLIANCE

A signatory since July 2021, Groupe BPCE is committed to aligning the bank's entire balance sheet with a carbon neutral trajectory. By joining this banking alliance, the Group is stepping up its efforts to combat global warming and is committed to supporting the environmental transition of its customers and of the financial sector as a whole.

NET ZERO ASSET OWNER ALLIANCE

In June 2022, BPCE Assurances joined the Net Zero Asset Owner Alliance, an international group of investors committed to transitioning their investment portfolios to carbon neutrality by 2050. Launched in September 2019 under the auspices of the United Nations, it currently brings together 74 institutional investors worldwide.



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