

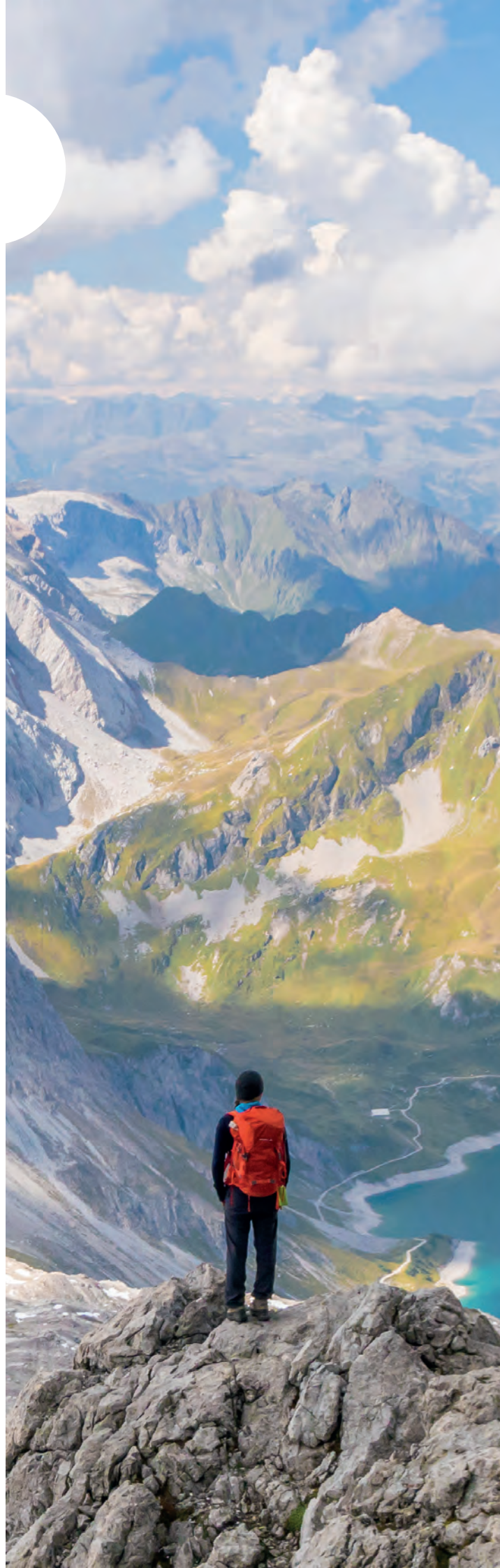


THE CLIMATE REPORT OF GROUPE BPCE

TCFD

**Task Force on Climate-
related Financial Disclosure**

2023 EDITION



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GOVERNANCE

This chapter reviews the principal characteristics of Groupe BPCE, a cooperative universal banking and insurance group serving its customers, its cooperative shareholders, and the wider French economy. It describes how the Group validates its climate-related strategic orientations and oversees their implementation. The chapter also describes its organizational structure – including its governance system and set of dedicated committees or departments – to ensure compliance with regulatory requirements.

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INTRODUCTION

The IPCC's most recent assessment report published in 2023 highlights the continuing increase in greenhouse gas emissions worldwide and the growing impacts in terms of climate change and the damage inflicted on ecosystems and their populations. Faced with this urgent need, economic players are mobilizing to implement the far-reaching transformations called for by the gravity of this situation.

Groupe BPCE has made climate change an area of priority both in its activities as a provider of bank and insurance services and in its own internal processes. Fully aware of its impact as a major player in the economy, our cooperative Group is deeply committed to making its activities carbon neutral by 2050.

As a member of the Net Zero Banking Alliance, we have set ourselves ambitious targets for reducing carbon emissions in the main emitting sectors by 2030, and we also pursue this approach in the other areas of economic activity.

Faithful to the spirit of our cooperative and decentralized business model, with its historically strong roots in all regions of France, we are committed to providing local solutions to the needs of our customers and, beyond them, to the needs of society at large.

Our responsibility to our clientele of individual and professional customers, business organizations ranging from SMEs to major groups, private and public players, entities active in social housing and in the social and solidarity-based economy, includes providing them with advice and support in their own energy transition. We finance their transformation projects and offer savings products that promote the environmental transition.

Committed to preserving our common good, the Group's personnel interacts closely with players in the economy and in civil society. As environmental challenges are inseparable from social issues, our teams ensure that the outcomes of transition are fair for everyone. This is why we have created a new Impact department, whose title expresses our determination to act on all the externalities produced by our activities.

This report provides us with an opportunity to share the progress we have achieved and to discuss the actions we have taken in favor of a carbon-free economy. In particular, it illustrates how the well-balanced governance of our cooperative business model – which places our customers, cooperative shareholders, and employees at the very heart of our action – strengthens our ability to make the effects of climate change an integral factor of our strategic decisions.

1

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 Executive Management Committee defines the strategy, oversees its implementation and monitoring process, and ensures compliance with regulatory requirements.
- To meet the challenges posed by climate change, Groupe BPCE has set up an organizational structure based on the functional departments and CSR Departments in all its businesses and companies.

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, which acts as the Group's central institution with the following responsibilities: defining the policy and strategic orientations of Groupe BPCE, coordinating the commercial policies of each of the retail banking networks, and ensuring the liquidity and solvency of the Group as a whole. BPCE also takes all measures required to ensure the Group's risk management and internal control. The governance of the regional establishments draws on the active involvement of individuals representative of their regional economies. They hold seats on the Boards of Directors of the Banques Populaires and on the Steering & Supervisory Boards of the Caisses d'Épargne, thereby ensuring that appropriate account is taken of the financing and investment needs of their respective territories.

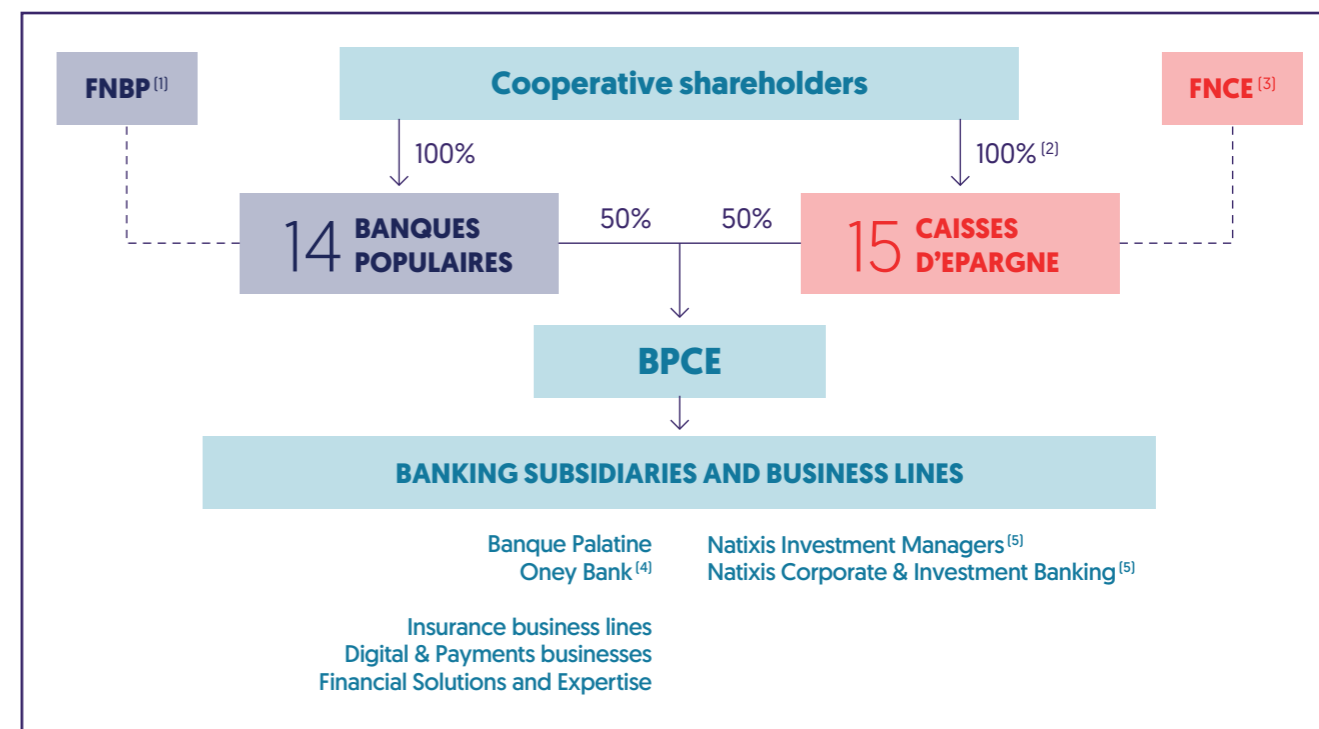
The Group's Supervisory Board is comprised of seven members representing the Banques Populaires, seven representatives of the Caisses d'Épargne, three independent members, two employee representatives, and six non-voting directors. This framework provides the Group with a well-balanced corporate governance structure closely aligned

with the concerns of its local customers and of society at large. The Supervisory Board approves the policy and strategic guidelines of Groupe BPCE (including those relating to climate risk) and the policy and strategic guidelines of each of the Banque Populaire and Caisse d'Épargne retail banking networks. Responsibility for implementing these guidelines is entrusted to the Executive Management Committee, of which the four members of the Management Board are also members.

The two retail banking networks and their cooperative shareholders are represented respectively by the *Fédération Nationale des Banques Populaires* (FBNP) and the *Fédération Nationale des Caisses d'Épargne* (FNCE), bodies that provide a setting for deliberation, communication, and representation of the Group's establishments and their senior management.

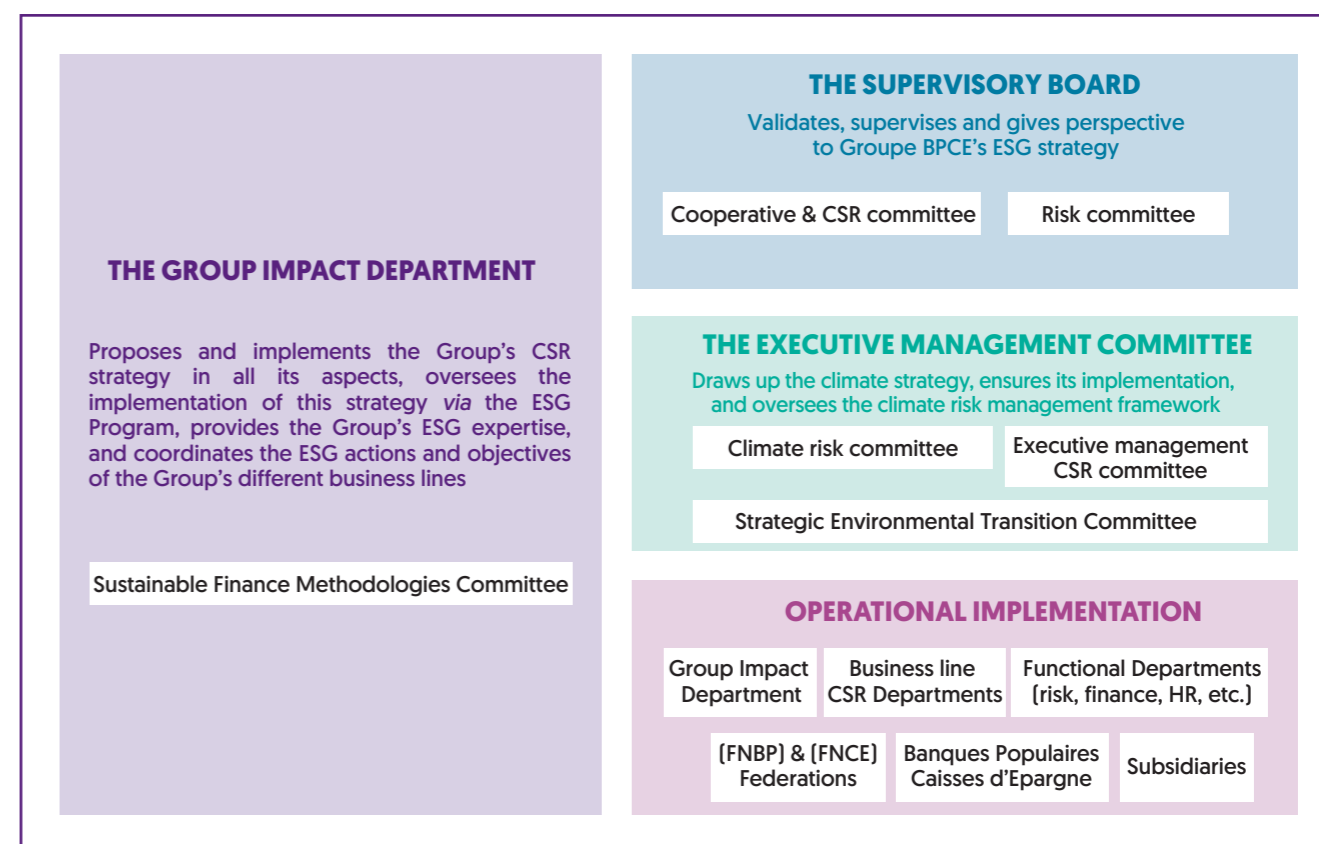
To enhance Groupe BPCE's commitment to an active policy on social and environmental responsibility, the Group Impact Department reports directly to the Chairman of the Management Board. This Department is responsible for drawing up and coordinating a common CSR strategy for all the Group's different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

Organization structure of Groupe BPCE as at December 31, 2023



(1) Fédération nationale des Banques Populaires (2) Indirectly through local savings companies [LSCs] (3) Fédération nationale des Caisses d'Épargne (4) 50.1% owned (5) Indirectly through Natixis SA

Climate Governance structure of Groupe BPCE



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

Committee	Presidency	Frequency of meetings	Role & Responsibilities	Principal topics addressed in 2023
Cooperative and CSR Committee	Alternately, the Chairmen of the FNBP and FNCE	Quarterly	<ul style="list-style-type: none"> Make proposals and recommendations aimed at promoting cooperative and CSR values, a sense of long-term commitment and professional and interpersonal ethics, and to give tangible expression to these values in the activities pursued by Groupe BPCE and its retail networks Monitor CSR ambitions and ensure their implementation 	<ul style="list-style-type: none"> Monitoring of the ESG program including portfolio alignment, customer support, reduction of own environmental footprint and making ESG issues an integral part of risk management Publication of DPEF 2022 New CSRD regulations
Risk Committee	Independent member of the BPCE Supervisory Board	Monthly	<ul style="list-style-type: none"> Support risk management Examine the overall exposure of the Group's activities to current and future climate and environmental risks (drawing on the work of the Climate Risk Committee) 	<ul style="list-style-type: none"> Management of climate risks
Climate Risk Committee	Chairman of the Management Board	Quarterly	<ul style="list-style-type: none"> Monitor the implementation of the operational strategy in terms of climate and environmental risk management, notably: main risk areas, risk measurement tools, risk policies (credit, investment, liquidity, etc.), annual review of risk appetite, macro-risk mapping, stress tests, etc 	<ul style="list-style-type: none"> Climate remediation plan Inclusion of ESG criteria in financing ESG Data system Materiality matrix for climate risks Physical risk mapping project Portfolio color rating process
Executive Management – CSR Committee	Chairman of the Management Board	Monthly	<ul style="list-style-type: none"> Validate strategic priorities in terms of social and environmental responsibility Oversee their implementation 	<ul style="list-style-type: none"> Portfolio alignment New CSRD regulations Transition plan DPEF and TCFD publications ESG operating model
Strategic Environmental Transition Committee	Chairman of the Management Board	Quarterly	<ul style="list-style-type: none"> Validate the Group's CSR strategy for environmental transition Ensure the implementation of this strategy 	<ul style="list-style-type: none"> NZBA: 2023 publication, measurement of trajectories and targets TCFD 2022 publication Review of strategic plan indicators on the Climate axis Oil & Gas sector CSR policy Update on portfolio alignment Monitoring the Group's ESG program and its actions in this area, particularly those related to climate and biodiversity

Net Zero project governance

The project to align BPCE's portfolios towards carbon neutrality is a strategic challenge for the Group. The Impact Department is responsible for leading this project, with the support of the Sustainable Finance Center that forms a part of the Department. Cross-business line working groups, comprised of sector experts, portfolio managers, subsidiary CSR and finance teams, and teams in contact with customers, determine the scope and materiality of financial and non-financial data for each sector. Where necessary, the methodologies

used are approved by the Sustainable Finance Methodology Committee. The NZBA Steering Committee followed by the Strategic Environmental Transition Committee propose decarbonization trajectories, which are then presented to the Executive Management Committee for final approval. Alignment work is also presented to the Climate Risk Committee and the Risk, Compliance and Permanent Control Committee, and is the subject of training sessions for the members of the Supervisory Board.

2 - The Impact Department proposes, validates, and oversees the implementation of the Group's strategic ambitions

The mission entrusted to the Impact 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) to strengthen the Group's expertise in the various areas of sustainable finance. The main missions of the Impact Department are to:

- Define and steer the Group's ambitions and the implementation of sectoral policies in terms of sustainable finance: it ensures a 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, in particular, in application of the guidelines defined by the Net Zero Banking Alliance (NZBA),
- Coordinate the definition and implementation of methodologies used within the framework of sustainable finance,
- Ensure the identification of new regulatory requirements in the field of sustainable finance and support their implementation.

To carry out its missions, the Impact Department and its Sustainable Finance Center work on a cross-functional basis with:

- The CSR departments in the Group's different business lines and companies,
- The business lines and functional departments (Risk, Finance, Human Resources) of the central institution,
- The *Fédération nationale des Banques Populaires* (FNBP) and the *Fédération nationale des Caisses d'Epargne* (FNCE).

3 - The supervisory system covering the Group's ESG challenges

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 Impact Department, this system makes it possible to ensure:

- 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 are carried out in close collaboration with the teams in the various functional departments. They 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 partnerships to provide customers with the best possible support in meeting 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 ESG, Sustainable Finance Disclosure Regulation, MiFID II ESG, etc.),
- Employee training and cultural adaptation,
- 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.

A Climate Risk function set up to bring together a network of correspondents in all the Group's different companies and business lines is run by the Climate Risk Department of the Group's Risk Management Department. Present within

each entity, the climate risk correspondents act as local liaison officers. 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 and to make it operationally active.

4 - Raising employee awareness of climate issues

Since the launch of the BPCE 2024 strategic plan, a large number of awareness-building and training initiatives have been launched; these include:

- The possibility, since 2022, of following a training course entitled 'Climate School.' Season 1 enables participants to appreciate the challenges posed by climate change, Season 2 is devoted to biodiversity, and Season 3 deals with our employees' individual footprint and the levers for action in their personal and professional lives. Since the beginning of 2024, all Group employees have enjoyed access to the three seasons of the Climate School,
- The organization of monthly CSR meetings for all CSR correspondents, during which climate issues and the Group's work are discussed,



- The distribution of in-house newsletters on issues relating to climate risks and sustainable finance,
- Annual participation in the European Sustainable Development Week, a key event for raising employee awareness of environmental issues (lectures, quizzes, collective repair and cleaning workshops, vegetarian menus, etc.),
- The *Climate Fresco* workshops run by an in-house network (157 facilitators at the end of 2023). For example, this workshop has already been attended by 1,660 people from BPCE Assurances,
- The participation of executive and non-executive managers, along with members of BPCE's Executive Management Committee and the worldwide business lines of Groupe BPCE, in work sessions addressing the challenges of the next strategic plan. Four sessions were devoted to transition-related issues,

- The participation of members of the Group's Supervisory Board in training sessions on climate issues (notably, energy transition and climate risks), the Group's contribution to the Paris Agreement within the framework of aligning financing portfolios with the goals of carbon neutrality, the contribution of the Technology & Operations unit to improving the Group's own environmental footprint (digital, responsible purchasing and real estate), and sessions devoted to regulations linked to sustainable finance, including the Corporate Sustainability Reporting Directive (CSRD) regulations.

Inclusion of ESG performance in management and employee remuneration

The Group's Supervisory Board, working through its Remuneration Committee, is responsible for defining the method and amount of remuneration awarded to each member of the Management Board. It ensures that CSR issues form an integral part of the remuneration policy.

The remuneration awarded to the Chairman of the Management Board and to the members of BPCE's Executive Management Committee includes an annual variable portion, 40% of which is indexed to qualitative criteria, 10% of which since the 2021 financial year has been based on the fulfillment of CSR-related criteria. The allocation of this variable portion depends in part on the implementation of measures designed to achieve the Group's strategic ambitions in environmental matters with, notably, the meeting of climate challenges.

In order to raise the awareness of BPCE SA employees and involve them personally in

the fight against global warming, their profit-sharing scheme has been partly indexed since 2022 to the achievement of the Group's strategic objective of reducing its direct environmental footprint.

CSR criteria also form an integral part of Natixis' remuneration policy, with:

- The consideration of Natixis' CSR strategy when determining the annual variable compensation of the Chief Executive Officer and members of the Senior Management Committee;
- A profit-sharing agreement that takes account of CSR criteria when calculating the special profit-sharing reserve;
- The inclusion of specific CSR objectives in the profit-sharing agreements of certain Natixis entities;
- Freely-managed funds in the 'PES' and 'PER Collectif' employee savings plans, all of which are SRI-labeled or include ESG criteria.

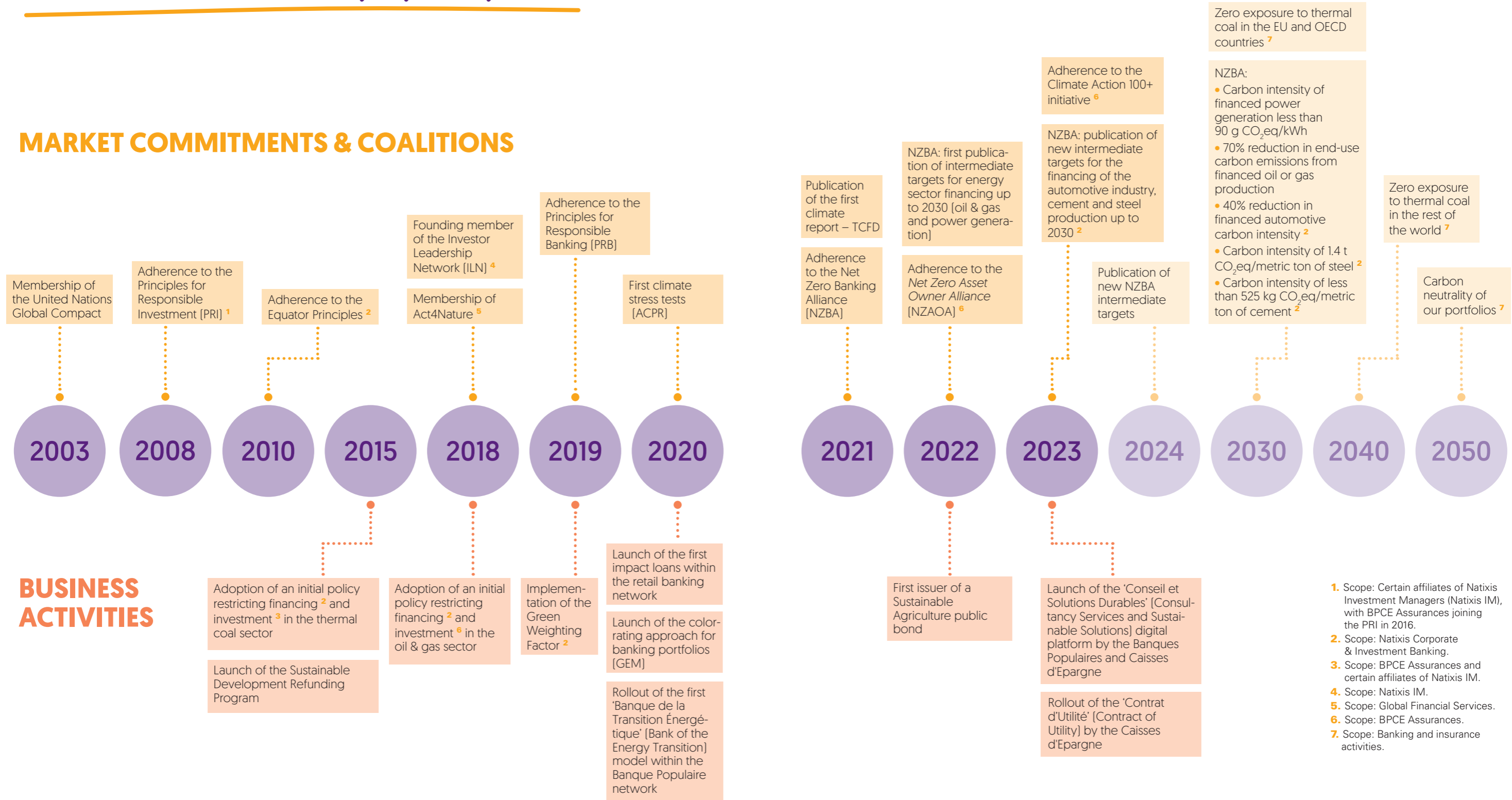
2 ENVIRONMENTAL STRATEGY



ENVIRONMENTAL STRATEGY

20 YEARS OF COMMITMENT IN FAVOR OF SUSTAINABILITY

MARKET COMMITMENTS & COALITIONS



1. Scope: Certain affiliates of Natixis Investment Managers (Natixis IM), with BPCE Assurances joining the PRI in 2016.
2. Scope: Natixis Corporate & Investment Banking.
3. Scope: BPCE Assurances and certain affiliates of Natixis IM.
4. Scope: Natixis IM.
5. Scope: Global Financial Services.
6. Scope: BPCE Assurances.
7. Scope: Banking and insurance activities.



- Groupe BPCE is distinguished by its cooperative, multi-brand business model, in phase with the expectations of its customers and the aspirations of society at large. Its strong local presence and decentralized operating model give it a veritable advantage to accompany transitions and bring about the long-term transformation of society. The Group's companies act locally, close to their customers, and provide innovative solutions in response to the challenges of our time.
- Groupe BPCE has made the climate one of the priorities of its BPCE 2024 strategic plan. All the Group's companies have strengthened their ability to support their customers' transition, and climate issues now form an integral part of the activities of their business lines. The Group maintains a sustainable balance between economic performance, social equity and preservation of the environment by taking a long-term view of its strategy and actions.

1 - Groupe BPCE is committed to the climate

The need to combat climate change and create a lower-carbon society is the defining challenge of our time. Global warming linked to human activity is now an established fact, with 2011-2020 being the warmest decade in the past 125,000 years. The IPCC's sixth assessment report, published in March 2023, reminds us that this situation increases the vulnerability of ecosystems and populations. Climate change has already had an impact on access to water and food, on human health and economic activity. According to the World Meteorological Organization (WMO), it is highly probable (98%) that the next five years will be the hottest on record.

Despite the risks inherent in the ecological transition, the shift to a decarbonized economy also offers economic, financial and social opportunities capable of helping to forge a more sustainable, inclusive and, therefore, more successful economy. For example, the energy sector – the principal cause of air pollution ¹ - is seeing the emergence of a new clean energy economy. Led by photovoltaic solar energy and electric vehicles, investment in clean energies has risen by 40% since 2020, according to the International Energy Agency (IEA, *World Energy Outlook 2023*).

In line with the provisions of the Paris Agreement, Groupe BPCE is convinced that the banking sector plays a key role through its financing and investment activities to

¹. According to the IEA (*World Energy Outlook 2023*), the energy sector, primary cause of the polluted air breathed by more than 90% of the world's population, is responsible for more than 6 million premature deaths per year.

BPCE 2024 strategic plan

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

- Measure the climate impact of its banking and insurance investment portfolios and manage their climate trajectory within the reference framework of the Paris Agreement, aiming for the 1.5°C target, and by prioritizing the sectors with the highest greenhouse gas emissions,
- Support its customers in meeting 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.



Gradual withdrawal from fossil fuels



THERMAL COAL

Groupe BPCE has adopted a strategy aimed at progressively reducing the exposure of its banking activities 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.



OIL AND NATURAL GAS

Groupe BPCE has a strategy aimed, notably, at excluding:

- Direct financing of the extraction of unconventional hydrocarbons (shale oil and gas, tar sands, extra-heavy oil),
 - Companies where 25% or more of their activities fall within the scope of these exclusions,
 - Financing of new 'Greenfield' projects for the production or export of liquefied natural gas, 25% or more of which is derived from shale gas,
 - Direct financing of onshore or offshore oil and gas extraction in the Arctic ²
- Groupe BPCE also excludes financing

exclusively dedicated to bringing a new oil field into production, or related production or export infrastructure (new FPSO units, platforms or pipelines), as well as financing dedicated to the exploration and production of oil from ultra-deepwater drilling. (cf. [CSR policy applicable to the oil & gas industry](#)). BPCE Assurances and several asset management companies affiliated to Natixis Investment Managers ³ have also implemented exclusion policies applicable to the coal and oil & gas industries.

At the same time, Groupe BPCE is speeding up the pace of energy transition financing in all sectors of the economy.

². AMAP (Arctic Monitoring and Assessment Programme) zone – with the exception of the Barents, Western Shetlands and Norwegian Seas.
³. Each Natixis IM management company is responsible for its own investment process and ultimately for integrating ESG factors in accordance with their fiduciary duty. All the European direct management companies have exclusion policies in these sectors. The majority of non-European affiliates have developed a global approach to responsible investment and apply restrictions as customers request.

ensure a transition leading to global carbon neutrality by 2050. The growing awareness of stakeholders of the challenges posed by climate change is also creating a positive demand dynamic in favor of sustainable solutions. The Group's cooperative business model enables it to remain aligned with customer expectations and the aspirations of society at large while ensuring a fair transition for each of its customers. Its decentralized model and strong local roots are real assets, enabling it to accompany transitions and help to bring about a fair and sustainable transformation of society. Groupe BPCE companies pursue their activities at a local level, as close as possible to their customers, providing innovative solutions in response to the challenges of the world of today.

The environmental transition is central to the Group's 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. This represents an opportunity to develop its activities and a genuine lever for the transformation of its business lines. As a company, the Group wants to meet the expectations of society at large by gradually aligning its financing, proprietary investment and insurance investment portfolios with a 'Net Zero' trajectory, thereby helping to achieve the goal of carbon neutrality 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 September 2022 the *Net Zero Asset Owner Alliance* (NZAOA)² for its insurance activities.

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

The Group has set up a robust framework for identifying, managing, and steering climate risks liable to have an impact on the execution of its climate strategy. It makes a distinction between 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 in the light of the main categories of usual risks, namely: credit risk, market risk, and operational risk. They form an integral part of 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 suited 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 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. healthcare, sport, education or social housing) or local economic development (e.g. safeguarding and/or creating jobs in disadvantaged areas).

In 2023, Groupe BPCE issued four green bonds for a total of €2.25 billion to environmentally and socially responsible investors, bringing the total amount of sustainable development public issues carried out by the Group to €11.3 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 €25.1 billion.

². International coalition of investors committed to transforming their investment portfolios to achieve carbon neutrality by 2050

Duty of Vigilance

Since the adoption of the French Duty of Vigilance Act in 2017, BPCE has been implementing a 'Vigilance Plan' (or 'Due Diligence Plan') designed to identify and prevent risks of violations of human rights and fundamental freedoms, risks to the environment and the health and safety of people, resulting from internal activities and operations as well as from the activities of subcontractors and suppliers. In BPCE's vigilance plan, climate change and support for the transition are included among the major issues identified. Each year, BPCE publishes its vigilance plan in the Group's universal registration document.



1st European issuer of a 'Sustainable Agriculture' public bond
refinancing loans to agricultural players engaged in the transition to organic farming

Green Bond of the Year – financial institutions in 2023 for the BPCE Agriculture Durable bond

(Environmental Finance, 2023)

1st European issuer of a 'Sport & Health' public bond
refinancing loans granted to players in the sports and public health economy in France

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

4.1 - Retail Banking and Insurance activities

RETAIL BANKING

Supporting Banque Populaire and Caisse d'Épargne customers in their environmental and energy transition is one of the pillars of the BPCE 2024 strategic plan.

To this end, the Group has upgraded its support tools and designed specific product and service offerings for all its different types of clientele: financing for environmental and energy transition-related needs (the Group is the first banking institution to distribute the 'Mon Éco-PTZ Prime Rénov' interest-free loan to finance the remaining cost of energy performance improvement work eligible for the 'MaPrimeRénov' government grant), sustainable savings and responsible investments, insurance for physical and transitional risks, as well as partnerships with experts.

This effort finds expression in the form of customer support in the following areas:

- Energy renovation in residential and commercial buildings,
- Financing renewable energy projects in local and regional France,
- Financing all types of low-carbon mobility,
- Supporting businesses in their transition, including customers in the agricultural and wine-growing sectors, and
- Building a green banking and financial savings offering enabling customers to direct their savings towards the financing of transition projects.





To illustrate this support towards a low-carbon economy, the Group has set up:

- An 'ESG dialogue' rolled out since early 2023 to already more than 10,000 corporate customers to take stock of their opinions, challenges, and projects in ESG-related areas,
- Partnership opportunities to support customers' transformation initiatives,
- A 'Sustainable Advice and Solutions' platform on Banque Populaire and Caisse d'Épargne applications for individual

customers, to help them understand transition issues, to proceed with an online calculation of their carbon footprint, and take action in their day-to-day lives,

• A dialogue with customers about responsible savings via a Sustainable Finance questionnaire designed to assess their maturity and preferences with regard to responsible investments. The circulation of this questionnaire has been backed up by a sustainable finance training course for customer advisors.

The 'Green' navigation paths on the websites and management applications for accounts held in the Banque Populaire and Caisse d'Épargne retail banking networks were redesigned in 2023 to strengthen the services offered to all customers on this key issue, highlight the services available through the presentation of dedicated products, and support its individual customers in carrying out their projects in favor of the environmental transition. These projects must fulfill a number of objectives:

- Optimize the energy performance of their homes,
- Travel in an eco-responsible way,
- Choose responsible savings solutions.

Several Banques Populaires are adopting the Bank of the Energy Transition (BET) model in their catchment areas

This model aims to guarantee, by ensuring the traceability of funds, that green savings deposits are effectively used to finance energy transition projects. BETs match green savings with energy transition projects, primarily located in the territories served by member banks. Building on dedicated in-house expertise and a network of local partners, the BETs offer their customers ready-to-use energy transition solutions.

The model was first launched in 2020 by Banque Populaire Auvergne Rhône Alpes. It has now been extended to four other establishments (Banque Populaire du Sud, Banque Populaire du Nord, Banque Populaire

Occitane, and Banque Populaire Val de France). Since their launch, the BETs have granted over 786 million euros in loans, broken down into 43% devoted to renewable energy financing and 57% devoted to energy and environmental performance investment financing.

Monthly reports drawn up to monitor what financing has been granted may be obtained from the following address:

<https://banquetransitionenergetique.fr/>



Setting the example with a low-carbon contribution



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In its capacity as a Premium Partner of the Paris 2024 Olympic & Paralympic Games and a long-standing player in the world of sport, the Caisse d'Épargne Ile-de-France is reasserting its commitment to the economic and social development of the regions through the financing of the Athletes' Village in Saint-Ouen north of Paris.

This Olympic & Paralympic Village, in its 'legacy phase', provides for the innovative and ethical conversion of the housing built to accommodate

the 3,000 athletes into 650 family homes, offices and shops, as well as an urban forest covering an area of 3,000 square meters. This project, involving SOLIDEO the public entity responsible for managing structural and development projects for Paris 2024, has high social and environmental ambitions (with a 47% reduction in carbon emissions) ¹ with the recycling of wastewater, the design of bioclimatic balconies, the use of low-carbon materials and wood from certified forests and the creation of oases of greenery. The Caisse d'Épargne Ile-de-France provided financing for a total of €93m in association with 8 other Caisses d'Épargne [CEBFC, CEHDF, CEGEE, CELC, CEMP, CEN, CEPAL, CERA] and the Compagnie Européenne de Garanties et Cautions [CEGC].

⁵. Source: Solidéo



INSURANCE ACTIVITIES

BPCE Assurances is fully aligned with Groupe BPCE's ambitions, and has made climate change a core feature of its strategic plan. Action has been taken in a number of areas, notably in the definition of its investment strategy and the development of its offer.

On the investment front, BPCE Assurances aims to align the temperature of its assets under management with a trajectory consistent with the Paris Agreement. With this in mind, the alignment milestone of +2°C by the end of 2024 is one of the flagship commitments of the BPCE 2024 strategic plan. This commitment also includes an effort to finance the environmental transition by directing at least 15% of its annual investments into green assets. Finally, to anchor its approach in a collective and international dynamic, BPCE Assurances is also contributing to marketplace work and initiatives. After joining the Net Zero Asset Owner Alliance in 2022 and setting its initial targets in 2023, BPCE Assurances joined the 'Climate Action 100+' initiative this year, with a view to working

towards climate alignment for the companies that release the most greenhouse gases.

In terms of life insurance and retirement savings packages, BPCE Assurances regularly updates its products, proposing a majority of unit-linked products boasting ESG labels.

The non-life insurance business is also contributing to the shift towards a low-carbon economy by offering a reduced premium for customers owning an electric or hybrid vehicle ³ and for low-mileage drivers (less than 8,000km/5,000 miles per year). The home insurance offer includes sustainable construction (wood-frame houses, thatched roofs, etc.) as well as renewable energy production equipment (wind turbines, solar panels or solar-powered water heaters, rainwater harvesters, etc.). In the event of a car accident, the aim is to encourage the practice of repairing the damaged parts. Where this is not technically feasible, replacement with a reconditioned part will be preferred.

³. Vehicles emitting less than 50 grams of CO₂ per km



4.2 - Financial Solutions & Expertise

Organized to provide financing, advisory and conservation services for the Group's retail banking networks, the Financial Solutions & Expertise (FSE) business unit helps its customers to carry out projects contributing to the environmental transition.

With regard to mobility, BPCE Financement offers the Group's individual customers a 'Prêt Vert', a specific consumer loan to enable them to purchase an electric vehicle. Several solutions are available to help business customers reduce the environmental impact of their vehicle fleets by promoting green alternatives. These fleets can be financed through equipment leasing or long-term rental agreements (including 'car policy'⁷ advice, eco-driving services, connected fleet management, and car-sharing solutions).

In the area of energy renovation, 'Renov Loans' (BPCE Financement) are available for individual customers. Businesses are supported in their efforts to improve the energy performance of their buildings and professional equipment through a partnership with Altérea, an energy and building engineering specialist, and a comprehensive range of equipment and real-estate rental solutions (BPCE Lease). What is more, BPCE Solutions Immobilières offers a third-party appraisal service specifically designed for offices, based on its own ESG framework.

BPCE Lease also provides financing for renewable energy projects (photovoltaic panels, wind turbines, hydrogen, dams and, more generally, electricity storage systems), notably through Energeco, its 100%-owned subsidiary. To ensure high-quality customer support, the sales teams have further developed their skills (sustainability training for business lines, events) and maintain a regular dialogue with their customers on various sector-specific issues (awareness-raising webinars and contacts with partners).

FSE also acts as a responsible investor. Compagnie Européenne de Garanties et Cautions (CEGC)⁸ has used the framework of the Paris Agreement to define its responsible investment policy. It has consequently signed up to the Principles for Responsible Investment since

2022 and joined the Net Zero Asset Owner Alliance in 2023. Eurotitres⁹ also contributes to raising awareness among the Group's customers by giving prominence of place to SRI funds in its investment tools.

Lease Impact Program

Against a backdrop of changes in economic and regulatory paradigms, and rising energy costs, leasing promises substantial development potential in support of environmental transition. The Lease Impact program fits into this framework and covers 3 areas of need:

- **Energy production** for self-consumption and/or sale to the electricity grid,
- **Energy efficiency**, with a view to saving on consumption and enhancing the value of real-estate assets,
- **Green mobility**, to reduce the environmental impact of vehicle fleets by promoting green alternatives.

To meet these objectives and support the growing relevance of these 3 areas, the program draws on multiple financing solutions tailored to the customer's requirements (equipment leasing, property leasing, long-term leasing, IT operational leasing, arranged financing) in addition to support from a partnership ecosystem.

⁷ Company car policy

⁸ Compagnie Européenne de Garanties et Cautions, a Groupe BPCE subsidiary, is a multi-business specialist in surety insurance and financial guarantees.

⁹ Eurotitres offers a comprehensive range of security account custodial services and the management of transactions carried out by individual customers.



4.3 - Asset Management activities

Faced with the major challenges of climate change, biodiversity loss, and social inequality, Natixis Investment Managers (IM) and its asset management companies are convinced that there exists no single answer to these complex issues but rather a range of multifaceted solutions. Our multi-boutique model – encompassing a variety of management companies with different convictions, diversified management styles, tailored ESG approaches, and in-house innovative capabilities – enables us to provide a diverse range of responses to the challenges of sustainable finance.

The SFDR regulation classifies investments under article 9 (with sustainable investment as their main goal), article 8 (promotion of environmental and/or social characteristics) and article 6 (products having neither article 8 nor article 9 investment objectives).

At December 31, 2023, Natixis IM's asset management companies managed more than €472 billion in funds meeting SFDR Art 8 and Art 9 criteria, representing more than 40.5% of the total versus 37% in 2022.

Natixis IM's asset management companies, combined with the multi-asset expertise of Natixis IM Solutions and distribution teams, offer an extensive range of front-ranking sustainable investment solutions designed to meet clients' needs and support them in navigating their own sustainable transition.

Natixis IM uses an approach based on three strategic pillars to support its clients in their transition to carbon neutrality:

• **Assess**: Natixis IM Solutions offers an analysis platform called 'ESG and Climate Portfolio Clarity' that assesses which investments in clients' portfolios are liable to be impacted by climate change and be exposed to both physical and transitional climate risks. The platform enables 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 leading to the achievement of carbon neutrality depends on the portfolio's initial asset allocation, as well as the investor's risk and return objectives and constraints.

A tailored approach is consequently required to meet the specific objectives and targets defined by each client. Every year, Natixis IM helps its clients readjust their asset allocation in line with new information and progress made by portfolio companies, as well as in response to upcoming regulations and technologies.

• **Invest**: Natixis IM's ambition is to manage, by 2024, half of its eligible assets in line with articles 8 and 9 of the SFDR and equivalent. Natixis IM affiliates offer a range of funds and dedicated mandates based on the strategy of investing to combat climate change:

- Designing and implementing decarbonization strategies across all portfolios while simultaneously maintaining financial performance objectives,
- Investing in green investment products,
- Taking carbon offsetting measures wherever possible and necessary.

In addition, a number of asset management companies affiliated to Natixis IM have signed up to industry initiatives such as *Net Zero Asset Managers* (NZAM) to reinforce their transition and portfolio alignment approach.

• Mirova has been a member of the Net Zero Asset Managers initiative since 2020 and has implemented a rigorous investment strategy based on an internal alignment methodology developed in partnership with the firm Carbon4 Finance.

• By way of illustration, DNCA Finance has been analyzing the climate trajectory of its investments since 2020, and is committed to making its investments compatible with the Paris Agreement. To position itself as an active player in the fight against climate change, DNCA Finance joined the Net Zero Asset Managers initiative in January 2023. It is committed to pursuing mobilization campaigns to encourage companies to share their climate data and reduce their GHG emissions.



Mirova and 12 financial players launch a call for expressions of interest

Mirova, in collaboration with a group of 12 financial players, recently launched a call for expressions of interest aimed at creating a global database of carbon emission avoidance factors and a tool for measuring portfolio carbon emissions (including avoided emissions). Within the framework of the energy transition, it is essential not only to reduce carbon emissions, but also to offer zero-carbon alternatives. Although it is generally known that these alternatives exist, there is no quantifiable data to compare them and help direct financial flows towards companies that contribute to carbon-reduction initiatives.

Natixis CIB is committed to supporting and encouraging all its clients in the pursuit of their own transition, including those active in emission-intensive sectors. To achieve this, the transition plans they have drawn up must demonstrate a real commitment, a rapid pace of implementation, and a strong ambition. To provide this support, Natixis CIB is developing tools to assess and manage its clients' transition plans.

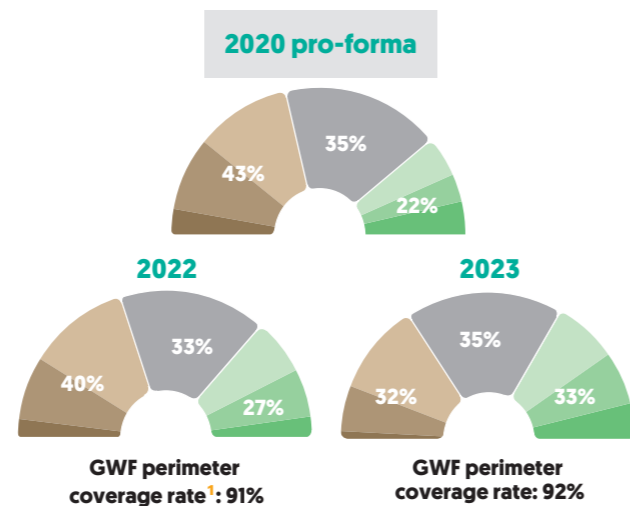
Natixis CIB is pursuing a twofold objective: first, to increase the financing of 'green' assets and players (i.e. those generating low greenhouse gas emissions or contributing to the decarbonization of the economy) and, second, to support its clients' most resolute transition trajectories, notably sectors with the highest emissions (fossil fuels, construction, mining).

Natixis CIB's strategy is therefore based on:

- The control of its direct emissions,
- The control of induced (financed) emissions,
- The ability to support technologies and players contributing to the transition to a low-carbon economy.

Over the period 2020-2023, the active management launched in 2019 is showing tangible results, with a

Change in Natixis CIB's color mix (base 100)



1. Green Weighting Factor: the climate impact monitoring and measurement tool developed by Natixis CIB (see page 47).

4.4 - Corporate & Investment Banking activities

Natixis CIB has actively pursued its contribution to Groupe BPCE's 'Net Zero' commitment. The heart of its business strategy is to support its borrowers, issuers and investors in the various stages of their ecological and energy transition. It acts both as an advisor and as a privileged financial partner.

For economic operators, the transition is multifaceted and may involve:

- Withdrawal from or divestment of the most CO₂-emitting activities,
- Diversification of their activities to increase the proportion of those that are sustainable and/or contribute to the transition (emissions avoided),
- Intrinsic decarbonization of industrial supply and production processes,
- Carbon sequestration (solutions based on nature or technological solutions used after the previous decarbonization measures have been taken),
- Corporate governance and the consideration of transition issues in the company's management.



significant change in Natixis CIB's color mix. In 2023, the share of brown in the color-coded scope has been reduced (-8 points) compared with 2022 in favor of green and neutral.

To achieve this performance, a number of steps have been taken:

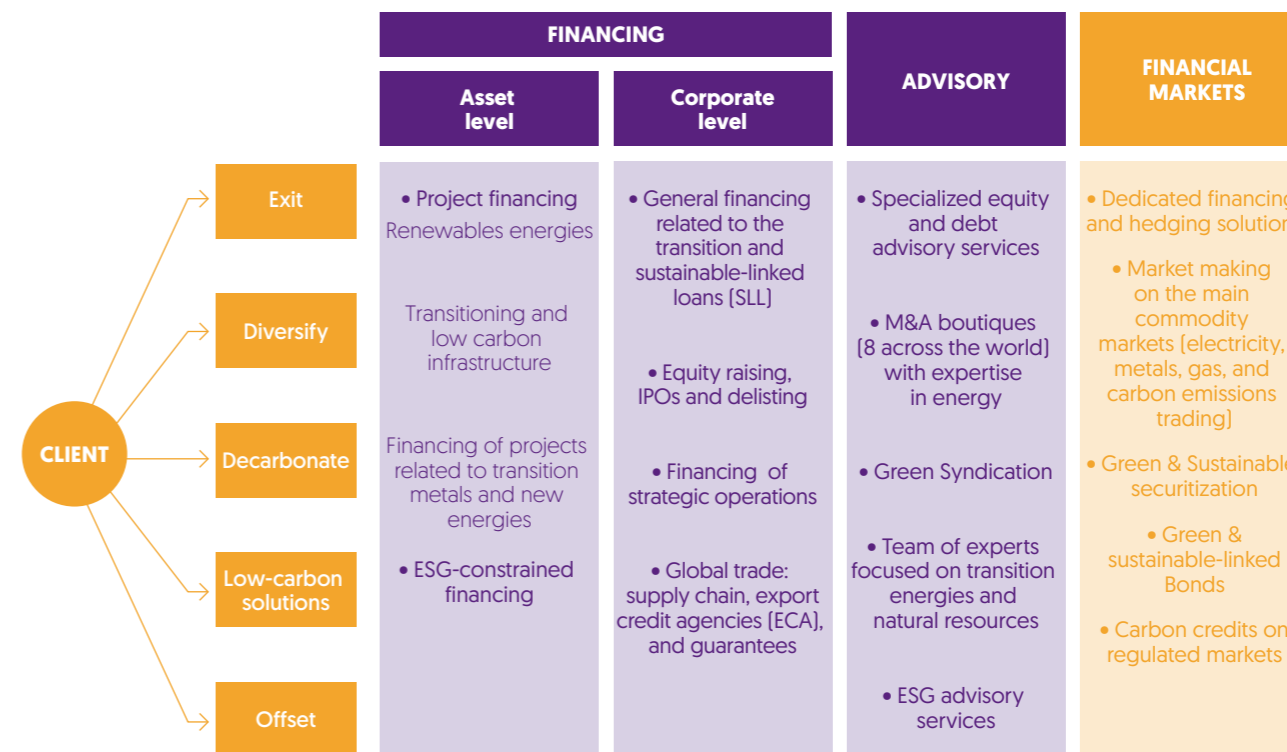
- Refinancing of existing 'green' customers,
- Financing transitioning customers in the EMEA and APAC zones,
- High selectivity on new 'brown' financing (reduction of outstandings on the most carbon-intensive oil businesses or those least likely to transition),
- Reduction of financing granted to clients with very limited transition potential,
- Active portfolio management on secondary sales largely comprised of 'brown' color-coded exposures.

To support this continuous improvement approach, a large number of internal projects are being carried out to strengthen the understanding and mastery of these issues by all the teams and business lines within Natixis CIB. At the same time, Natixis CIB is involved in a number of industry groups. For example, Natixis CIB is:

- The founder and co-chair of a working group within the ICMA's Green Bond Principles, dedicated to 'Green Enabling' activities and technologies,
- A Founder Partner, alongside Mirova and Natixis IM, of the 'Avoided Emission Factor Database,' an initiative aimed at developing a global database providing standardized and transparent calculations of avoided emissions from an extensive list of low-carbon or green enabling solutions.

To achieve its ambitions, Natixis CIB relies on its Green & Sustainable Hub (GSH), a team dedicated to sustainable finance, as well as its business lines, in particular the Energy Transition & Natural Resources (ETNR) teams, along with an extensive network of 'Green Captains,' business line ambassadors for the approach. Synergies are also being generated between these teams and Natixis CIB's Tech Hub, notably on subjects related to the digitization of the economy and the technological disruptions associated with the low-carbon transition.

Financing, investment & advisory solutions provided by Natixis CIB





ENGIE SLL

ENGIE is an international benchmark for low-carbon energy and services. Natixis CIB participated in a round of fundraising in an active Bookrunner and Sustainability coordinator capacity. The key indicators selected reflect Engie's Net Zero strategy up to 2045 and a 'well below 2°C' trajectory certified by the SBTi.



Natixis CIB is positioned as a leader in renewable energy financing (+117% in the annual amount arranged since 2020 at Natixis CIB level, No. 5 worldwide in the IJ Global 2023 ranking). In 2023, renewable energies accounted for 97% of Natixis CIB's new infrastructure financing in the power generation sector.

In the Oil & Gas sector, the ETNR team continued to reduce the bank's exposure to hydrocarbons (a process that began in 2019), in line with the 2030 NZBA target. At the same time, the team is supporting the development of companies in new sectors vital for the success of the energy transition, such as hydrogen, bioenergies, sustainable fuels for aviation, and carbon capture technologies. In these rapidly growing sectors still under development, ETNR is working hand-in-hand with Natixis CIB's business lines (advisory, M&A, financing, capital markets, hedging) to support its customers in their development, helping them to raise capital on the markets and finance carbon-mitigation projects. The team has also rolled out dedicated strategies for batteries and critical metals, essential for renewable energy production and carbon-neutral transport. Through these initiatives, Natixis CIB is supporting the challenges of securing the supply of critical metals in France and Europe by financing the creation of gigafactories, the development of the midstream value chain and manufacturers in the sector.



5 - The Group is reducing its direct environmental footprint

In its BPCE 2024 strategic plan, Groupe BPCE set itself the target of reducing carbon emissions derived from its own activities by 15% over the period 2019 - 2024. The aim is to reduce emissions from 622kt CO₂eq in 2019 to 529kt CO₂eq in 2024. The reduction of the Group's carbon footprint is included in the assessment of the variable remuneration criteria adopted for the Chairman of the Management Board and the members of BPCE's Executive Management Committee.

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 the use of development techniques leading to more energy efficient 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 behaviors,

- Mobility, with a reduction in employee travel (notably home-to-work travel) thanks to the development of teleworking and the electrification 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.

Particular attention is paid to CSR training for all employees, with modules tailored to different levels of expertise, ranging from individual acculturation to specific modules designed for the different business lines, addressing the issues of the day. In this way, specific training courses on how to calculate the carbon footprint are regularly updated in line with changes in methodology, improvements in the tools used to perform the calculations, and the data underlying them.

Details about the Group's carbon footprint are provided in Chapter 4 of this report.



3 RISK MANAGEMENT



RISK MANAGEMENT

- In 2023, Groupe BPCE's Climate Risk Department pursued its drive to better assess and manage climate risks for all the Group's business lines and subsidiaries. This work led the Department to continue developing processes and analytical tools specifically designed to improve the operational integration of the impacts of physical and transition climate risks.

1 - Governance and organization of climate risk management

The management of climate and environmental risks is the responsibility of Groupe BPCE's Supervisory Board, which ensures that the framework for managing and overseeing these risks is implemented appropriately, notably by working in liaison with the Risk Committee. At the executive level, the Board relies on the Climate Risk Committee set up in 2020 and chaired by the Chairman of the Management Board. This committee is comprised of the heads of Groupe BPCE's business units, the Risk, Finance, Compliance, Impact – CSR, and Inspection Générale functions, as well as two chief executives of Groupe BPCE entities (see Chapter 1).

The Group Risk Department organized the structure of the management of climate and environmental risks at the end of 2021 with the creation of the Climate Risks Department reporting directly to Groupe BPCE's Chief Risk Officer, a member of the Executive Management Committee. The Climate Risks Department defines and implements Groupe BPCE's climate and environmental risk supervision framework. In particular, the Climate Risks Department is attentive to:

- Developing processes and analytical tools to enhance the management of climate and environmental risks (physical and transitional) with a view to their better integration into the Group's risk appetite framework.
- Assessing the materiality of climate and environmental risks with reference to the traditional major risk categories: credit risks, financial risks (market, liquidity) and operational risks.
- Including climate and environmental risks in Groupe BPCE's usual risk management framework (credit policy for businesses and individual customers, and according to the types of assets financed), and taking account of these risks in the periodical updating of the Group's sector policies.

- Including climate and environmental risks in the investment and commitment processes of the Group's asset management and insurance activities.

The Climate Risks Department relies on a large network of approximately sixty correspondents in all Groupe BPCE entities and in the other departments of the Group Risk division. The operational integration of this system in Groupe BPCE entities will make it possible to include climate risks in the Group's risk appetite framework. In order to ensure that all the aspects of climate and environmental risk management are taken

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 European Central Bank.

into account, the Climate Risks Department works closely with the other stakeholders in Groupe BPCE and, in particular, with the other departments in the Risk division, Impact – CSR, and Finance functions, the General Secretariat (notably the Compliance and Legal functions), the Technology and Operations teams and the business lines.

2 - 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 Groupe BPCE's climate and environmental commitments, has set specific objectives for all the business lines and functions. The proposed program aims to ensure the most comprehensive coverage possible of the 13 pillars recommended by the ECB. It also integrates the current national and international regulatory perspectives that represent benchmarks in this area.

This program is updated on a regular basis, notably to take account of the areas of concern identified by the European Central Bank as part of its supervision of Groupe BPCE's climate management system.

In concrete terms, this program is organized around 9 major workstreams: governance, risk appetite framework, measurement of climate risks (ICAAP), financial risks, operational risks, credit risks, risk control framework, dashboard, and data.

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

3 - Identification and materiality of climate risks

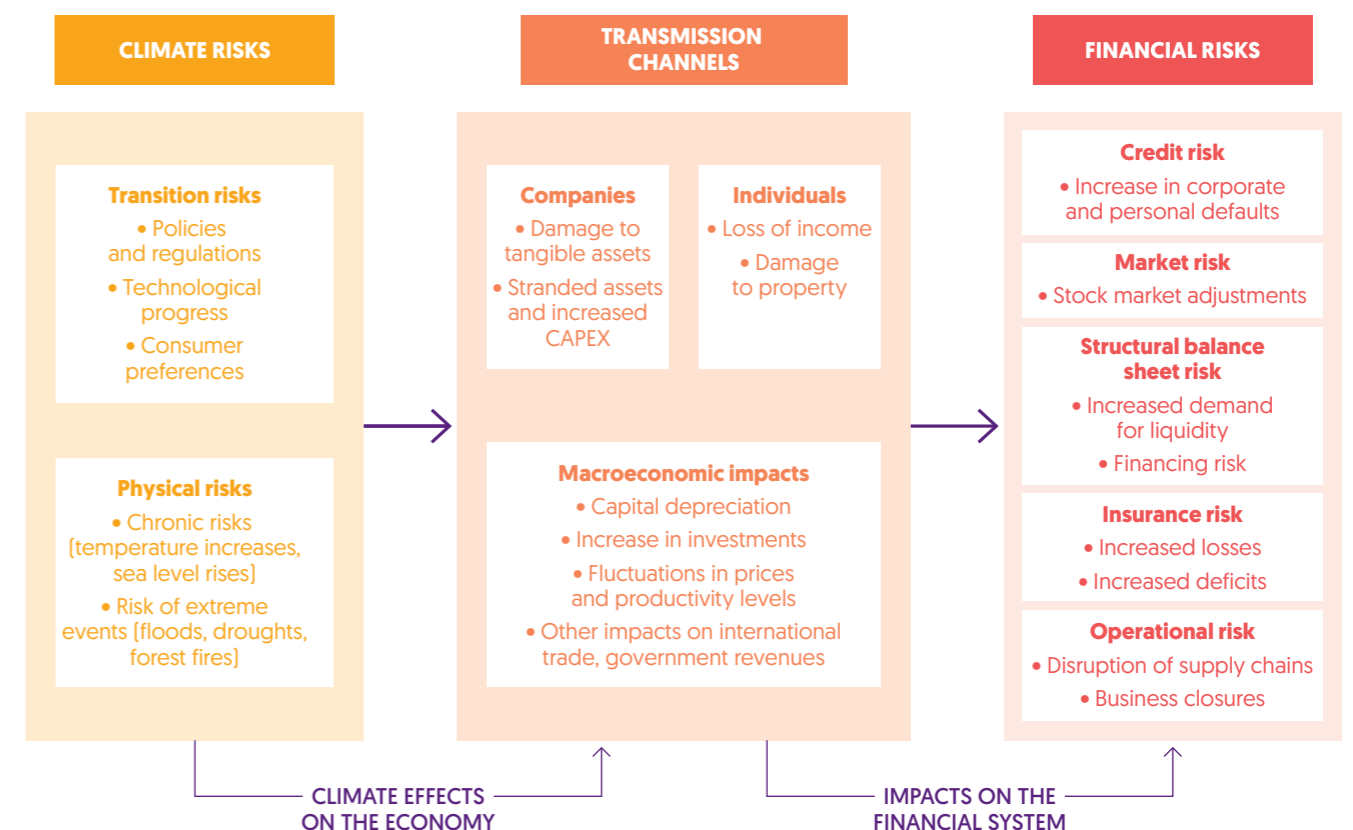
Groupe BPCE has set up a framework both to identify climate risk factors liable to affect the Group's risks, and to assess their 'materiality,' or potential material impact.

The materiality of the risks associated with climate change is assessed in the light of the major Pillar 1 risk categories of the Basel III framework, namely: credit risk, market risk and operational risk, including non-compliance and reputational risk.

After a review of the transmission channels (see diagram below), the assessment of the materiality of risk factors is based on quantitative indicators in conjunction with the assessment carried out by in-house experts.

The assessment exercise makes it possible to distinguish between physical climate risks and transition climate risks, with an assessment over a short time-frame (horizon of the 2021-2024 strategic plan), and over a longer period of time (4 years or more).

From climate risk to financial risk



Groupe BPCE's risk materiality assessment as of 2023

Type of risks Groupe BPCE <i>Typology of risks</i>	Physical risks				Transition risks	
	Short-term time horizon [2024, end of the Strategic Plan]		Long-term time horizon > 4 years		Short-term time horizon [2024, end of the Strategic Plan]	Long-term time horizon > 4 years
	Acute	Chronic	Acute	Chronic		
Credit and counterparty risk: customer default, collateral impairment	Low	Low	Medium	Medium	Medium	High
Market and asset valuation risk: changes in the valuation of equities, interest rates, commodities, etc.	Low	Low	Low	Low	Low	Low
Liquidity risk: short-term liquidity crisis, funding, liquidity reserve risk	Low	Low	Medium	Low	Low	Medium
Insurance risk	Medium	Medium	Medium	Medium	Low	Low
Own investment risk	Low	Low	Medium	Medium	Low	Low
Risk in customer portfolios (insurance and asset management)	Low	Medium	Low	Medium	Low	Medium
Operational risk: business continuity	Low	Low	Medium	Low	Low	Low
Reputational risk	Low	Low	Low	Low	Medium	High
Legal, compliance, and regulatory risk	Low	Low	Low	Low	Medium	High
Business activity and ecosystem strategic risk	Low	Low	Medium	Medium	Medium	High

In 2023, this exercise was carried out in Groupe BPCE's main entities prior to consolidation.

The diagram above describes the mechanism whereby climate, physical or transition risk factors are converted into the financial risks borne by Groupe BPCE through their impacts on certain economic players or on the economic system as a whole.

The table shows the conclusion of work done to assess the materiality of Groupe BPCE's climate risks following the 2023 update.

This matrix reflects an increasing trend in the materiality of climate and transition risks in relation to credit, reputational, strategic, and regulatory risks.

The additional work carried out in 2023 – and, notably, the climate stress test exercise described in section 5 below – resulted in a downward reassessment of the materiality of impacts linked to market and asset valuation risk, while insurance risks linked to physical risks have been revised upwards.

The construction of the materiality matrix is based, in particular, on an assessment of Groupe BPCE's exposure to the main sectors impacted by physical and transition climate risks.

4 - Risk appetite framework

The Climate Risk/Transition Risk and Climate Risk/Physical Risk categories were added to BPCE's internal risk taxonomy in 2019.

At this stage, the materiality of these risk categories has been assessed on the basis of the work described in the section 'Identification and materiality of climate risks'. Transition and physical risks are deemed material (level 1 out of 3) under Groupe BPCE's internal risk framework.

Two risk appetite metrics covering the climate transition risks are being integrated at Group level (metrics under observation before the calibration of a limit). Within the scope of activities of Natixis CIB, 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 Risk Appetite Framework. A threshold and a limit have been applied since 2022 and are reviewed at regular intervals to ensure a downward trajectory.

5 - Regulatory and internal climate stress tests (ICAAP)

5.1 - Regulatory stress tests: measuring the impact of climate risks on the Group's assets

In 2022, Groupe BPCE took part in the first climate stress test launched by the European Central Bank (ECB). This exercise is seen as a joint learning experience of an exploratory nature, aimed at strengthening the ability of banks and supervisory authorities to assess climate risk. It has made it possible to demonstrate Groupe BPCE's ability to quantify its risks according to different scenarios, and to identify areas for improvement, particularly related to data.

In 2023, the EBA launched a new stress test to assess the financial sector's resilience to the transition required to reduce greenhouse gas emissions by 55% in 2030 ('fit for 55'). The results of this 'fit for 55' climate stress test will be published in the 1st quarter of 2025, following various phases of data collection.



Calculation of economic capital: flood/drought scenario

An initial exercise to assess physical climate risk was carried out in 2023. This computational work focused on the portfolio of residential real estate loans exposed to a very high flood risk based on historical hazard data (floods accounted for 52% of natural disasters between 1982 and 2021).

Initially, the study was carried out within the framework of the 2021 stress-test exercise to estimate the expected remaining costs in the event of a climate-related catastrophe (flooding). Remaining costs depend on several factors, such as the type of property (residential or rental), insurance coverage and the type of catastrophe (natural disaster or force of nature). A negative savings shock is then estimated for the most exposed customers on the basis of these different factors, and used to assign a new rating.

This rating is calculated for customers who have been victims of flooding. Customers who suffer a financial shock for an amount greater than their savings are rated using a sub-model in the rating system that is more strict than their current sub-model. Customers whose financial situation is already very fragile fall into default. An average provisioning rate is measured to approximate the customer's expected credit loss (ECL) before and after flooding. The ECL difference corresponds to the economic capital requirement specific to the physical flood risk.

In 2024, work is continuing to refine the measurement of the hazards selected, with a project to measure physical risks jointly managed with teams from the Risk division of Groupe BPCE and BPCE Assurances.

5.2 - Internal stress tests

Since 2023, Groupe BPCE has taken account of physical climate risks in its internal capital adequacy assessment process (ICAAP). On the one hand, a flood/drought scenario applied to its individual residential real estate portfolio in France is used in its economic capital calculation (see above). On the other hand a physical climate risk dimension has been taken into account in one of the adverse scenarios of the internal stress tests. Further work is planned for the ICAAP 2024 exercise, designed to improve the assessment of physical risk and include a climate transition scenario.

6 - Making climate risks an integral part of the risk management framework

6.1 - Credit risks

INCLUSION OF ENVIRONMENTAL CRITERIA IN SECTOR-SPECIFIC LENDING POLICIES

In addition to the oil & gas and thermal coal policies applied to all Groupe BPCE companies, environmental criteria form an integral part of the Group's sector policies within the scope of its retail banking activities.

The operational inclusion of ESG criteria in credit risk assessment is based in particular on sector ratings that make it possible to assess the main environmental challenges associated with each business sector as defined by the European taxonomy: physical climate risks, transition climate risks, biodiversity, water, pollution other than greenhouse gases, and the circular economy. An environmental sector classification is derived from this assessment and used to identify specific areas for attention. These sector ratings are intended to provide input for discussions, notably during the credit granting process.

The aim is to provide additional analytical elements in the response to changes in the regulatory and market environment, and to provide customers with better support in the transition.

Within the scope of Natixis CIB, credit policies refer to the policies for sensitive sectors drawn up by the CSR Department and, in some cases, include additional criteria relating to climate, environmental, social or governance risks.

DEPLOYMENT OF STRATEGIC ENVIRONMENTAL DIALOGUE WITH THE NETWORKS' CORPORATE CUSTOMERS

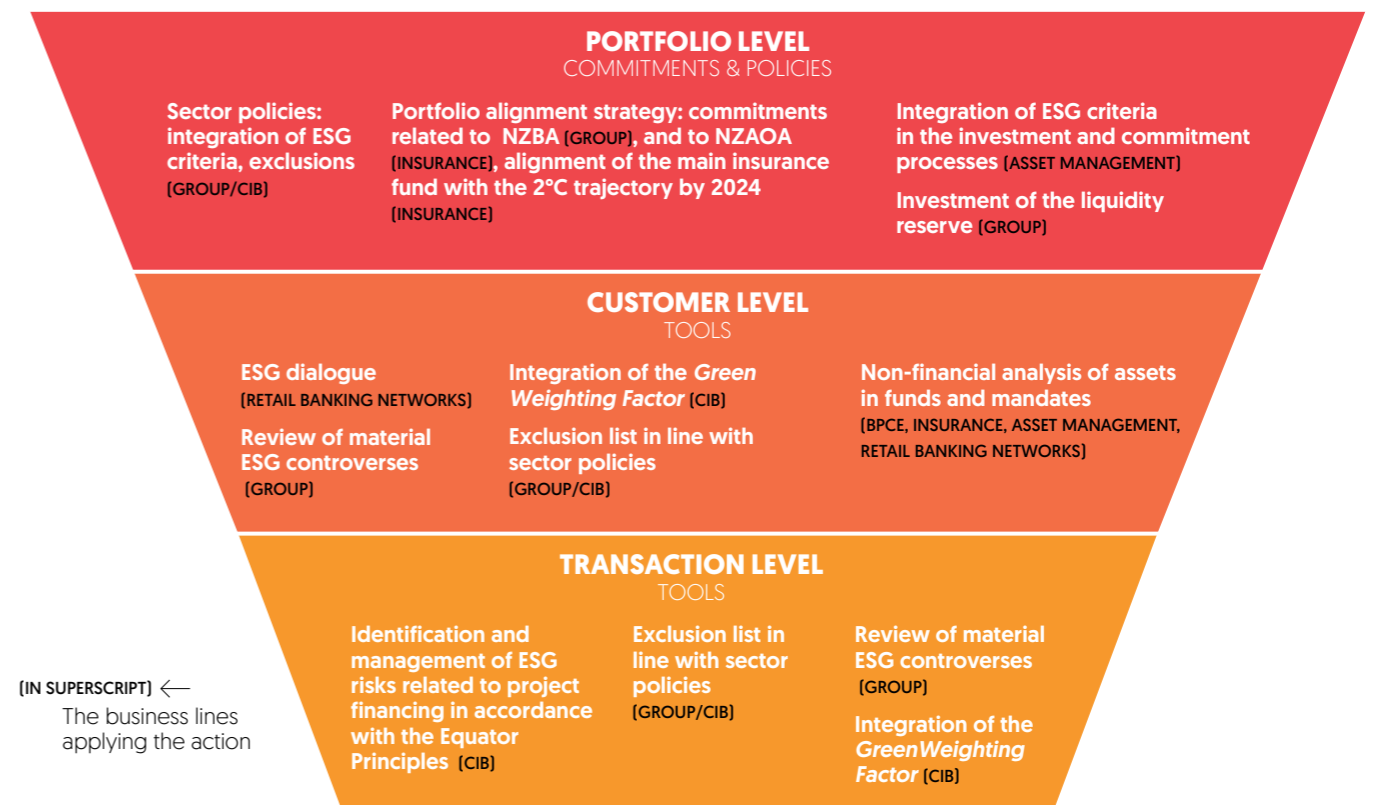
With a view to ensuring the greater integration of climate and environmental criteria in our processes, a strategic dialogue is set up with corporate customers of Groupe BPCE's retail banking networks to assess the extent to which they take account of ESG issues. This dialogue is based on a questionnaire used by account managers to gather information about their customers' understanding of climate and environmental issues, their actions and commitments in this area. This ESG dialogue has been used since the beginning of 2023 in the Banque Populaire and Caisse d'Epargne retail banking networks.

USE OF THE GREEN WEIGHTING FACTOR BY NATIXIS CIB

Within the framework of its credit processes, Natixis CIB completes an analysis of issues related to climate transition risks; this analysis is based on the Green Weighting Factor (GWF), a proprietary model for measuring and monitoring the climate impact of the bank's financing activities. The principles governing the operation and deployment of this model are described in the Metrics & Targets part of this report ('Metrics & Targets' chapter, section 2.1).

A GWF score is systematically assigned to counterparties and to the transaction itself in the case of dedicated financing, and is included in the documentation submitted during the credit granting process. These scores are updated annually.

From sectoral perspective to transaction



APPLICATION OF THE EQUATOR PRINCIPLES

In accordance with the Equator Principles, Natixis CIB also applies a market methodology aimed at assessing the environmental and social risks of the projects financed, and the management of these risks by clients, irrespective of their sector of activity. Since October 2020, Natixis CIB has been applying the amended version of these Principles (Amendment EP IV), which includes more exhaustive criteria for respecting human rights (particularly the rights of indigenous communities) and requires an analysis of physical climate and transition risks.

Borrowers are therefore required to do the following:

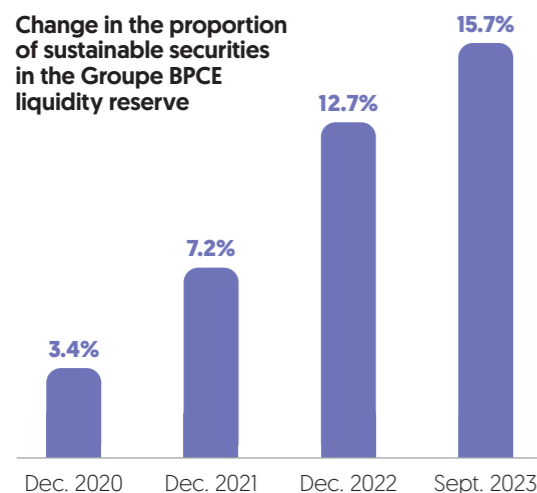
- To assess the physical risks associated with climate change for the majority of projects,
- To carry out a climate transition risk assessment and an analysis of less greenhouse gas-intensive alternatives for projects with total CO₂-equivalent emissions of at least 100,000 metric tons per year. Depending on the risks identified and the nature of the associated impacts, the client is asked to take mitigation measures. These are covered by specific covenants in the financial documentation.

ESG characteristics of the liquidity reserve

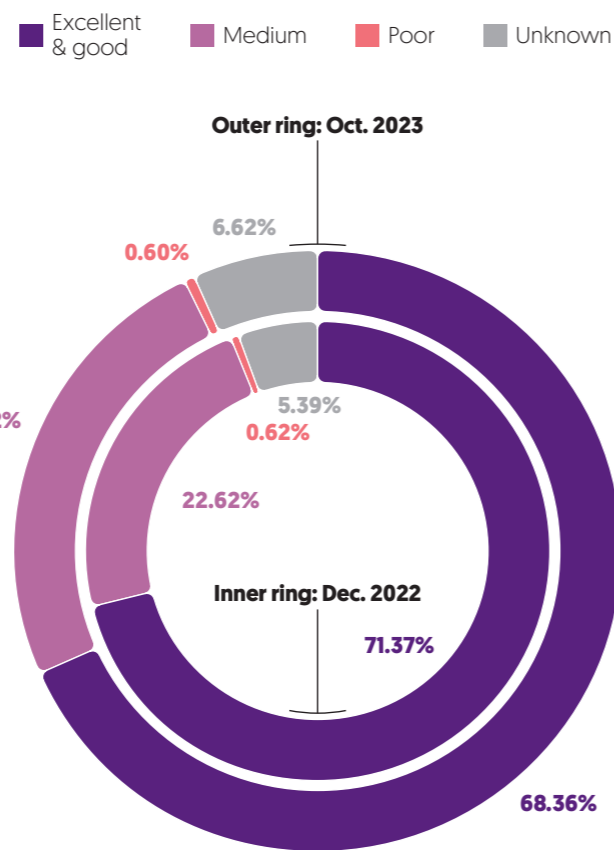
Within the scope of the liquidity reserve portfolio:

- The proportion of sustainable securities ¹ has increased significantly over the past 3 years.
- The proportion of securities with an 'Excellent & Good' ESG rating is higher than 65%.

Change in the proportion of sustainable securities in the Groupe BPCE liquidity reserve



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



Source : ISS ESG

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

FINANCIAL SOLUTIONS & EXPERTISE BUSINESS UNIT

With a view to defining an appropriate risk policy, several subsidiaries of the FSE business unit include ESG information in their loan granting process. Three subsidiaries (CEGC, SOCFIM, BPCE Lease – Crédit Bail Immobilier) have decided to adopt Natixis CIB's Real Estate Green Weighting Factor (GWF) to color-code their operations in 7 different shades ranging from green to dark brown, to reflect carbon emission levels.

At BPCE Factor, BPCE Lease and CEGC, when a non-financial rating is available to customers, this rating is included in the counterparty's credit/guarantee file.

6.2 - 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, of ESG criteria by focusing on two factors: the environmental quality of the security and the ESG rating of the issuers.

Other work makes it possible to assess the impact of climate risk on liquidity risk as part of the ILAAP liquidity adequacy assessment process.

With regard to the investment of Groupe BPCE entities in private equity and real estate (excluding real-estate assets used for operational purposes), a questionnaire addressing ESG themes was developed in 2023 and will be rolled out progressively in 2024.

6.3 - Operational risks

OWN ACTIVITY RISKS

Operational risk incidents related to climate risks are the subject of specific identification in Groupe BPCE's operational risk monitoring tools.

Groupe BPCE also takes physical climate events into account within the framework of its business continuity plan. This plan defines the procedures and resources enabling it to deal with natural disasters and protect employees, assets, and key activities and ensure the continuity of essential services. For risk assessment purposes, internal analyses are also carried out to identify sites and branches exposed to climate risks focusing, at this stage, exclusively on France.

REPUTATIONAL RISK

The growing awareness and sensitivity of the general public and economic actors to climate issues is leaving the banking sector increasingly exposed to reputational risk, notably in the event of non-compliance with regulatory expectations or scandals linked to controversial activities. At Groupe BPCE level, work was also launched in the second half of 2023 to define an administrative body and framework for monitoring reputational risk. In Natixis CIB, an analysis of reputational risk is carried out when new customers are on-boarded. This analysis includes an assessment of controversies related to ESG risks. A committee chaired by the Chief Executive of the global business lines is responsible for reviewing files sensitive to reputational risks.

LEGAL, COMPLIANCE, AND REGULATORY RISK

To limit the effects induced by climate change, administrative and legislative authorities find themselves required to adopt new regulations. These texts may be international (Paris Agreement), strictly European (Taxonomy regulation) or national (French Climate & Resilience Act). The Legal Department, working in conjunction with the Impact Department and the Group Risk division, informs the functions concerned and encourages them to be extra vigilant when using climate-related terminology in accordance with the European Taxonomy.

A regulatory monitoring committee also keeps a close eye on the operational implementation of the different regulations.

6.4 - Permanent control system

Groupe BPCE is setting up the organization necessary to develop permanent and periodic risk controls. An initial insertion of priority controls was carried out in 2023 at Group level, using its own permanent controls monitoring tool and the half-yearly risk questionnaire completed by Group companies.

With regard to periodic control, an internal guide has been drawn up to ensure that assignments in the various Group entities are carried out in the most efficient and consistent manner possible.

Towards a common European language

Groupe BPCE is getting ready for the use of the European Taxonomy and has been carrying out work since 2020 to make it an integral part of its analytical approaches. In the first quarter of 2022, an ad hoc task force was set up to determine 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 entities of Groupe BPCE, as well as to their climate correspondents, about the European Taxonomy, its implications in terms of greenwashing and understanding how to calculate 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.

6.5 - Dashboards

Dashboards for monitoring and managing climate and environmental risks have been available since the end of 2022; they make it possible to keep the executive and supervisory bodies of Groupe BPCE and its entities informed about climate risks.

6.6 - Data

ESG is an area subject to constant change, characterized by the emergence of new norms and standards that still suffer from a lack of consistency. This means that data acquisition is a challenge requiring specific infrastructures and processes. A project was launched in 2022 to meet these challenges, and work is currently underway to structure the acquisition and processing of data from external suppliers and to make this data available to the various entities. One of the highlights of 2022 was the publication of the first Green Asset Ratio in its eligible format. This exercise was repeated in 2023, prior to the publication of an alignment in 2024 (published in the Group's Universal Registration Document).

The data required for regulatory ESG disclosures under Pillar III was published for the first time in 2023. Five additional tables are planned for 2024 covering, in particular, the proportion of green assets.

7 - Mechanism specific to Insurance and Asset Management activities

7.1 - Insurance activities

By the very nature of its activities and its management horizons, BPCE Assurances makes the integration of sustainability risks – and climate risks, in particular – a central feature of its risk management framework. In compliance with current regulations, BPCE Assurances makes climate risks an integral part of every stage of the risk management process, from initial identification to assessment and subsequent mitigation. BPCE Assurances is also actively working on the theme of biodiversity, a topic tightly bound up with climate issues.

7.1.1 - Life insurance

RISK IDENTIFICATION AND ASSESSMENT

Climate risks are consolidated into a risk map, specific to the insurance business, that distinguishes between physical and transition risks on the one hand, and risks with short/medium and long-term horizons on the other. Risk quantification is an essential part of the approach adopted by BPCE Assurances, which is gradually incorporating the



concept of double materiality. The financial risks induced by the investment portfolio's exposure are assessed using a number of different approaches.

In 2023, for example, BPCE Assurances took part in the climate stress tests set up by the French Prudential Supervisory Authority (ACPR) based, on the one hand, on two long-term trajectories of the 'Network for Greening the Financial System' (NGFS) and, on the other hand, on a short-term scenario combining both physical and transition risks.

In parallel with this exercise, analysis work was conducted on the portfolio's 40 largest exposures (representing approximately 10% of outstandings) with a view to measuring the exposure of the companies concerned to physical risks (droughts, flooding, etc.). Finally, measuring the alignment of the portfolio's temperature with a scenario compatible with the Paris Agreement makes it possible to appreciate the exposure of the asset portfolio to transition risk.

RISK MITIGATION

For the past several years, BPCE Assurances has been setting targets and taking measures to limit its exposure to climate risks and reduce its impact on climate change. In terms of investments, this effort has found expression in a combination of several elements:

- **Implementation of sectoral policies**

Several of the sectoral policies adopted are directly linked to climate risk management and concern fossil fuel-related companies (see the Strategy chapter - section 1).

- **Investments aligned with the Paris Agreement**

In order to limit the impact of its activities on the climate and its exposure to transition risk, BPCE Assurances has set ambitious ESG targets for its investments.

Any company rated 'negative' in terms of sustainable development according to Mirova's ESG analysis is excluded from investment decisions. This exclusion extends to the 'at risk' rating for the BPCE Assurances IARD subsidiary. In addition, a significant proportion of investments are made in green assets (green bonds, Article 9 funds under the SFDR, investments aligned with the European Taxonomy, etc.). These investments are aimed at aligning

the asset portfolio with a temperature trajectory compatible with the Paris Agreement, with a first milestone of +2.0° C at the end of 2024. As a result, the proportion of assets that make a significant contribution to global warming and likely to lose value in the future is steadily being reduced in the BPCE Assurances portfolio. This effort will continue in subsequent years with the aim of moving towards an alignment of +1.5°C by 2030.

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).

7.1.2 - Non-life insurance

For property & casualty insurance products, the management of climate 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 and professional customers, 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, 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. In addition to this work, the company voluntarily carried out in 2023 the climate stress tests proposed by the ACPR on the basis of IPCC scenarios.

To reduce the balance-sheet impact of weather-related claims, BPCE Assurances transfers a part of its risks, including climate risks, to several global reinsurers.

Work is underway on the banking, non-life insurance, and credit guarantee (CEGC) sectors to incorporate prospective climate change scenarios into risk modeling.

Finally, to limit the consequences of climate events, work has been initiated to encourage policyholders to take adaptation and prevention measures. Text messages are also sent to give policyholders advance warning of a climate event, enabling them to take shelter and protect their property. When claims are filed, BPCE Assurances is speeding up the processing of its customers' files by reinforcing the teams dedicated to the declaration and management of claims, and is taking steps to ensure the rapid mobilization of its networks of insurance adjusters.

7.2 - Asset Management

7.2.1 - Integration of ESG criteria into the investment process

For Natixis Investment Managers, integrating ESG factors into the investment process makes it possible to reach more informed decisions, to obtain a better understanding of company risks, to identify sustainable investment trends, and select companies contributing to these trends. This approach aims to create long-term value for clients. Several affiliates have developed dedicated non-financial research capabilities and have integrated sustainability criteria into their investment decision-making models. They rely on proprietary systems and raw data to establish their own ESG risk and opportunity scoring models and methodologies.

Each asset management company within Natixis Investment Managers is responsible for its investment process and ultimately accountable for integrating environmental, social, and governance factors in line with their fiduciary duty. European asset management companies have developed responsible investment policies that explain their overall ESG approach, provide detailed guidance on integrating environmental factors, and outline sectoral and/or exclusion policies. All European direct asset management companies prohibit controversial weapons in their investments and have exclusion policies for coal, unconventional oil

and gas, and tobacco sectors. Certain affiliates have developed more restrictive exclusion policies and rely on recognized frameworks for fossil fuels. The majority of asset management companies offering investments in unlisted assets completely exclude fossil fuels in favor of transition and renewable energies.

The majority of non-European affiliates have developed a comprehensive approach to responsible investment that formalizes their commitment to integrating material environmental, social, and governance factors into their investment processes. They implement specific restrictions at the request of clients.

7.2.2 - Management of Climate Risks

Natixis Investment Managers (Natixis IM) recognizes the importance of climate risks and their potential impact on investment portfolios. The majority of affiliates have adopted systems to measure the climate risk exposure of their portfolios managed on behalf of their investors, enabling greater transparency of the environmental issues associated with their different management offerings.

The most advanced affiliates are developing statistical methodologies (of the 'Value-At-Risk' type) to measure climate risks. In this context, certain asset management companies use external data providers to access these indicators for a specific asset class (e.g. MSCI's Real Estate Climate Value-at-Risk), or to access physical and transition scenarios to assess the possible impact of future events on their portfolios.

Measuring climate risks remains a priority for many affiliates, and a focus for future development, notably with a view to identifying more extensive data sources.

As Natixis IM wants to be in the vanguard of support for innovative environmental solutions, it has, for example, invested in Iceberg Data Lab, a fintech that develops assessment tools and provides financial institutions with environmental data solutions.

4

METRICS & TARGETS





To comply with the Paris Climate Agreement and align its activities with a trajectory of carbon neutrality by 2050, Groupe BPCE is taking the following actions:

- Pursuing the climate assessment of its financing portfolios through the development of the Green Evaluation Methodology,
- Monitoring at an operational level the color mix of its Corporate & 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 intermediate NZBA targets for 2030.

Groupe BPCE is continuing to align its financing, proprietary investment, and insurance portfolios with a view to achieving carbon neutrality by 2050. The Group's contribution to meeting the Paris Climate Agreement presupposes the definition of methodologies, a set of metrics, and the adoption of intermediate targets.

To give itself the means to achieve carbon neutrality by 2050, the Group has joined international alliances such as:

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

These 'Net Zero' initiatives enable Groupe BPCE to complement the framework for monitoring the climate alignment of our portfolios. Historically, this monitoring has been based on a methodology that uses a color rating system to assess the climate performance of our counterparties.

Groupe BPCE, which already benefits pioneering status thanks to the development of the Green Weighting Factor used for the scope of activities of Natixis CIB, has constantly sought to refine the methods used to assess the climate performance of its portfolios with its Green Evaluation Methodology (GEM) color-coded rating system. This approach is designed to improve the analysis of transition risks and support our customers in their transition, with priority given to the most emission-intensive sectors.

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 our activities with a trajectory towards carbon neutrality.

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 still subject 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 to appraise Groupe BPCE's overall climate profile. This approach is based on the 'Green Weighting Factor' (GWF), a tool developed since 2018 for the portfolio managed by Natixis CIB to enable the bank to assess the climate performance of loans granted to large corporate entities and dedicated financing facilities. Natixis CIB was 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-coded scale divided into seven levels ranging from 'dark brown' to 'dark green.' This methodology has been 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 ratings obtained are used by the Group to:

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

The calculation methodologies used to assess customers' climate performance and the baseline 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 using the in-house Green Evaluation Methodology assessment approach will ultimately cover all the exposures in the banking portfolio. These assessments currently cover the home loans portfolio, corporate finance, dedicated financing facilities, and the funding of public service institutions¹ (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, financing dedicated to specific projects, and securities related to investment activities are assessed by the Green Weighting Factor (GWF) rating methodology for all sectors financed by Natixis CIB activities, except for the financial sector. The Group is gradually extending its 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 the specific requirements of this type of clientele.

INDIVIDUAL CUSTOMERS

Measurements concerning the climate performance of individual customer financing is currently carried out on home loans. Ratings are based on the estimated energy performance diagnosis (EPD) of the customer's home.

PUBLIC SECTOR CUSTOMERS

The climate performance of financing granted to government institutions 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.

¹. Internal sector-specific reference framework.



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

Groupe BPCE has set itself the target of covering the principal exposures in its banking portfolio by the end of 2024. In the third quarter of 2023, approximately 60% of the portfolios were covered by the Green Evaluation Methodology approach.

Work is currently underway to assess the rating of SME and intermediate-sized enterprises with respect to their activities and sector affiliations. Targets for these sector-based ratings, at the highest level of granularity (NAF/NACE) where possible, will be finalized by the end of 2024.

2 - Operational management of the portfolios per business line

2.1 - Alignment of Natixis CIB's financing portfolios with a carbon neutral trajectory

The operational management of Natixis CIB's climate trajectory is structured around two complementary and interdependent systems: first, the Green Weighting Factor (GWF), an internal management tool used to guide operational financing decisions and, second, the monitoring of public sector-based decarbonization trajectories at Groupe BPCE level within the framework of the NZBA. The GWF feeds into the measurement of the decarbonization targets and sector-based objectives defined by Groupe BPCE as part of the NZBA. Our baseline measurement of emissions used to define NZBA targets is assessed through:

- Responses to our decision trees for dedicated financing,
- The Carbon4 Finance assessment for Corporate financing.

2.1.1 - The Green Weighting Factor in a nutshell

Since its development in 2018, the GWF has been driving a cultural transformation within Natixis CIB, making the management of the climate trajectory of bank-provided financing a major objective for everyone. This tool for measuring and managing the climate impact of the activities of the Corporate & Investment Banking business continues to be rolled out and enhanced, notably as far as its portfolio color-coding methods are concerned. At the end of 2023, the GWF coverage ratio stood at 92% (vs. 91% in 2022), representing balance sheet exposure of 125.7 billion euros.

METHODOLOGY

The GWF uses a seven-color rating scale ranging from 'dark brown' to 'dark green' to assess the climate impact of its transactions while simultaneously taking account of the risk of the most material non-climate-related environmental externalities (water, waste, biodiversity, pollution). The GWF covers all bank financing ². This assessment is carried out on a granular basis for each of the financing exposures on the balance sheet and for all banking products (loans, guarantees, sureties, documentary credits) irrespective of their maturity, in all geographical regions and for all sectors of activity, with the exception of the financial and government sectors. The GWF methodology is also adapted for use with Corporate ³ and dedicated ⁴ financing operations.

². Scope: non-financial counterparties and excluding sovereigns/governments/local authorities.

³. For non-dedicated financing, or corporate financing: a dynamic analysis of each client is carried out according to its emissions (induced, reduced, and avoided), its decarbonization strategy, its future trajectory, and its exposure to negative non-climate-related environmental externalities. These assessments are carried out by the Carbon4 Finance firm using its database of public and non-public data.

⁴. For dedicated financing (projects, assets, products or raw materials): the rating is determined by a decision tree specific to each sector/technology, drawn up in collaboration with external consultancy firms | Care by BearingPoint and Quantis.



The GWF methodology offers a vision of the challenges of transition. The GWF reflects:

- The challenges of induced decarbonization (CO₂ scopes 1,2,3),
- The contribution made to the transition by certain customers or active projects, with the notion of 'avoided emissions',
- Exposure to the most material non-climate-related environmental risks,
- A forward-looking view of our customers' performance, enabling us to assess their transition potential.

In 2023, Natixis CIB carried out an in-depth overhaul of the decision trees used for its dedicated financing operations. These revised decision trees, due to be rolled out in 2024 via a new tool, should make it possible to:

- Increase the coverage of the scope of financing analyzed,
- Improve the relevance of the assessments of each transaction (based on feedback received from users since 2020),
- Extract a set of new metrics useful for guiding our decarbonization strategy and regulatory reporting processes,
- Take account of, and integrate, the needs of our investor clients in terms of non-financial reporting.

Green Weighting Factor



2.1.2 - A management tool at the heart of Natixis CIB

The GWF has gradually become the major operational steering tool for the decarbonization of Natixis CIB's financing portfolio.

The GWF is a management tool used at a number of levels:

- For credit decisions at the transactional level,
- For pursuing a strategic dialogue with customers,
- For strategic planning: definition of annual color targets for each business line and sub-business line,
- For commercial planning: definition of individual performance evaluation systems for the financing origination teams,
- For capital allocation and active portfolio management,
- For the management of our risk appetite.

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

Since BPCE Assurances signed the Principles for Responsible Investment (PRI) in 2016, it has developed an assertive responsible investment policy. 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 date for achieving this objective was brought forward to the end of 2024 within the framework of the Group's strategic plan: BPCE 2024.

To reach this target, BPCE Assurances has adopted a selective investment policy and decided to devote nearly 15% of its investment flows to green assets every year with a view to their reaching 10% of its investment portfolio outstandings by 2024 at the latest.

BPCE Assurances has also set itself the target of disposing, by the end of 2024, all securities rated 'Negative' by Mirova because the majority of the underlying issuers are linked to the fossil fuel sector.

The actions taken by BPCE Assurances in 2023 enabled us to make a significant contribution to achieving our predetermined targets, with an unprecedented proportion of green investments in our total investments.



2.2.1 - Green investments

BPCE Assurances made over 50% of its investments in green securities this year, illustrating its role as a leading player in financing the environmental transition. The sectors financed include renewable energies, sustainable construction, transport and sustainable mobility.

These efforts enabled BPCE Assurances to reach its target of investing at least 10% of its funds in green assets by the end of 2024, one year ahead of schedule.

Green investments

	2021		2022		2023	
Flows (in absolute terms and as a %)	€1,118m	16.5%	€1,433m	19.4%	€2,348m	51.2%
Stock (in absolute terms and as a %)	€3,800m	6.3%	€5,195m	8.6%	€7,547m	12.6%

2.2.2 - Temperature alignment

The investment portfolio of BPCE Assurances is still on track to reach alignment with +2.0°C by the end of 2024. The large proportion of green investments in 2023 made

a significant contribution to improving this metric, which nevertheless remains within the range [2.0°C ; 2.5°C], owing to the chosen display methodology.

Temperatures measured

	December 2020	December 2021	December 2022	December 2023	Target 2024
Temperature of the investment portfolios of BPCE Assurances	2.7°C	2.4°C	2-2.5°C	2-2.5°C	2°C

2.2.3 - Divestment from 'Negative' rated issuers

These assets still represented €238 million at the end of 2022. At the end of 2023, all securities with a maturity date after 2024 had either matured or been divested.

2.2.4 - Initial decarbonization targets adopted within the framework of NZAOA

Following its decision to join the NZAOA in 2022, BPCE Assurances adopted two initial decarbonization targets for its asset portfolio in 2023:

- A 30% reduction in the carbon footprint (scopes 1 & 2) of the corporate and financial bonds portfolio held directly between Dec. 31, 2020 and Dec. 31, 2024,
- A 50% reduction in the carbon footprint (scopes 1 & 2) of the listed equities portfolio held through the dedicated investment fund Réaumur Actions between Dec. 31, 2020 and Dec. 31, 2029.

3 - NZBA, a voluntary alignment

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 members' exposures with a Net Zero trajectory by 2050,
 - To define 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.

In December 2022, Groupe BPCE [published](#) intermediate alignment targets for two of the most emission-intensive sectors: the Power Generation sector and the Oil & Gas sector.

Driven by its ambition to speed up the energy transition, Groupe BPCE has decided to adopt more ambitious

targets in its efforts to reduce carbon emissions in financing granted to the energy sector up until 2030.

The target for (on-balance sheet) financed carbon emissions related to the end-use of oil & gas extraction and production activities will be reduced by 70% between 2020 and 2030 (compared with an initial target of 30%). ⁵

The financed carbon intensity of electricity producers will be targeted at less than 90g CO₂eq/kW (compared with < 138g CO₂eq/kW).

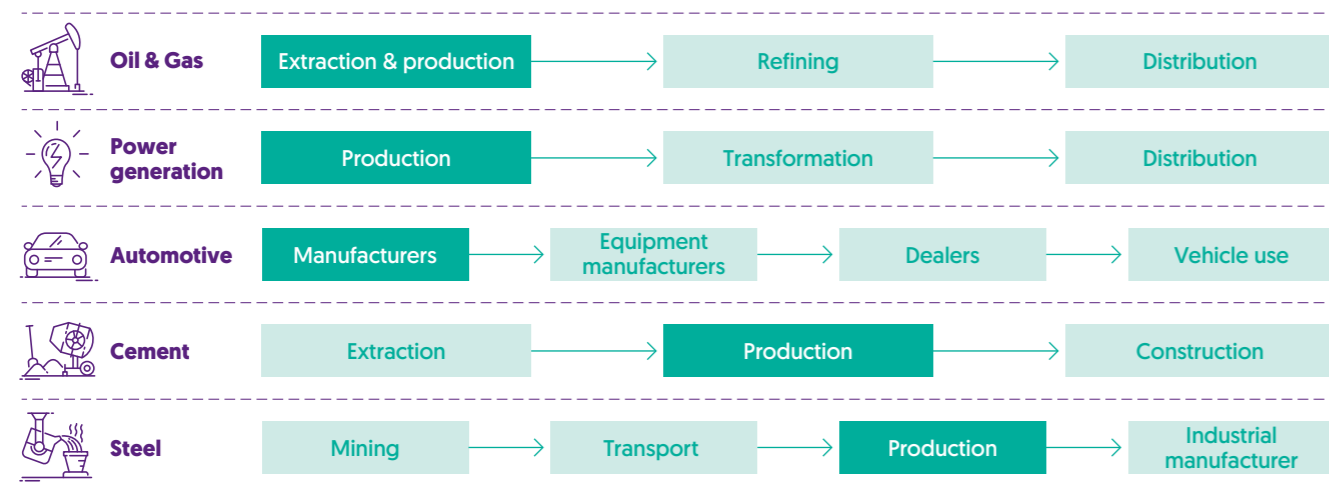
In 2023, Groupe BPCE published new reduction trajectories for financed carbon intensities for the automotive, and steel & cement industrial sectors.

These new intermediate targets covering the scope of Natixis CIB activities are as follows:

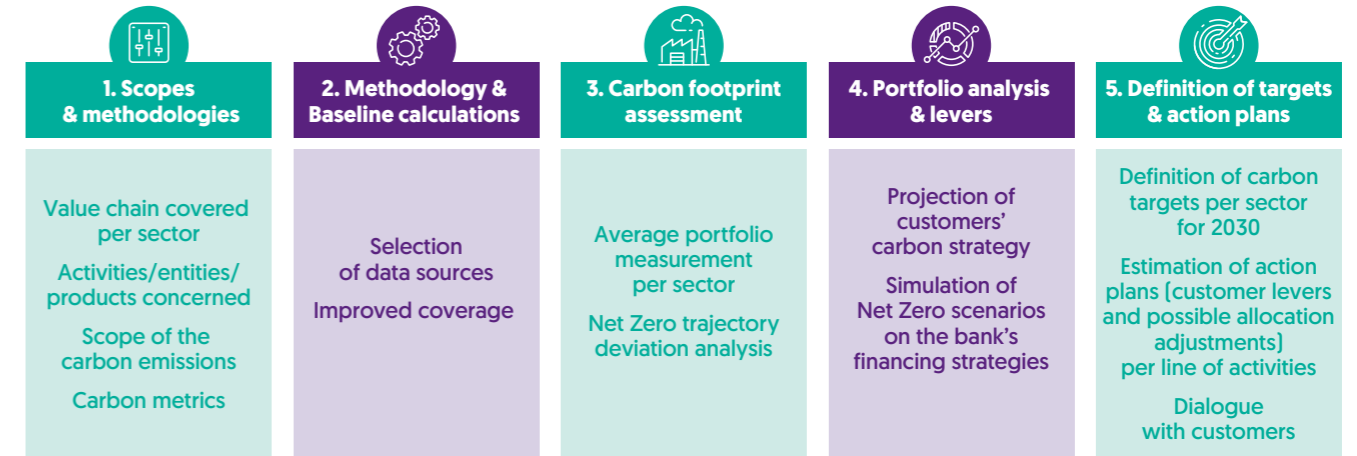
- A target to reduce financed carbon intensity by 40% to be below the 100g CO₂eq/km threshold by 2030 (recalculated 2021 IEA NZE 2050 scenario) for the automotive sector,
- To be below the threshold of 525kg CO₂eq/t of cement by 2030 (recalculated 2021 IEA NZE 2050 scenario) in the cement industry,
- To be below the threshold of 1.4t CO₂eq/t of steel by 2030 (recalculated 2021 IEA NZE 2050 scenario) in the steel industry.

⁵ This corresponds to a 50% reduction over the same period including off-balance sheet financing, compared with an initial 30%.

Value chain



3.1 - The steps in the NZBA process



Five steps are required to define the alignment targets in the NZBA framework (see diagram above).

This work was led within the Group's Impact Department by the Sustainable Finance Center, in close coordination with the business lines concerned.

The methodology used 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 also makes a contribution.

Action plans have been determined by developing financing trajectories aimed at reducing exposures to clients with little or no low-carbon transition objectives and at maintaining, or even increasing, support for the best-performing players in the pursuit of their climate strategies.

Regarding the analysis of changes in portfolios, work on the definition of trajectories consisted of:

- Identifying the most carbon-intensive clients within their sector,
- Assessing their transition commitment based, in particular, on their publicly-available carbon reduction documents and outlooks for strategic development, but also on analyses obtained from data providers and our own customer intelligence,
- Determining future changes in the portfolios by 2030 (2020 baseline) using 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 required to achieve the Net Zero targets.

3.2 - The scopes of the banking portfolio

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

Corporate finance, project finance, propriety investment activities, and short-term exposures of the banking portfolio are included in the scope of the bank's assessment. The trading portfolio, derivatives, money market and central bank deposits are excluded.

3.3 - Enhanced data and monitoring tools

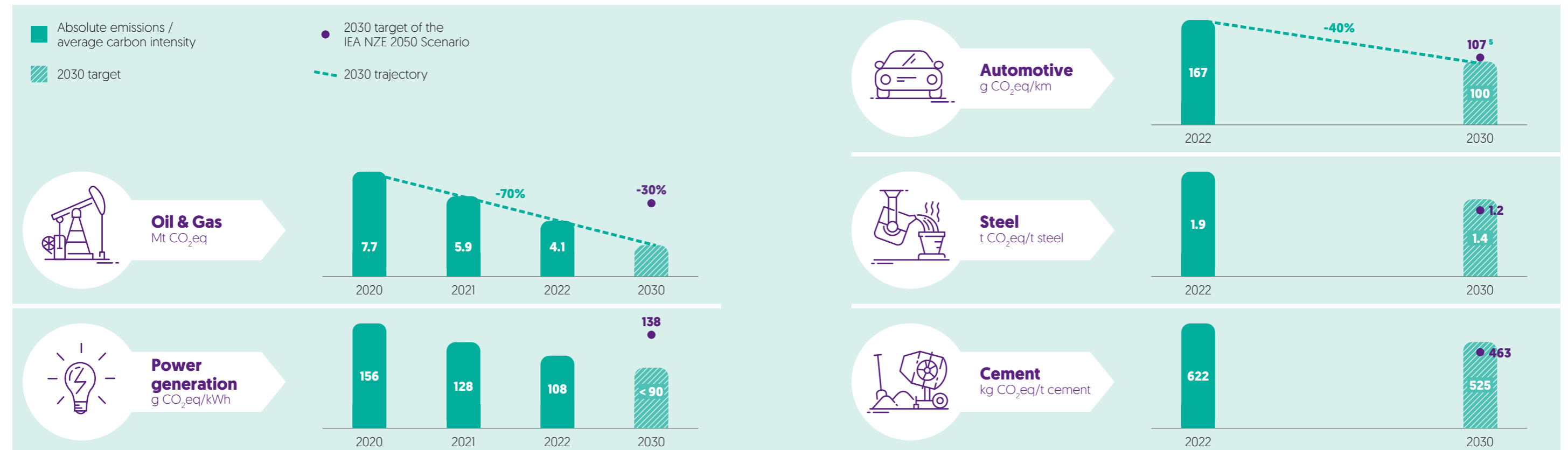
The continuous improvement of methodologies, tools and the enhanced quality and comprehensiveness of reported data will enable Groupe BPCE to better assess the level of emissions and the commitments of its clients during their transformation.

In accordance with its commitments under the NZBA, Groupe BPCE will publish, by mid-2024, emission reduction targets for 2030 for the other sectors defined by this alliance.

Summary of our NZBA objectives

	2022 exposures	NZBA methodology				
		Client scopes covered	Metrics	Calculation method	Scenario	
ENERGY	Oil & Gas	€2bn ¹	3 ²	Mt CO ₂ eq	PCAF	IEA NZE 2050 ³
	Power generation	€21.6bn	1 & 2	g CO ₂ eq/kWh	PACTA	IEA NZE 2050
MOBILITY	Automotive ⁴	€1.6bn	3	g CO ₂ eq/km	PCAF	IEA NZE 2050
HEAVY INDUSTRY	Steel ⁴	€0.4bn	1 & 2	t CO ₂ eq/t steel	PCAF	IEA NZE 2050
	Cement ⁴	€0.2bn	1 & 2	kg CO ₂ eq/t cement	PCAF	IEA NZE 2050

Year	Baseline year		Carbon targets
	Absolute emissions	Carbon intensity	2030 target
2020	7.7	-	-70%
2020	-	156	< 90 g CO ₂ eq/kWh
2022	-	167	-40%
2022	-	1.9	1.4 t CO ₂ eq/metric ton
2022	-	622	< 525 kg CO ₂ eq/metric ton



1. Scope of the balance sheet. 2. Category 11 of the GHG Protocol. 3. Net Zero Emissions by 2050 scenarios (NZE 2050) of the International Energy Agency (IEA), WEO 2021.

4. Scope: Natixis CIB.

5. See the assumptions and limits in the section devoted to the Automotive sector.



Oil & Gas



Power generation



Automotive



Steel



Cement

CONTEXT & CHALLENGES FOR THE SECTOR

In its latest World Energy Outlook, the IEA estimated that oil & gas activities (production, transport and processing) accounted for 15% of the world's total direct energy-related emissions (Scope 1). This carbon footprint has two main origins: first, induced or involuntary methane emissions and, second, the use of fossil fuel to meet energy requirements during the industrial cycle. The carbon footprint generated by the sector is much larger, however, if we include emissions linked to the end-uses (Scope 3) of oil and gas in the construction, manufacturing, and transportation industries.

The sector must consequently rise to meet two decarbonization challenges: first, to reduce emissions related to the industrial cycle of these two energies and second, to massively reduce the share of these fossil fuels in the satisfaction of energy needs by 2050.

On the first front of action, a number of initiatives have been taken since 2015 driven by changes in national regulations and industry standards: recovery of unwanted natural gas, improved tools for detecting fugitive methane emissions, etc. On the second front, the established consensus is that the energy transition implies for the industrial sectors mentioned above the almost total replacement of oil and gas by low-carbon sources (electricity, biomethane, hydrogen and its derivatives). For oil & gas operators, this development raises the risk of a massive decline in value of the assets currently in operation. To avert this, complementary strategies are beginning to emerge, one aimed at the diversification of revenues (by developing already low-carbon activities: renewable electricity and hydrogen production), the other aimed at reducing the carbon footprint of existing activities through the greater use of CO₂ capture technologies (CCUS or 'Carbon Capture, Utilization and Storage') to decarbonize refineries and the production of hydrogen from natural gas.

• Targets

OUR CURRENT SITUATION

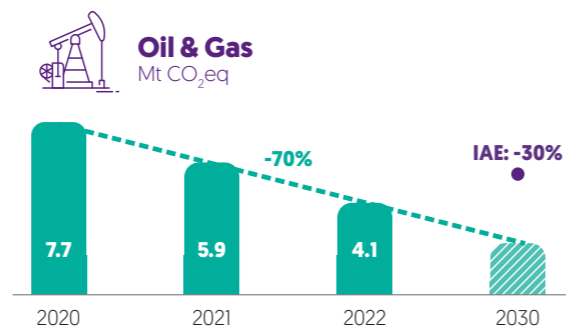
Groupe BPCE reduced its financed carbon emissions between 2020 and 2022 by almost 47%, from 7.7 Mt CO₂eq to 4.1 Mt CO₂eq over the same period for on-balance-sheet activities. If off-balance sheet activities are included, this trend corresponds to a reduction of almost 33%, from 13.7 Mt CO₂eq¹ to 9.2 Mt CO₂eq.

EXPLANATION OF CHANGES

This change can chiefly be explained by the proactive strategy pursued over the past several years by Natixis CIB to reduce its exposures to financing dedicated to oil & gas production/exploration. Indeed, since 2019, a tighter management of our trajectory in this sector has been pursued, leading us to take a number of positioning decisions with a withdrawal from certain sectors such as, for example, independent American oil companies. This sharp reduction in exposure in a short space of time has enabled Groupe BPCE to make rapid progress on its trajectory to 2030. Although the carbon footprint and these fossil fuel-related exposures may fluctuate over time along with changing market conditions, a regular and precise management system, facilitated by the GWF, sets out to enhance this progress and improve these downward trends over the long term.

TARGET FOR 2030

Groupe BPCE is therefore adopting a more ambitious target for reducing its absolute financed carbon emissions related to the financing of the end-use of oil & gas extraction and production: the new target is to slash our on-balance-sheet financed emissions by at least 70% between 2020 and 2030, i.e. a reduction of 50% if off-balance-sheet items are included (vs. 30% previously based on the target of the IEA's NZE 2050 scenario published in 2021).



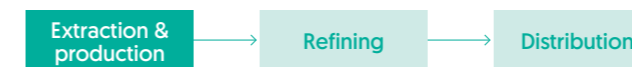
Summary overview

2022 exposures	€2bn (on-balance sheet) €5.1bn (on- and off-balance sheet) (97% coverage)
Entities	Groupe BPCE
Baseline (2020)	7.7 Mt CO ₂ eq
2030 target	-70% on-balance-sheet items
Scope	Scope 3 (category 11) ² end-use emissions from oil & gas extraction and production
Data sources	Woodmac (estimated carbon emissions related to company production) I Care [data mainly from ADEME for dedicated financing]
PCAF score	Score 3.7
Calculation method	PCAF
Metric	Mt CO ₂ eq
Scenario	IEA NZE 2050 scenario published in 2021 The revised reduction target adopted by the Group is more ambitious than this scenario

• Methodological choices

VALUE CHAIN

Carbon baselines and targets cover our customers' extraction and production activities which, together, account for the bulk of emissions in this industrial sector.



ASSUMPTIONS & LIMITS

The financed carbon footprint is estimated using the PCAF method, which is dependent on company-reported values, whose market variations are largely independent of the climate strategies adopted by our clients.

1. The 2020 baseline has been revised in line with constant reliability improvement work.

2. Category 11 of the GHG Protocol.

• Action plan

TARGET

A 70% reduction in Groupe BPCE's financed emissions by 2030 (on-balance sheet). This target corresponds to a 50% reduction in financed emissions if off-balance sheet emissions are included.

SCOPE

Groupe BPCE 'Oil & Gas' extraction and production portfolio, all geographical regions combined.

CUSTOMER SUPPORT

Targeting clients in the energy sector who are already committed to a transition plan, or have developed one that is both credible and convincing.

PROGRESS TO DATE

Commercial actions starting in 2020 across the entire portfolio, with some withdrawals from sectors such as American independent producers.

INNOVATION

Innovation includes the launch of initiatives on fossil fuel replacement technologies such as hydrogen, or the improvement in processes such as carbon capture designed to reduce emission intensity. Since 2020, we have scrupulously taken a proactive approach and gradually reduced our Oil & Gas portfolio, chiefly our exposure to the most emission-intensive counterparties. We have decided to give priority status to the sharp reduction of our exposure to independent producers of crude oil, an activity that is more carbon-intensive than gas, which is currently an important vector in the energy transition. As a result, we now provide our support exclusively to independent clients who can demonstrate a concrete strategy for their energy transition (share of production activities more oriented towards gas than oil, adoption of carbon capture solutions, etc.). We are also developing this systematic approach with national companies and large private multinational companies ('Majors') by analyzing the projects in which they invest and their present and future impacts on the environment, biodiversity, and local populations. Within this framework, Groupe BPCE will continue to adjust its portfolio with a view to achieving carbon neutrality by 2050.



Oil & Gas



Power generation



Automotive



Steel



Cement

CONTEXT & CHALLENGES FOR THE SECTOR

Although it was launched 20 years ago, the transition of the power sector still has far to go if the global economy is to reach the target of climate neutrality by 2050. With coal still being used worldwide on a massive scale to generate energy, the sector was responsible for almost 40% of global CO₂ emissions in 2022. The growing use of electricity as a substitute for fossil fuels in manufacturing, transportation and the construction industry leaves the power-generation sector faced with a dual challenge: first, to decarbonize the production of electricity used to meet current demand and, second, to use low-carbon sources to satisfy new sources of demand: the direct electrification of uses in the industrial sectors mentioned above, and the production of new energy vectors such as hydrogen and its derivatives for uses in the activities that are most difficult to decarbonize.

Responding to this dual challenge will involve stepping up existing initiatives on three distinct fronts: the first is the accelerated development of new low-carbon capacities to ensure they account for the greater part of the world's electricity mix by 2030; the second is active management of the existing stock of fossil-fired power plants, combining the closure of older facilities with the 'transition' of newer facilities, notably through the more extensive use of CO₂ capture technology; the third is the systematic adoption of energy-efficiency policies to limit the scale of additional electricity needs induced by the transformation of the global economy. The central role now played by the electron in the energy transition emphasizes the decisive importance of progress expected between now and 2030.

3. 'Fronting' activities (an activity where the bank acts as issuer and administrative agent on behalf of other banks) have been excluded from the baseline calculation since 2021.

• Targets

OUR CURRENT SITUATION

The calculation of the baseline (2020 and the 2021 waypoint) has been refined as we improve (i) our ability to ensure in our information systems the clear identification of, notably, the types of power generation technologies financed by all Groupe BPCE entities and (ii) the coverage of our exposures in terms of carbon data. In 2020 and 2021, the average carbon intensity of the power generation financing portfolio was 156g CO₂eq/kWh and 128g CO₂eq/kWh respectively (previously 156g CO₂eq/kWh at Dec. 31, 2021 before the adoption of greater granularity). At December 31, 2022, the carbon intensity of our power generation financing portfolio stood at 108g CO₂eq/kWh.

EXPLANATION OF CHANGES

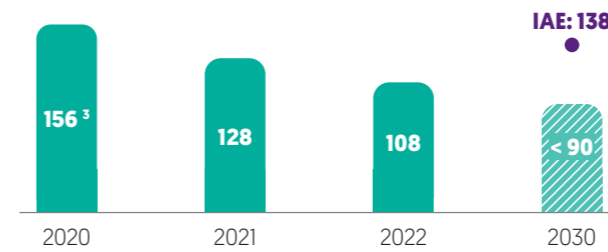
It was a deliberate decision to make the technological mix of our portfolio only slightly exposed to fossil fuels such as coal, oil and gas, owing to the Group's strategic choices as well as its geographical footprint. For several years, Groupe BPCE has been committed to gradually reducing to zero its banking exposure to thermal coal, with a deadline of 2030 for the European Union and OECD countries, and 2040 for the rest of the world. At the same time, Groupe BPCE plays a leading role both in France and worldwide in the financing of renewable energies. This strategic approach, tightly managed thanks to the GWF tool, has enabled the Group to increase its exposure to renewable power generation projects and companies to more than half of its total exposure in the power generation sector. With more than €12bn of financing exposure to renewable energy projects and companies at December 31, 2023, Groupe BPCE is one of the largest providers of finance for renewable energies (notably in France) vs. less than €0.35bn of exposure to the Coal sector (see the table in section 4).

TARGET FOR 2030

The Group is making its carbon intensity reduction target more ambitious by setting it at less than 90g CO₂eq/kWh by 2030 (vs. 138g CO₂eq/kWh in the IEA's NZE 2050 scenario published in 2021. It should be emphasized, however, that the geographical breakdown of our portfolio does not reflect the global scope of the IEA scenario).



Power generation g CO₂eq/kWh



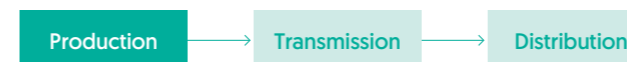
Summary overview

2022 exposures	€21.6bn (96% coverage)
Entities	Groupe BPCE
Baseline (2020)	156g CO ₂ eq/kWh ³
2030 target	<90g CO ₂ eq/kWh
Scope	Scopes 1 & 2
Data sources	Carbone 4 [carbon emissions from corporate financing] I Care [data chiefly from ADEME for dedicated financing] ADEME [financing of renewables in light of their technologies]
PCAF score	Score: 2.3
Calculation method	PACTA (average of customer intensities weighted by portfolio exposures)
Metric	Carbon intensity (g CO ₂ eq / kWh)
Scenario	IEA NZE 2050 scenario published in 2021

• Methodological choices

VALUE CHAIN

Carbon intensity baselines and targets cover the activities involved in the production of electricity.



ASSUMPTIONS & LIMITS

The IEA's NZE 2050 scenario is designed for a global portfolio (target below 138g CO₂eq/kWh by 2030). Groupe BPCE's portfolio is not exposed to all the geographical regions worldwide. It is notably focused on France, Europe/Middle East, and the Americas.

• Action plan

TARGET

The carbon intensity of financing linked to power generation activities should not exceed 90g CO₂eq/kWh by 2030.

SCOPE

Groupe BPCE

CUSTOMER SUPPORT

The definition of this target is premised on the pursuit of the current strategy comprised of:

- The growth, diversification and differentiation of our corporate financing activities focused on players whose energy mix is the most decarbonized and/or whose trajectory and transition plans are committed, credible, and convincing,
- The concentration of our structured financing on renewable energies, with business growth in line with expectations for the sector (RePower EU, IEA, IRA, etc.).

PROGRESS TO DATE

- In 2023, the Group ranked number one in France and number five worldwide for the Arrangement and Financing of Projects in Renewable Energy (Infracore).
- The number of corporate clients in the sector (developers, independent producers, utilities in transition) is growing, notably in new geographical regions.

INNOVATION

This power generation strategy forms part of a value chain approach to the sector, with a resolute commitment, in particular, to metals critical to renewable energies and storage, carbon capture technologies (cf. CCUS), the reinforcement of power grids and business models linked to flexibility (interconnections, demand response, storage, etc.) but also downstream to the electrification of uses (transportation, manufacturing).



Oil & Gas



Power generation



Automotive



Steel



Cement

CONTEXT & CHALLENGES FOR THE SECTOR

The automotive sector alone was responsible for emissions equal to 3Gt of CO₂ in 2021 as a whole, according to the IEA (passenger cars and vans). Since 2019, however, the faster pace of electrification has made it possible to stabilize the sector's aggregate volume of emissions by lowering specific fuel consumption by 1% on average, despite the growing share of SUV sales (46% of car sales in 2022). The three main levers for reducing CO₂ emissions in the automotive sector are as follows:

- Stricter regulations on the energy efficiency of vehicles sold. In Europe, the aim of regulation 2023/851 is to reduce vehicle emissions by 55% by 2030 and by 100% by 2035. In France, the gradual lowering of the threshold for triggering the ecological penalty (from 133g/km in 2021 to 123g/km in 2023) provides an incentive to buy the least polluting vehicles,
- Considering that 65% to 80% of the sector's current lifecycle emissions come from exhaust gases, the acceleration of electrification (18% of vehicles sold in 2023) is a key factor in achieving Net Zero targets by 2050, as the lifecycle emissions of a 100% battery-electric vehicle (BEV) are 18% to 87% lower than those of a vehicle powered by an internal combustion engine, depending on the country considered. The worldwide decarbonization of the electrical sector (particularly in China) will further reduce the carbon footprint of BEVs,
- The decarbonization and recycling of the materials used in vehicle construction (aluminum, steel, and polymers in particular) will also become significant factors in the sector's decarbonization trajectory from 2030 onwards.

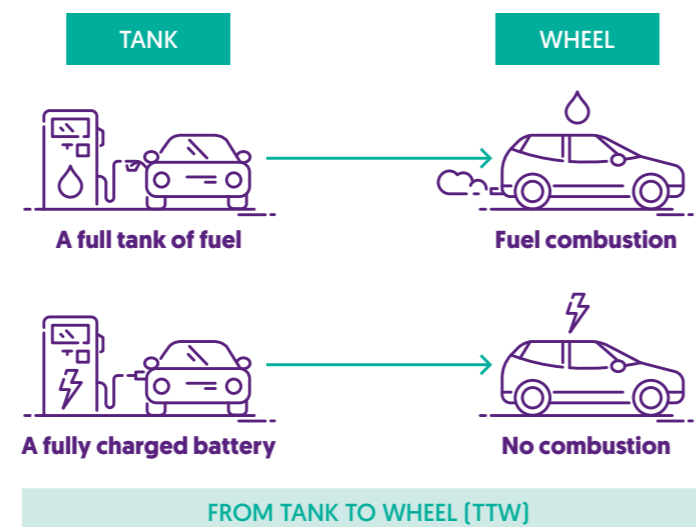
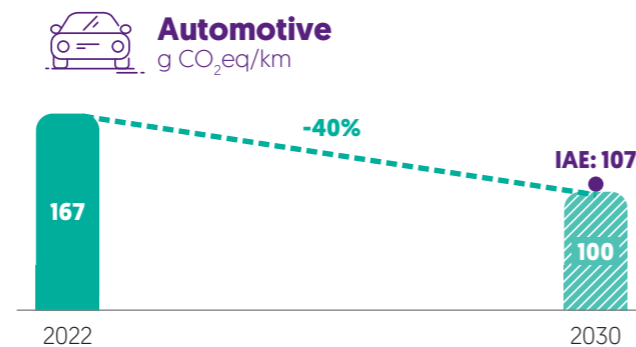
• Targets

OUR CURRENT SITUATION

In 2022, the carbon intensity of Natixis CIB's automotive portfolio was 167g CO₂eq/km. This is related to financing granted to carmakers.

TARGET FOR 2030

The target for the automotive sector adopted by the Group's investment banking arm (Natixis CIB) is to reduce its financed carbon intensity by 40% compared with 2022.



Summary overview

2022 exposures	€1.6bn (100% covered)
Entities	Natixis CIB
Baseline (2022)	167g CO ₂ eq/km
2030 target	-40% or 100g CO ₂ eq/km
Scope	Scope 3 TTW, Real Fuel Use Light-duty vehicles
Data sources	Published data Carbone 4
PCAF score	Score: 3
Calculation method	PCAF
Metric	g CO ₂ eq/km, using the 'real fuel use' standard. Factors have been applied to convert emissions into NEDC ⁴ and WLTP ⁵ standards
Scenario	IEA NZE 2050 published in 2021

• Methodological choices

VALUE CHAIN

Carbon baselines and targets cover the activities of carmakers, whose financial divisions or subsidiaries are excluded from the coverage. The scope of carbon emissions corresponds to those emitted by light vehicles.



ASSUMPTIONS & LIMITS

The IEA's NZE 2050 scenario is a global fleet scenario which is difficult to compare with the portfolios covered: the emissions are those linked to manufacturers' annual vehicle sales, which is difficult to equate with an IEA Net Zero target adapted to a (global) fleet – flows vs. stock. The ambitiousness of our targets has been calibrated using an in-house calculation aimed at using the IEA's vehicle fleet trajectory (stock) to derive a benchmark assumption in automaker vehicle sales (flows).

The financed carbon footprint is estimated using the PCAF method. This is correlated with company values whose market variations are independent of the bank's climate strategy.

• Action plan

TARGET

The carbon intensity of financing linked to the end-use of light vehicles manufactured by carmakers should not exceed 100g CO₂eq/km by 2030. The scope measured is the so-called tank-to-wheel (TTW) standard.

SCOPE

Natixis CIB

CUSTOMER SUPPORT

The Group aims to maintain – or, indeed, to strengthen – its support for the most virtuous customers in terms of transition plans and the electrification of their range of vehicles produced. If necessary, the Group could reduce its exposure to the most carbon-intensive customers should they confirm their inability to adopt sufficiently ambitious climate goals in the light of the Paris Agreement; the Group would then finance new pure-play clients or those highly committed to the electrification and decarbonization of their ranges.

INNOVATION

This automotive strategy is based on a value chain approach to the industry, which includes a strong commitment to power generation, critical metals for renewable energies and batteries, and battery production technologies and capacities.

⁴. New European Driving Cycle

⁵. Worldwide Harmonized Light-Duty Vehicles Test Procedure



Oil & Gas



Power generation



Automotive



Steel



Cement

CONTEXT & CHALLENGES FOR THE SECTOR

Steel is a 'hard-to-abate' industrial sector. The total volume of steel production, estimated at 1.8 billion tonnes in 2022, is a problem in itself. In 2021, the sector emitted 2.7 Gt of CO₂, equivalent to approximately 6% of global greenhouse gas emissions (for the manufacture of steel). In Europe, the steel and iron ore industry accounts for 4% of the continent's total CO₂ emissions.

There are three approaches to the decarbonization of steel production:

- The circular economy based on the recovery of scrap metal,
- Carbon capture using new technologies,
- Carbon direct avoidance, based on reduction techniques using green or low-carbon hydrogen.

Each of the three approaches, however, presents its own disadvantages:

- The volumes of scrap metal are not large enough to fully meet global demand for steel,
- Carbon Capture & Storage (CCS) and Carbon Capture & Usage (CCU) technology in the steel industry has yet to be fully proven on an industrial scale,
- The use of green or low-carbon hydrogen is extremely energy-intensive and, it too, has not yet been rolled out on an industrial scale in steel production.

According to the IEA, if we are to decarbonize the industry, we need to move from the current level of 0% low-carbon steel production to 8% in 2030, 27% in 2035 and 95% in 2050.

• Targets

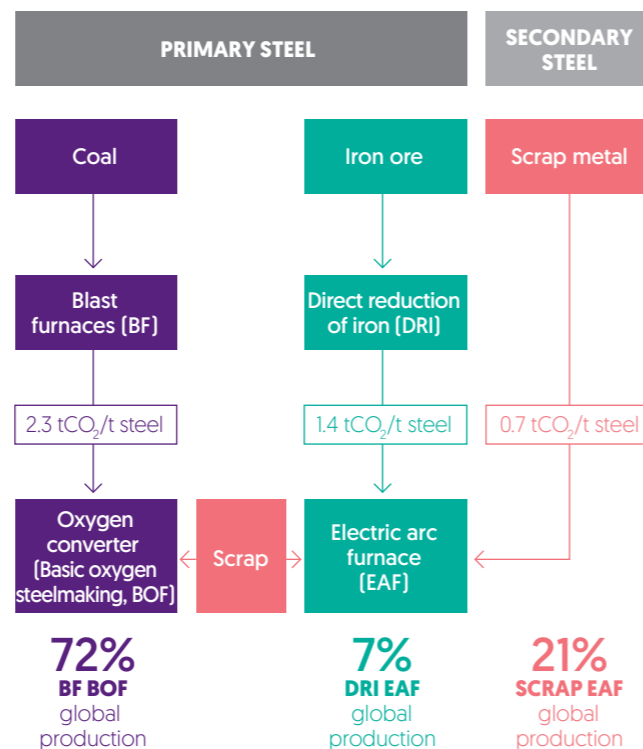
OUR CURRENT SITUATION

At December 31, 2022, the carbon intensity of the steel producers in the investment bank's portfolio was 1.9 t CO₂eq/t steel, in line with the global average for the sector⁶. The portfolio is concentrated on just a few clients who, for the most part, are the best in class in terms of their decarbonization trajectory. Their target for 2030, however, which includes scopes 1 & 2, is above that of the IEA's recalculated NZE 2050 scenario published in 2021 (1.2 t CO₂eq/t steel). Note that the IEA revised the Net Zero scope 1 target upwards in its most recent report published in 2023.

TARGET FOR 2030

Natixis CIB's target for the steel sector is to reach the threshold of 1.4 t CO₂eq/t of steel by 2030. A possible revision of this reduction target will depend on the progress of new technologies to decarbonize steel production and public policies adopted to support their deployment.

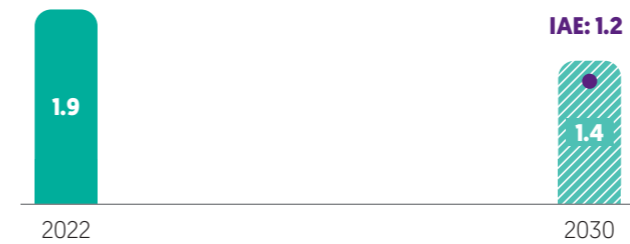
Steel production process



Source: World Steel Association.



Steel
t CO₂eq/t steel



Summary overview

2022 exposures	€0.4bn (72% covered)
Entities	Natixis CIB
Baseline (2022)	1.9 t CO ₂ eq/t steel
2030 target	1.4 t CO ₂ eq/t steel
Scope	<p>Scope 1 – Production processes (notably iron ore smelting)</p> <p>Scope 2 – Consumption of energy used during production</p>
Data sources	Published data, Carbone 4, Asset Impact
PCAF score	Score: 3
Calculation method	PCAF
Metric	t CO ₂ eq/t steel
Scenario	<p>IEA NZE 2050 published in 2021</p> <p>As this scenario only covers Scope 1, the Group has used the Sustainable Steel Principles method to complete and integrate Scope 2 into our 2030 Net Zero benchmark</p>

• Methodological choices

VALUE CHAIN

Carbon baselines and targets cover steel producers, who account for the bulk of emissions in this sector.



Within the production process, the following stages are included: preparation of raw materials and steelmaking itself (including steel smelting). Rolling and coating stages, as well as upstream (e.g. mining) and downstream (e.g. finishing) stages, are excluded.

ASSUMPTIONS & LIMITS

The financed carbon footprint is estimated using the PCAF method. This is correlated to company values whose market variations are independent of the bank's climate strategy.

• Action plan

TARGET

The carbon intensity of financing linked to the steel production process and associated energy consumption must not exceed 1.4 t CO₂eq/t steel by 2030.

SCOPE

Natixis CIB

CUSTOMER SUPPORT

To achieve these targets, we are stepping up our monitoring of this sector and supporting clients through strategic dialogue, consultancy services and financing, with increased support for solutions such as low-carbon steel production projects (using green hydrogen in blast furnaces), aimed at transforming and decarbonizing the industry.

This NZBA target may result in reduced exposure to the most carbon-intensive clients should they fail to draw up credible transition plans, dedicated or earmarked financing for 'green steel' projects. It may also result in closer collaboration with companies whose transition plans are most closely aligned with the target fixed by Groupe BPCE (Natixis CIB).

6. Source: 2023 report of the World Steel Association.



Oil & Gas



Power generation



Automotive



Steel



Cement

CONTEXT & CHALLENGES FOR THE SECTOR

Decarbonizing cement production, a 'hard-to-abate' sector, represents a major challenge for the energy transition both in terms of the mass of CO₂ emissions associated with the sector (7% of the world total) and the sheer number of underlying technical challenges. It involves a dual effort: first, in terms of the emissions generated by the traditional Portland manufacturing process using clinker (two-thirds of direct emissions) and, second, in terms of the production of the heat needed to manufacture the clinker (one-third of direct emissions).

Until now, manufacturers have focused their decarbonization efforts on two main areas: reducing the proportion of clinker required to produce cement, and retrofitting kilns to improve efficiency and enable the use of biomass instead of the fossil fuels used in the majority of situations. These initiatives remain insufficient, however, to meet the challenges of decarbonizing the sector.

A dual context of increased climate urgency and, in Europe, tighter regulation is driving these initiatives in a more disruptive direction. New technologies are emerging, well identified by Groupe BPCE thanks to its dialogue with the different players in the sector. Established players are beginning to include traditional cement plants in the process of capturing CO₂ at the furnace outlet. At the same time, independent players are beginning to emerge, developing clinker-free manufacturing processes that take advantage of the potential of the circular economy. The combination of these approaches, along with the development of new energy vectors such as hydrogen for heat production, provides the sector with a (still theoretical) trajectory to achieving carbon neutrality by 2050.

• Targets

OUR CURRENT SITUATION

At December 31, 2022, the carbon intensity by the cement producers in the financing portfolio of the Group's investment banking arm was 622 kg CO₂eq/t cement. The portfolio is concentrated on a few clients who, for the most part, are the best performers in terms of their carbon trajectory, even if their 2030 target is above that of the IEA's recalculated NZE 2050 scenario.

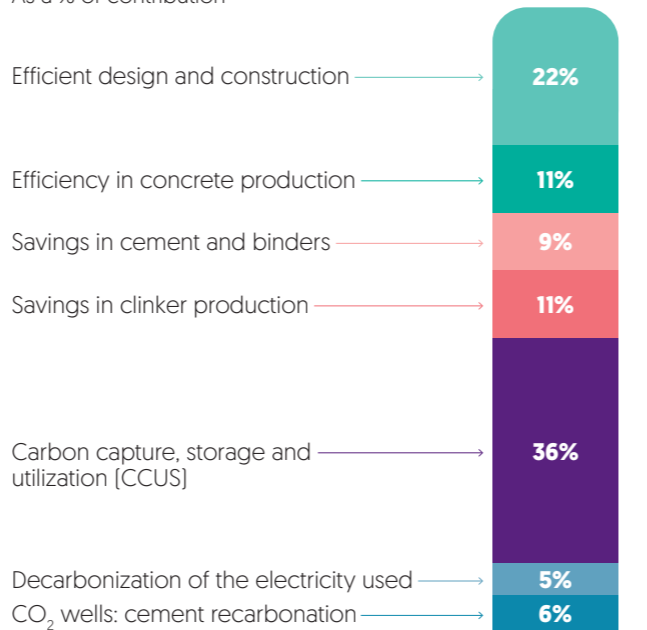
TARGET FOR 2030

The main levers for decarbonizing the cement sector (e.g. CCUS) will not be fully operational before a long time (2030). The reduction target fixed is ambitious but higher than the 2030 target defined in the IEA's NZE 2050 scenario published in 2021. It should be noted that the IEA revised the Net Zero Scope 1 target upwards in its latest report published in 2023.

The cement sector target is to obtain an average carbon intensity for Natixis CIB's financing of cement producers of less than 525 kg CO₂eq/t cement by 2030. A more ambitious revision of this reduction target will depend on the progress made by new cement production decarbonization technologies (sectoral development, economic equation, adoption by major players in the sector) and the development of public policies to support their deployment.

Contribution to the Net Zero to 2050 trajectory

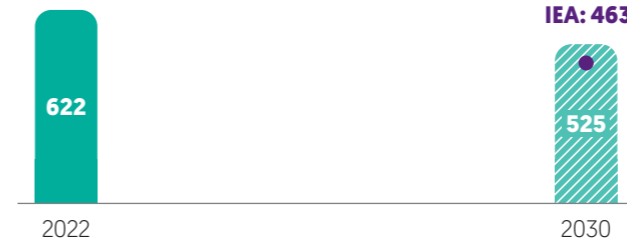
As a % of contribution



Source: Global cement & concrete association.



Cement
kg CO₂eq/t cement



Summary overview

2022 exposures	€0.2bn (100% covered)
Entities	Natixis CIB
Baseline (2022)	622 kg CO₂eq/t cement
2030 target	< 525 kg CO₂eq/t cement
Scope	Scope 1 – Limestone decarbonation Scope 2 – Consumption of energy during production
Data sources	Published data, Carbone 4, Asset Impact
PCAF score	Score: 3
Calculation method	PCAF
Metric	t CO₂eq/t cement The production metric is in metric tons of cement products manufactured. Should this data be unavailable, the number of metric tons of cement produced is used.
Scenario	IEA NZE 2050 published in 2021 As this scenario only covers Scope 1, the Group has used the method developed by SBTi in consultation with the IEA to complete and integrate Scope 2 into our 2030 Net Zero benchmark.

• Methodological choices

VALUE CHAIN

Carbon baselines and targets cover cement and clinker producers who account for the bulk of emissions in this sector.



ASSUMPTIONS & LIMITS

The financed carbon footprint is estimated using the PCAF method. This is correlated to company values whose market variations are independent of the bank's climate strategy.

• Action plan

TARGET

The carbon intensity of financing related to cement production, and the associated consumption of energy, may not exceed 525 kg CO₂eq/t cement by 2030.

SCOPE

Natixis CIB

CUSTOMER SUPPORT

Although Groupe BPCE's exposure to the cement sector is low, it seeks to support its cement producer clients in their transition through an offer of strategic dialogue, consultancy services, and financing. In particular, support focuses on solutions aimed at transforming and decarbonizing cement producers' activities. It should be noted that, to date, low-carbon projects are relatively limited and are financed by clients' own funds (limiting the growth prospects of project financing provided by banks).

INNOVATION

The Group could work through Natixis CIB to finance new clients offering low-carbon cement solutions and/or pursuing a climate trajectory in line with its own ambitions.

Summary presentation of the climate assessment and the Group's climate targets

Business line	Topics	Metrics	2020	2021	2022	2023	2024 targets	
Group (Retail banking networks, Financial Solutions & Expertise, Corporate & Investment Banking)	Total exposures related to fossil fuels	Amount (in €bn) of Groupe BPCE's gross exposure to the coal sector [% of the sum of overall exposure to corporate loans ^(a)]	<€0.5bn	<€0.5bn [0.16%]	<€0.4bn [0.11%] ^(b)	<€0.35bn [0.10%] ^(c)	Thermal coal: €0m by 2030 for OECD countries/by 2040 for the rest of the world	
	Retail Banking networks	Support provided to our customers in their environmental transition	Average outstanding financing for transition projects within the scope of the Retail Banking activities ^(d)			€4.8bn	€5.7bn	
		Average outstanding financing for the renewal of real estate assets within the scope of Retail Banking activities ^(e)			€55.6bn	€61.3bn		
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	32% brown 35% neutral 33% green		
	Green exposures	Renewable energy financed		87% of new energy generation infrastructure projects financed in 2020	89% of new energy generation infrastructure projects financed in 2021	80% of new energy generation infrastructure projects financed in 2022	97% of new energy generation infrastructure projects financed in 2023	Minimum 75% of new power production projects funded [in generation]
		Amount arranged by Natixis for renewable energy projects per year		€1.5bn	€2.2bn	€2.2bn	€3.3bn	
		Green revenues					In line with the 2024 target	x 1.7 vs. 2020
		Amounts of green and sustainable bond issues arranged (Natixis CIB share)		€11.95bn	€18.57bn	€12.1bn	€11.3bn	
	Transition risk exposures	Proportion of assets most exposed to transition risks ^(f)		10%	6%	4%	2%	
Asset Management - Natixis Investment Managers	Green exposures	Amounts invested in sustainable bonds ^(g)	€18.5bn in assets under management	€25bn in assets under management	€30.5bn in assets under management	€41.4bn in assets under management		
Insurance activities - BPCE Assurances	Alignment of portfolios with a Net Zero trajectory	Carbon footprint of investments	166 tonnes CO ₂ eq/€m	166 tonnes CO ₂ eq/€m	154 tonnes CO ₂ eq/€m	128 tonnes CO ₂ eq/€m		
		Temperature rise induced by investments	Portfolio: 2.7°C	Portfolio: 2.4°C	Portfolio: 2.0°C-2.5°C	Portfolio: 2.0°C-2.5°C	2°C	
	Green exposures	Proportion of green assets (stock)		4.5%	6.3%	8.6%	12.6%	10%
	Exposures to fossil fuels	Outstandings related to fossil fuels		2.1% of assets (€1.2bn, including €1bn from the main fund) including €0.07bn in thermal coal	1.6% of assets (€0.9bn), including €0.02bn in thermal coal	2.0% of assets (€1.2 bn), including €0.03bn in thermal coal	2.0% of assets (€1.2bn), including €0.03bn in thermal coal	€0m for the coal sector by 2030 for OECD countries and by 2040 for the rest of the world

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

^(b) At end December 2022, the amount of gross exposure related to project financing was <€40m.

^(c) At end December 2022, the amount of gross exposure related to project financing was <€25m.

^(d) Banque Populaire and Caisse d'Epargne 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 loans).

^(e) Banque Populaire and Caisse d'Epargne combined – Financing of new real estate (acquisition of new real estate or construction).

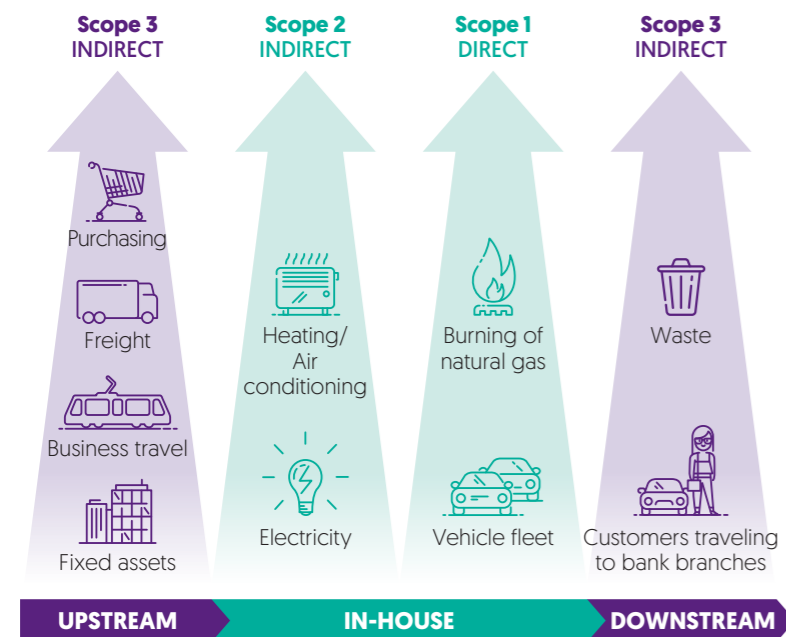
^(f) Percentage of bank outstandings rated 'dark brown' (base value of 100), under the Green Weighting Factor methodology (excluding financial sector, global markets and sovereigns).

^(g) Including sustainable, green, and social bonds and sustainable development-related bond issues from Ostrum AM, Mirova and DNCA Finance.

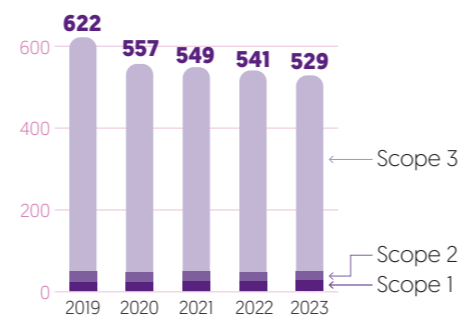
GROUPE BPCE'S OWN CARBON FOOTPRINT



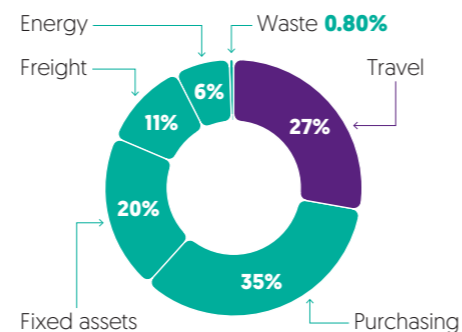
Scope of greenhouse gas emissions (GHG emissions) calculated



Change of GHG emissions, per scope [in thousands of tonnes CO₂eq]



Breakdown of GHG emissions per item in 2023



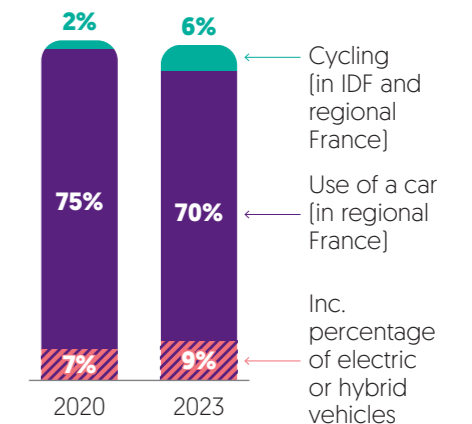
RESPONSIBLE PURCHASING

The integration of CSR criteria into the Group's purchasing practices was strengthened in 2023: since November 1, 2023, a carbon clause has been added to new contracts with a view to encouraging suppliers to carry out a GHG emissions assessment or to jointly develop with BPCE teams a plan to reduce the GHG emissions associated with the service provided. In addition, 100% of purchasing categories are now covered by specific CSR assessment questionnaires. The Group's ambition is to rollout and systematize the inclusion of CSR criteria in decision-making in 100% of the cases it handles by 2024.



MOBILITY

In 2023, a new mobility survey was carried out among BPCE employees in France, focusing on commuting practices between home and work and between sites. This survey confirmed that employees are increasingly using sustainable transport.



* Data based on 8,880 responses

REAL ESTATE

BPCE's Real Estate Master Plan was completed in 2023. This program made it possible to vacate 20 buildings in the Ile-de-France region and 22 elsewhere in France, representing a 37% reduction in energy consumption vs. early 2020. The annual reduction in our carbon footprint is estimated at 10,000 tonnes CO₂eq.

In 2023, the BPCE Towers were awarded the OsmoZ label for their interior

fixtures and fittings. This label assesses the comfort, ergonomics, and quality of use of the various facilities in the Towers, as well as their adoption by employees.



IT

Numerous initiatives have been launched to optimize the Group's equipment fleets and infrastructures, and to develop carbon measurement tools.

In 2023, 94% of equipment was attributed a carbon footprint referenced

in the equipment inventory database. By controlling the growth of its IT assets (eliminating servers, transferring to cloud-based solutions, etc.), Groupe BPCE is generating carbon savings estimated at 2,235 tonnes CO₂eq per year.

COMMITMENTS

made by the Group

GLOBAL COMPACT

Groupe BPCE carries out advanced reporting on its initiatives in line with the ten principles of the United Nations Global Compact relating to respect for human rights, labor standards, environmental protection, and the fight against corruption.

SUSTAINABLE DEVELOPMENT GOALS (SDGs)

Groupe BPCE contributes to meeting the 15 goals through its internal management procedures, its sponsorship initiatives and, above all, through its financing activities (social, associative, renewable energies, agriculture, education, health, microfinance, etc.).

PRINCIPLES FOR RESPONSIBLE BANKING (PRB)

Groupe BPCE is a signatory to the UNEP-FI Principles for Responsible Banking and is committed to strategically aligning its activities with the United Nations' Sustainable Development Goals (SDGs) and the Paris Climate Agreement. This makes it part of a coalition of 325 banks worldwide, representing over US\$89 trillion in assets, committed to playing a decisive role in contributing to a sustainable future.

PRINCIPLES FOR RESPONSIBLE INVESTMENT (PRI)

Groupe BPCE 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. BPCE Assurances signed up to the PRI in 2016.

EQUATOR PRINCIPLES

Groupe BPCE has been a signatory to the Equator Principles since 2010, via Natixis. The aim of these principles is to ensure that social and environmental risks are taken fully into account in decisions regarding project financing.

ISO 26000

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

NET ZERO BANKING ALLIANCE

A signatory to the Net Zero Banking Alliance since July 2021, Groupe BPCE is committed to aligning its banking balance sheet with a carbon-neutral trajectory. By joining this alliance of 138 banks, 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 September 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 aegis of the United Nations, it currently brings together 87 institutional investors worldwide.

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BPCE, a public limited company governed by a Management Board and a Supervisory Board and with a capital of 188,932,730 euros.

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Photos: Adobe Stock, Getty Images.

