

# 2

# NON-FINANCIAL PERFORMANCE REPORT

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# 2 NON-FINANCIAL PERFORMANCE REPORT

## 2.1 Sustainable development built on our cooperative identity

### 2.1.1 A business model that creates lasting value and has confirmed its solidity

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This section describes how we create sustainable value, the features of our business model, the environment in which Groupe BPCE operates and the resources we use.

#### OUR MAIN ACTIVITIES

Groupe BPCE conducts all banking and insurance businesses through its two main cooperative networks – Banque Populaire and Caisse d'Épargne – and their subsidiaries.

It is the second largest banking group in France and has a strong local presence. Its 105,000 employees serve 30 million customers, including 9 million cooperative shareholders. Our companies adapt their banking and insurance business as closely as possible to the needs of individuals and regions.

With 14 Banque Populaire banks, 15 Caisses d'Épargne, Natixis and Banque Palatine, Groupe BPCE offers its customers a full range of

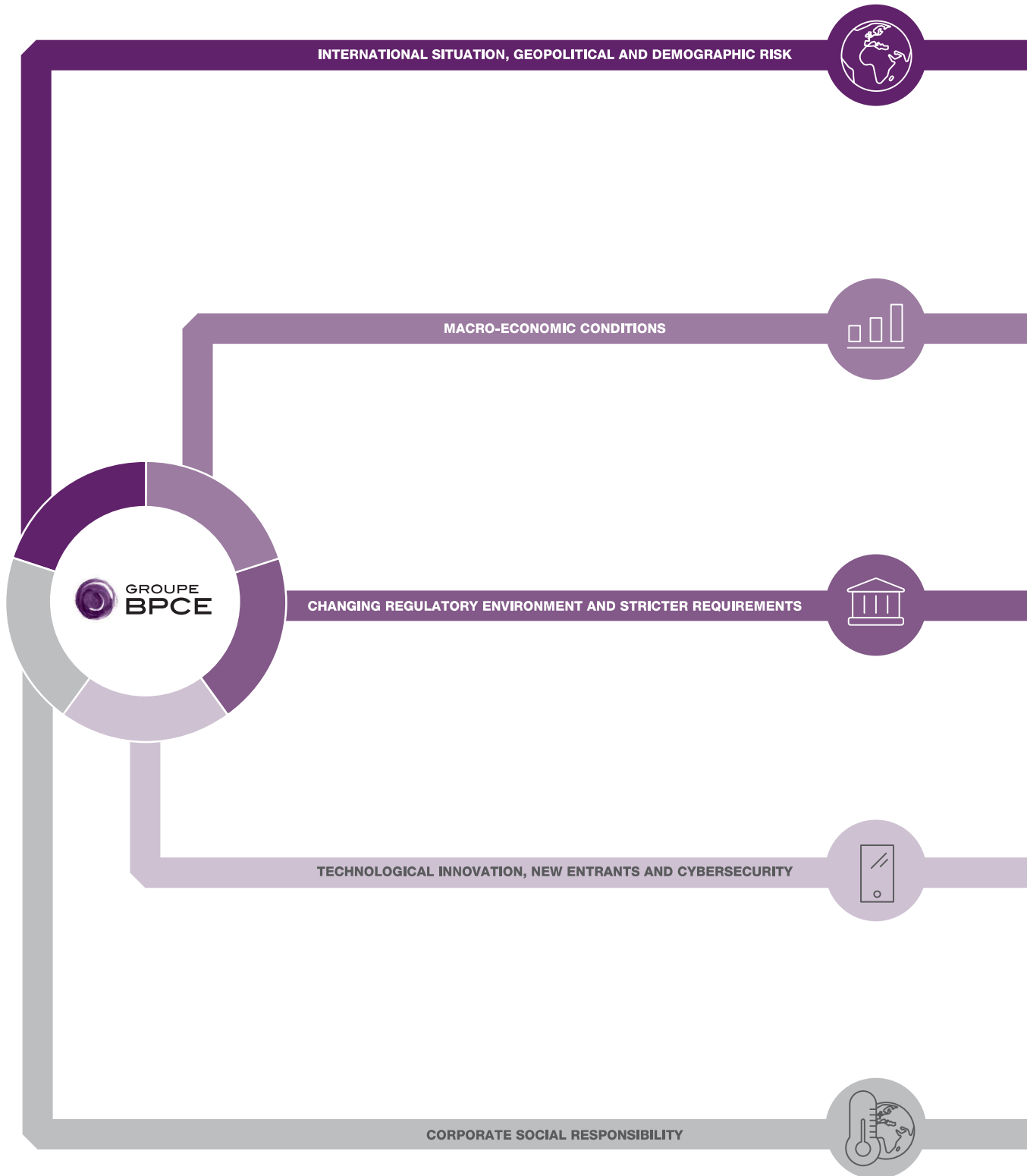
products and services, including deposits and savings, investment, cash management, payment instruments, financing and insurance solutions. In keeping with its cooperative structure, the Group builds long-term relationships with its customers and helps them achieve their goals, and as such finances more than 20% of the French economy<sup>(1)</sup>.

For more information, please see Chapter 1 of this document.

#### MAIN CHALLENGES IN OUR BUSINESS ENVIRONMENT

Groupe BPCE's ability to serve its customers and create value is significantly influenced by the environment in which it operates: a global economy facing considerable challenges – particularly on the environmental front – sweeping changes in society, as well as changing and increasingly strict regulations in Europe.

*(1) 21.1% market share in loan outstandings, all non-financial sector customers combined (source: Banque de France, Q3 2018).*



MAIN CHALLENGES

- US stance on multilateral trade agreements and protectionist measures against major economic powers, during a slowdown in global economic growth
- In Europe, Brexit and the combination of security and immigration concerns bringing risks to bear on the stability of the EU and the euro
- Political instability and/or budget imbalances in certain regions, particularly in France and Italy
- Populist governments taking over in some European countries ; tension on sovereigns

- Net slowdown in euro zone GDP growth
- Persistently moderate inflation
- Central bank monetary policies as accommodative as ever (especially ECB policy)
- Ultra-low interest rate environment: risk weighing on retail banking activities, especially in France

- Increase in the number and complexity of regulations in all areas:
  - Banking regulations (structural reforms: French Banking Act, deposit guarantee fund, etc.) and prudential regulations (CRR/CRD, BRRD, TLAC, finalization of Basel III, etc.)
  - Compliance and Security
  - Customer and investor protection (MiFID, GDPR, Sapin 2 Act, etc.)
  - CSR, sustainable finance
- Uncertainty about future developments
- Unfair competition: regional differences, unregulated players

- Emergence of fintechs, technological innovation (blockchain, AI, chatbots, etc.)
- Technological developments linked to growing data usage and sharing
- Increasing digitization of the economy and changing customer practices and needs (real time, fast response, simplicity, transparency, etc.)
- Rapid pace of technological change, creating big expectations in terms of cybersecurity and data protection
- New operating models (automation, digitization)

- Energy transition
- Inclusion of vulnerable persons amid growing insecurity
- Increase and greater intensity in climate disasters

OUR STRENGTHS

- A decentralized and united cooperative group with strong brands operating directly in the regions
- A dynamic, diversified group that has shown it is capable of adapting and transforming
- Consistently robust financial strength, ensuring the Group's financial stability
- A conservative risk policy with a moderate risk profile

- Diversifying Group revenues and developing growth drivers: expanding the bancassurance model, becoming a pure player in payments
- Developing business lines that are less dependent on interest rates and fees
- Building revenue synergies between business lines and exploring new growth drivers

- Proactive measures allowing us to achieve regulatory solvency and liquidity targets ahead of schedule
- A policy of maintaining high capital adequacy recognized by the rating agencies, allowing us to develop our business lines on favorable terms while offering our stakeholders a high level of protection, as confirmed by ESG rating agencies
- A Code of Conduct and Ethics further strengthening the bonds of trust between Groupe BPCE and its customers

- Accelerating the digital transformation by creating leading digital services to enhance customer satisfaction (user friendliness, simplicity, personalization)
- Data centric companies to provide more personalized customer services: we have huge quantities of data at our disposal, teaching us what our customers really want
- Cooperation with fintechs: support, investment, partnerships
- Enhancing operational efficiency: customer self-service, process optimization and simplification, integrated business platforms and pooled functions

- Steering deposits and savings towards a more responsible economy
- Establishing transparent sector policies and incorporating ESG criteria into lending, financing and investment decisions
- Helping customers address climate risk and gear up for the energy transition
- Developing brokerage of green or social bonds
- Reducing the Group's carbon footprint
- Supporting vulnerable customers

## OUR BUSINESS MODEL

The strength of our model derives from:




- our cooperative, decentralized structure, with 29 regional banks serving their cooperative shareholders and customers at a local level;
- well-known brands (Banque Populaire, Caisse d'Epargne, Crédit Coopératif, CASDEN, Banque Palatine, Natixis) making Groupe BPCE the second largest banking group in France, with leading positions on its main markets in France and international ambitions in certain Asset Management and Corporate & Investment Banking activities;
- our full-service banking model, with a diversified business portfolio led by retail banking in France that has proved resilient and capable of gaining market share while maintaining a moderate risk appetite.

Groupe BPCE draws on different resources to conduct its businesses:




- **human resources**, involving the recruitment and management of our teams and our ability to attract, develop and retain talent, the relationships we maintain with our customers and cooperative shareholders and more generally with all our stakeholders;
- **financial resources**:
  - the Group's own funds, consisting of retained earnings and inflows from the cooperative shares issued by the Banque Populaire banks and the Caisses d'Epargne,
  - deposits and savings inflows,
  - market funding,
  - for our subsidiary Natixis, own funds arising from the share capital provided by shareholders.

The Group's policy of maintaining a high level of capital adequacy and the quality of its fundamentals – reflected in its top-tier financial ratings – allow it to develop its business activities on favorable terms.

**OUR STRENGTHS**




 <b>Our model</b> <b>COOPERATIVE and DECENTRALIZED</b> Each bank is wholly-owned by its cooperative shareholders	<b>No. 2 FRENCH BANKING GROUP</b> 14 Banque Populaire banks 15 Caisses d'Epargne	<b>FULL-SERVICE BANKING</b> Retail Banking and Insurance Asset & Wealth Management Corporate & Investment Banking
 <b>Human resources</b> <b>9 million</b> cooperative shareholders	<b>30 million</b> customers	<b>105,000</b> employees, o/w 90% in France
 <b>Financial resources</b> <b>€77bn</b> CET1 ratio	<b>€27.5bn</b> MLT market funding in 2018	<b>HIGH LONG-TERM RATING</b> FitchRatings A+ Moody's A1 R&I A Standard&Poor's A+

**Our ambitions *TEC2020***

 <b>DIGITAL TRANSFORMATION</b> Seizing opportunities from the technological revolution	 <b>COMMITMENTS</b> To our customers, employees and cooperative shareholders	 <b>GROWTH</b> Ambitious targets for all our business lines
Our activity		
<b>€672bn</b> in loan outstandings	<b>€705bn</b> in deposits and savings	<b>€802bn</b> in assets under management
		<b>€60bn</b> in life insurance assets under management by Natixis

**OUR AMBITIONS**

**OUR IMPACTS**

 <b>Customers</b>	<b>No. 2</b> bank for individual customers	<b>BP+9 and CE+8</b> change in NPS (in pbs)	<b>26.3%</b> market share in home loans	<b>€8.7bn</b> in energy transition loan outstandings	<b>€72bn</b> in responsible deposits and savings
 <b>Local regions</b>	<b>&gt;20%</b> of the French economy funded by Groupe BPCE	<b>No. 1</b> creditor of the social economy	<b>No. 1</b> bank for SMEs	<b>38 countries</b> Natixis international presence	
 <b>Employees</b>	<b>65%</b> of employees are motivated	<b>5,623</b> new hires with permanent contracts	<b>96%</b> of employees have received professional training	<b>42.9%</b> of our managers are women	

## WHAT SETS US APART

### Our cooperative structure

Our goal is to actively contribute to the development of the regions in which we operate, alongside our customers, our cooperative shareholders, our employees and all our stakeholders. We are a cooperative group owned by our 9 million cooperative shareholder customers who hold all the shares in the Banque Populaire banks and the Caisses d'Épargne. They live and work in the areas where we operate.

Our cooperative structure shapes our approach to our businesses. Throughout our history of serving the economy and society, we have taken a different approach to how we do business over the long term and in our local regions. We want to help build a sound, positive environment for our cooperative shareholders and our customers for both the present and the future. We serve all types of customers and are deeply committed to the communities where we have developed extensive roots. We work with local stakeholders to strengthen ecosystems and improve quality of life in local regions. We strive to increase the positive impact of our activities on our regions' economic and human development.

This is the foundation of the Groupe BPCE 2018-2020 CSR strategy presented in Chapter 2.2.3.

The Banque Populaire and Caisse d'Épargne networks each have a federation that protects its identity and values and defends its interests. The federations organize discussions, hear ideas and provide representation, producing positions shared by all Group entities. They support the network's CSR strategy, cooperative shareholder relations, training for directors, and governance, while promoting initiatives in local communities.

### Our large regional footprint

Through its dense network of branches and its different brands, Groupe BPCE finances more than 20% of the French economy. It has a strong nationwide footprint with its 29 regional banks. With the loans it grants to local authorities, locally established corporate customers and individual customers, Groupe BPCE is a leading fund provider in its areas of operation. We understand and know our local customers better, meaning we can pick up on signals and respond proactively, offering products and services tailored to local needs.

### Our strong positioning in banking inclusion and entrepreneurship

Groupe BPCE has adopted major initiatives to foster banking inclusion and serve protected adults, in particular *via* the Caisse d'Épargne network. In addition, it has worked alongside entrepreneurs for over one hundred years, mainly *via* the Banque Populaire network.

## 2.1.2 A strong cooperative identity

The 14 Banque Populaire banks and the 15 Caisses d'Épargne fully own the central institution, BPCE SA group, which coordinates and organizes their common strategy. Accordingly, the national strategic decisions of Groupe BPCE are made in keeping with their regional requirements.

The Group's cooperative governance structure is described in Chapter 3 of the registration document.

### BANQUE POPULAIRE BANKS

The 4.44 million cooperative shareholders are the foundation of the Banque Populaire banks' cooperative structure. They own the share capital, vote at Annual General Shareholders' Meetings and directly elect the directors who will represent them at Board of Directors meetings. In 2018, over 570,000 cooperative shareholders voted, *i.e.* an average turnout rate of 16% for the network.

In addition to Annual General Shareholders' Meetings, cooperative shareholders are regularly invited to in-branch meetings and special events where they can talk with company managers and directors about the latest news affecting their bank. At some banks, they issue awards to local solidarity-based projects they wish to see supported. Cooperative shareholders also have the opportunity to join shareholder clubs (strategic guidelines, budgets for associations, etc.) and help support recipients of microloans through organizations such as "Grand Ouest Coopération". They enjoy access to special information channels to keep up to date with news about their banks, including dedicated newsletters and magazines and interactive websites.

In 2018, the Banque Populaire network had 225 directors (and 17 non-voting directors) whose experience and diversity enrich discussions at Board of Directors' meetings in the interests of all

customers and cooperative shareholders. They are value creators (CEOs, researchers, lecturers, etc.) who, through their roles, are involved in driving economic and social development within their regions. The role of the Fédération Nationale des Banques Populaires includes overseeing the individual and collective skills and expertise of Board members. In 2018, in addition to furthering their understanding of the bank's businesses, it offered them training on topics such as the history of the Banque Populaire network, the Banque Populaire cooperative banking model, governance (the role and responsibilities of directors), the director's stance (personal development: active participation in Board of Directors' meetings/challenging ideas), risk management (particularly the prevention of fraud and corruption), the opportunities presented by CSR, and how to integrate it into the corporate strategy. Finally, to meet the regulatory requirements calling for an annual assessment of the performance of the Board of Directors, the Federation also established an online self-assessment questionnaire available to all institutions in the Banque Populaire network.

Since 2014, the Fédération Nationale des Banques Populaires has used a new online tool to manage the training program for Banque Populaire directors: the *Académie des Administrateurs*, or Directors' Academy. This solution meets several goals:

- offering a view of the entire training catalog provided by the Federation;
- allowing directors to sign up for training modules online and to access their transcripts;
- facilitating access to training through e-learning modules and videos;
- measuring director satisfaction and the relevance of issues addressed at training seminars, to ensure that the Federation is in tune with the directors' expectations and needs.



➔ COOPERATIVE INDICATORS: COOPERATIVE SHAREHOLDER BASE

Banque Populaire banks	At 12/31/2018	At 12/31/2017	At 12/31/2016	Change 2017-2018
Number of cooperative shareholders (in millions)	4.44	4.30	4.14	3%
Percentage of cooperative shareholder customers (as a %)	33% <sup>(1)</sup>	33%	34%	0%
Average amount of shares held per cooperative shareholder (in euros) <sup>(2)</sup>	2,235	2,167	2,087	3%
Customer satisfaction rate (percentage of very satisfied customers – percentage of dissatisfied customers) <sup>(3)</sup>	18	13.6	N/A	+4 points

(1) Figure calculated based on "total number of cooperative shareholders" divided by "total number of customers" (excluding BRED, Crédit Coopératif and CASDEN).

(2) Figure calculated based on "total number of customers" and "share capital excluding cooperative investment certificates and cooperative shares held by the carrying SAS".

(3) Data from the BP & CE individual customer satisfaction surveys coordinated by the Group Customer Research division (excluding Crédit Coopératif and CASDEN).

➔ COOPERATIVE INDICATORS: GOVERNANCE AND DIRECTOR TRAINING

Banque Populaire banks	2018	2017	2016	Change 2017-2018
<b>Governance bodies</b>				
Number of members of Boards of Directors	225	242	250	(7%)
Director attendance rate at Board of Directors meetings (as a %)	83%	83%	82%	-
Percentage of Board members who are women (as a %)	44%	42%	34%	5%
Percentage of Board Chairmen and Vice-Chairmen who are women (as a %)	19%	15.5%	11%	22.5%
<b>Director training</b>				
Boards of Directors: percentage of members who took at least one training course over the year (as a %)	83%	58%	39%	43%
Boards of Directors: average number of training hours per person <sup>(1)</sup>	11.6	5.6	3.85	107%

(1) 2018 data including Audit Committee training courses.

**The Banque Populaire banks shine the spotlight on their difference as a cooperative banking structure**

The *Université des Administrateurs Banque Populaire* (Banque Populaire Directors' Conference) is a flagship event in terms of cooperative relations, bringing together all the network's directors and senior managers every two years. In 2018, the conference focused on the governance strengths of cooperative banks and on how a cooperative approach can be a major advantage in today's changing world.

In 2018, the Banque Populaire banks organized the *Faites de la Coopération* event for the second year running. This week-long event was created as a way to raise awareness and promote discussions centered on the Banque Populaire cooperative banking model, taking place during Social and Solidarity-Based Economy month in November. A number of initiatives were organized both locally by the Banque Populaire banks and nationally by the FNBP, including the launch of the idea-sharing platform, "Le Wok, Lab Coopératif Banque Populaire", which focused its first campaign on the cooperative banking model, a round table discussion on "Cooperatives and performance" in partnership with the "Management and Governance of Financial Cooperatives" research chair at IAE Paris, and a discussion workshop for directors and researchers at the Burgundy School of Business. The Fondation Banque Populaire was also heavily involved in the 2018 "Faites de la Coopération" event.

Since 2011, the Banque Populaire banks have used a specialized tool to keep their cooperative shareholders abreast of their initiatives in the areas of societal and cooperative responsibility. Inspired by the ISO 26000 CSR standard, the CSR & Cooperative Dividend identifies and measures the value in euros of the initiatives taken by each bank for the Banque Populaire network's main stakeholders: its

cooperative shareholders and directors, employees, customers and civil society. Its aim is to measure the "cooperative edge" offered by the Banque Populaire banks. These data are included in Groupe BPCE's open data system.

**CAISSES D'EPARGNE**

At the end of 2018, the Caisses d'Epargne had 4.63 million cooperative shareholders, the majority of them individual customers. Cooperative shareholders are represented by 226 Local Savings Companies (LSCs), which form an intermediate layer that helps strengthen each bank's local roots and relationships, and provide the shareholders with a forum to express their views.

In 2018, the Caisses d'Epargne continued their efforts to get their cooperative shareholders more involved in the life of their bank. The cooperative shareholders are key stakeholders in the Caisses d'Epargne, which provide them with dedicated information and communication channels including in-branch information points, a dedicated website ([www.societaires.caisse-epargne.fr](http://www.societaires.caisse-epargne.fr)), newsletters and conferences hosted by Caisse d'Epargne experts.

These various channels provide cooperative shareholders with regular updates on what's happening at their Caisse d'Epargne, as well as and regional and national news in general. Some Caisses d'Epargne consult their cooperative shareholders and organize shareholder events such as exclusive meetings. The 15 Caisses d'Epargne also have a Cooperative Shareholders Club offering membership perks.

The Caisses d'Epargne also provide support to the cooperative shareholder representatives, LSC directors and Steering and Supervisory Board members. Training is a top priority to ensure that cooperative shareholder representatives fulfill the duties of their

office and contribute actively to the governance of the Caisses d'Epargne. The training offer covers a broad range of topics:

- the director training program focuses on learning about the identity and history of the Caisses d'Epargne, CSR, the Group's business lines and digital developments, while also acquiring a strong foundation of general banking culture;
- for members of Boards of Directors and Supervisory Boards, initial regulatory training tackles the five areas established by Decree:

governance, regulation, risks and internal control, strategy, and finance;

- for the specialized committees, nationwide training courses are offered to members of the Risk, Audit, Appointments, and Remuneration Committees.

Three new topics were featured in 2018: cybersecurity, financial security (including AML-TF) and customer protection.

## ➔ COOPERATIVE INDICATORS: COOPERATIVE SHAREHOLDER BASE

Caisses d'Epargne	At 12/31/2018	At 12/31/2017	At 12/31/2016	Change 2017-2018
Number of cooperative shareholders (in millions)	4.63	4.76	4.84	(3%)
Percentage of cooperative shareholder customers (as a %)	25% <sup>(1)</sup>	24%	23%	4%
Average amount of shares held per cooperative shareholder (in euros) <sup>(2)</sup>	3,050	2,873	2,654	6%
Customer satisfaction rate (percentage of very satisfied customers – percentage of dissatisfied customers) <sup>(3)</sup>	10	2.8	N/A	+7 points

(1) Natural persons only (customers and cooperative shareholders). Figure calculated based on "total number of cooperative shareholders" divided by "total number of customers".

(2) Figures calculated based on "total number of customers" and "outstanding cooperative shares"; natural persons only.

(3) Data from the BP & CE individual customer satisfaction survey coordinated by the Group Customer Research division.

## ➔ COOPERATIVE INDICATORS: GOVERNANCE AND DIRECTOR TRAINING

Caisses d'Epargne	2018	2017	2016	Change 2017-2018
<b>Governance bodies</b>				
Number of members of Steering and Supervisory Boards	303	307	307	(1%)
Director attendance rate at Steering and Supervisory Board Meetings (as a %)	93%	93%	94%	0%
Percentage of Steering and Supervisory Board members who are women (as a %)	45%	44%	39%	2%
Percentage of Steering and Supervisory Board Chairmen or Vice-Chairmen who are women (as a %)	29%	27%	20%	7%
<b>Director training</b>				
Steering and Supervisory Boards: percentage of members who took at least one training course over the year (as a %)	87%	81%	96%	7%
Steering and Supervisory Boards: average number of training hours per person	9,3	10	8	(7%)

## CSR Guidelines

In 2017, the Fédération Nationale des Caisses d'Epargne began preparations to establish the CSR and cooperative guidelines for 2018-2020, by gathering feedback from stakeholders, analyzing stakes and challenges, and collectively building four key ambitions:

- local footprint: being a key contributor to the transformation of the regions and the local economy;
- active cooperation: encouraging employees and cooperative shareholders to become "cooperative players";
- societal innovation: anticipating the needs of society in order to build progressive solutions;

- global performance: furthering the continuous improvement of CSR policies and their incorporation in all business lines for greater impact.

These four ambitions, broken down into 11 objectives, set a common framework in which each Caisse d'Epargne, operating as a fully-fledged cooperative bank, defines its own CSR strategy designed to meet the needs and expectations of the stakeholders. The existence of this shared framework facilitates the exchange of best practices and achievement of common goals, while respecting the cooperative structure of the Caisses d'Epargne. In 2018, the Fédération Nationale and the Caisses d'Epargne began to implement these guidelines and drafted an oversight dashboard.

## COOPERATIVE REVIEW

The French act of September 10, 1947 on the status of cooperatives establishes the principle of a cooperative review every five years. This obligation, which was previously applied to farming cooperatives, was extended to all cooperative companies in all business sectors by the French act of July 31, 2014 on the social and solidarity-based economy. The review is performed by an independent auditor, responsible for verifying that the structure and operation of both networks observe cooperative principles and rules. The cooperative

review is a positive initiative for cooperative governance. To assist the Banque Populaire banks and the Caisses d'Épargne with this new process, the Fédération Nationale des Banques Populaires and the Fédération Nationale des Caisses d'Épargne published a practical guide containing comprehensive information about the cooperative review. In 2018, all the Banque Populaire banks and the Caisses d'Épargne appointed a cooperative auditor.

## 2.2 A CSR strategy aimed at incorporating sustainable development in our business lines and decision-making processes

### 2.2.1 Identifying our priorities: analysis of ESG risks and opportunities to build a relevant, ambitious CSR strategy

The Group drew on work completed in 2017 for the TEC 2020 strategic plan and an analysis of the main ESG (Environmental, Social and Governance) risks carried out in 2018 to identify its most strategic CSR issues.

The ESG analysis used the risk assessment methodology followed by the Group Risk, Compliance and Permanent Control division to define:

- 21 CSR risks broken down into three types: governance, products and services, and internal operations. These risks were identified in accordance with regulations, financial center practices, rating agency assessment criteria, and CSR and reporting standards (e.g. the Task Force on Climate-Related Financial Disclosures). Each risk was clearly defined;

- a method for ranking CSR risks by frequency and severity;
- a method for assessing the corresponding Risk Management Systems.

The ranking of CSR risks was based on interviews with internal experts and tests carried out in four pilot regional banks (BRED Banque Populaire, Banque Populaire Alsace Lorraine Champagne, Caisse d'Epargne Loire-Centre, and Caisse d'Epargne Ile-de-France), BPCE and Natixis.

The analysis found that Groupe BPCE is exposed to thirteen major risks. These risks are either covered by specific commitments in the TEC 2020 strategic plan or addressed in the business line action plans described in this document.



Risk category	Main impact	Trend
▲ Governance	(F)inancial	→ Higher severity
★ Products & Services	(O)perational	↑ More frequent
● Internal Operations	(L)egal (R)eputational (H)uman	↗ Both

\* Energy and ecological transition  
 \*\* Issue related to Natixis

## 2.2.2 Our key performance indicators

The major CSR risks identified by the Group are covered by commitments, action plans and key performance indicators used to measure how well they are managed and apply improvements if necessary.

Major risk	Risk/exposure management system	Key performance indicator
1. Business ethics, transparency and compliance with the law	See Chapter 2.4.3, "Promoting a compliance culture: the Group's code of conduct and ethics"	[Qualitative information]: a code of ethics drawn up and distributed to employees, oversight and governance
2. Data security and confidentiality	See Chapter 2.4.3, "General Data Protection Regulation (GDPR) systems"	General Data Protection Regulation (GDPR) systems
3. Lasting customer relations	See Chapter 2.4.3, "Customer satisfaction and quality policy"	Annual customer NPS (Net Promoter Score) and trends
4. Financing for the energy transition, green and blue growth and solidarity-based growth	See Chapter 2.3.2, "New green financing products sold by the Banque Populaire banks and the Caisses d'Epargne" See Chapter 2.3.1, "Steering deposits and savings towards a more responsible economy"	Outstanding loans to finance the energy and ecological transition <sup>(1)</sup> (in euros and trend) Responsible deposits and savings (in euros and trend) <sup>(2)</sup>
5. Working conditions	See Chapter 2.5.1, "Quantitative human resources indicators for Groupe BPCE"	Turnover rate (% and change)
6. Employability and job transformation	See Chapter 2.5.1, "Quantitative human resources indicators for Groupe BPCE"	Number of hours of training per FTE (in hours per FTE)
7. Integration of ESG criteria in lending/investment decisions	See Chapter 2.3.3, "Integration of ESG criteria in retail banking sector lending policies"	Percentage of sector lending policies including CSR criteria (as a %)
8. Funding of regional economies	See Chapter 2.3.2, "Financing the French economy and local regions"	Amount and change in loan outstandings for the regional banks (Banque Populaire banks and Caisses d'Epargne)
9. Regional footprint	See Chapter 2.4, "Financing the economy: local roots – a key asset"	Percentage of local suppliers (as a %)
10. Accessibility of products and services & inclusive finance	See Chapter 2.3.2, "Supporting financially vulnerable customers"	Number of customers with products for vulnerable customers (number and trend)
11. Customer protection and transparency of the range of products and services	See Chapter 2.4.3, "Governance and supervision of products and CSR analysis of new products and services" section	Solutions applied in terms of customer protection and transparency of the range of products and services
12. Diversity among employees	See Chapter 2.5.1, "Promoting gender equality and diversity" section	Percentage of women in management roles (as a %)
13. Involvement in the governance of investment targets	See Chapter 2.3.1, "ESG/SRI expertise serving the sustainable development cause"	[Qualitative information] Voting and engagement policy (scope: Mirova/Natixis and ECOFI (Crédit Coopératif))

(1) Renewable energy (structured project financing + 100% renewable energy corporate financing + green construction (= Eco PTZ + PREVair/Ecureuil Crédit DD + PROVair loans) + low carbon transport (AUTOVair + Ecureuil Auto DD loans)).

(2) Outstanding savings in SRI + CODEVair (Banque Populaire banks) + Compte Sur Livret Régional (Caisses d'Epargne) + SRI range (Crédit Coopératif) accounts.

## 2.2.3 Our commitments

### OUR VISION AND AMBITIONS

By placing CSR at the center of its TEC 2020 strategy, Groupe BPCE reaffirmed its determination to be a responsible *bancassureur* in its operations and business relations, and to embrace its role as the No. 2 creditor of the French national<sup>(1)</sup> and regional economy.

Our cooperative banking model sets the unique tone for our CSR commitments:

- a different relationship with the regions: regional roots, close relations, solidarity, shared destiny;

- a relationship tailored to key life milestones: supporting customers over time with an intergenerational vision.

This vision is reflected in four strategic priorities:

- being the cooperative banking and insurance group with the greatest commitment to its customers and the regions;
- being a leading bank in green, responsible growth;
- consolidating our cooperative and CSR commitments in our internal practices;

(1) 21.1% market share on loan outstandings, all non-financial sector customers (source: Banque de France – Q3 2017).

- leading by example in our stakeholder relations.

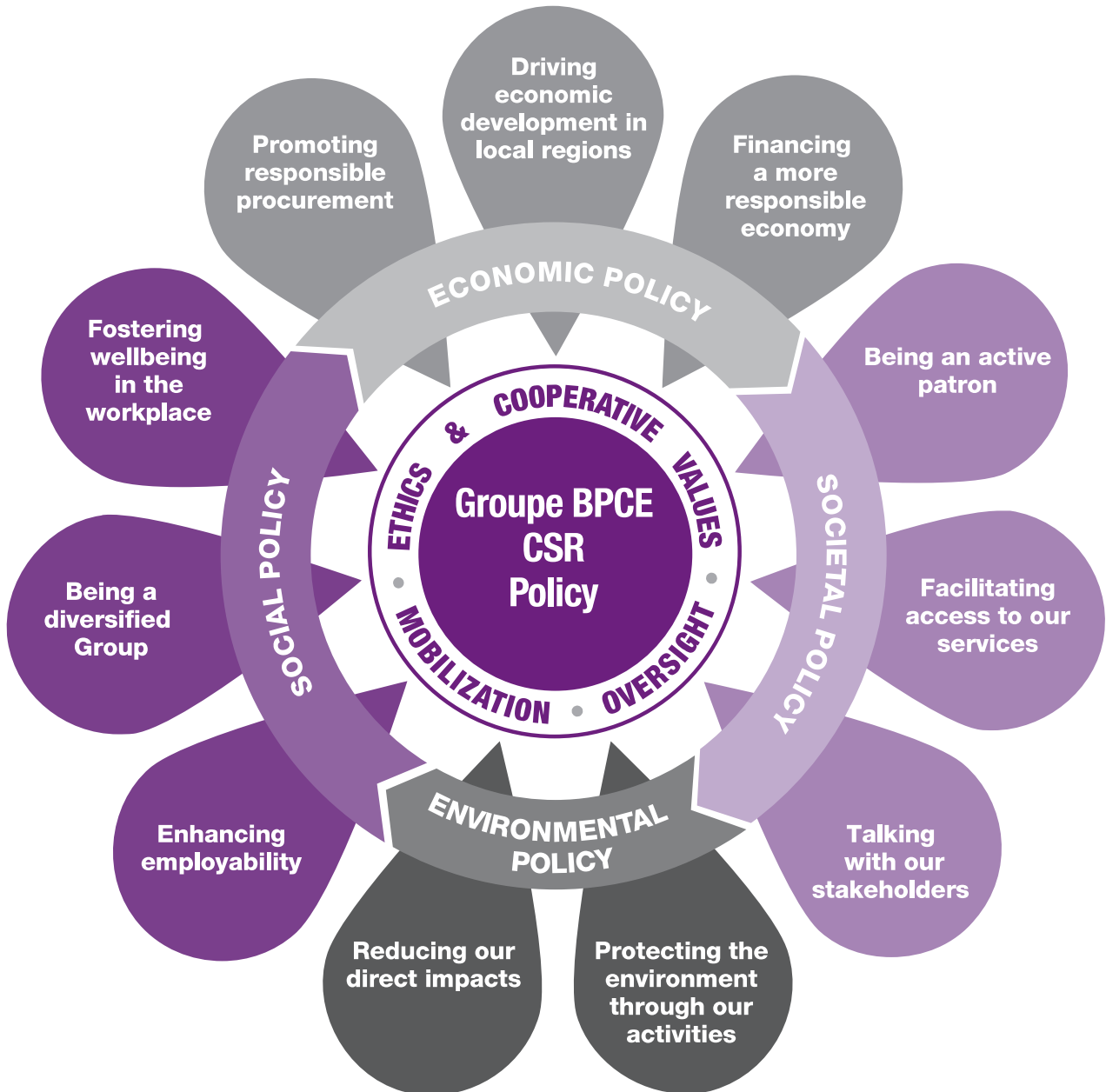
**Our goals, initiatives and monitoring indicators for 2018-2020**

The 2018-2020 CSR strategy, validated by the Management Board and presented to the Group Steering and Supervisory Board, is designed to be:

- consistent with the strategy of each brand and the initiatives of the Group entities;

- comprehensive, based on the four pillars of CSR: economy, society, environment and labor relations;
- deeply rooted in our cooperative banking DNA;
- focused on shared values, actions and ambitions.

From a practical standpoint, this strategy is rolled out through four commitments (economic, societal, environmental and social) and two cross-disciplinary approaches (coordination and oversight) that confirm our determination to take "a different approach to CSR."



## OVERSIGHT OF GROUPE BPCE'S CSR STRATEGY

CSR goals and oversight indicators were set in the bank's new strategic plan, TEC 2020.

Regular reviews (at least twice a year) on CSR initiatives are performed by the Group Cooperative and CSR Committee and presented to the Groupe Steering and Supervisory Board.

### Quantitative oversight

Project	Monitoring indicator	2016	2017	2018	2020 targets
<b>Economic engagement</b>					
Funding a more responsible economy	Responsible savings, including SRI <sup>(1)</sup> (in billions of euros)	24.8	27	72.5 <sup>(2)</sup>	35
	Group institutions with Responsible Supplier Relations and Procurement certification (number)	7	7	9	14
	Procurement RFPs incorporating a CSR component <sup>(3)</sup> (as a %)	NS	NS	34%	80
Developing responsible procurement	Supplier payment deadline (days)	28	30	31	28
<b>Societal engagement</b>					
	Origination of microloans with support for individual customers (in millions of euros)	19	19	20	Consolidating Groupe BPCE's market leadership
Promoting access to Groupe BPCE services	Origination of microloans and other solidarity-based loans for professional customers (in millions of euros)	513.9	484.3	515.7	Consolidating Groupe BPCE's market leadership
<b>Environmental engagement</b>					
Reducing our direct environmental impacts	Carbon review (in metric tons of CO <sub>2</sub> equivalent) – Scope 1, 2 and 3 – excl. data centers	675,516	686,773	673,193	(10%)
Promoting the environment in our business lines	Funding of the energy transition <sup>(4)</sup> (in billions of euros)	7	8.2	8.7 <sup>(5)</sup>	10
<b>Social engagement</b>					
Attracting and retaining top talent	Employees recommending the Group as an employer (as a %)	62 (2014)	65	N/A <sup>(6)</sup>	70%
Changes in Groupe BPCE's reputation	Featuring among the Top 20 in the Potential Park "Top Employers" ranking	24.8 <sup>th</sup>	36 <sup>th</sup>	14 <sup>th</sup>	Top 20
	Women in management roles (as a %)	41.7	42.3	42.9	45%
Promoting gender equality	Female company directors (as a %)	N/A	20.4	26.1	30%
Developing employability	Number of cumulative training hours over 3 years (in millions of hours)	N/A	8	2.3	10
Promoting mobility	Launch of Mobilway website	N/A	16%	39%	100%
Enabling employees to drive change	Percentage of employees who feel they can drive change	N/A	40	N/A <sup>(7)</sup>	50%
Digitized HR services	Use of electronic signatures in employment contracts (as a %)	N/A	42	81	80%
<b>ISO 26000 assessment</b>					
Oversight	Number of Group entities audited by an external auditor based on ISO 26000	6	7	7	12
<b>Group-specific indicators</b>					
	MSCI	AA (2015)	AA (2016)	AA	Maintain
	OEKOM (Germany)	C-/Not prime (2015)	C/Prime (2016)	C/Prime	Maintain
	Sustainalytics	NS	61/100	65/100	Maintain
ESG rating	Vigeo-Eiris (France-United Kingdom)	54/100	55/100	57/100	Maintain

(1) See note on methodology.

(2) €69.11 billion in SRI deposits and savings + €3.37 billion in CODEVair responsible on-balance sheet deposits and savings, regional passbook savings accounts and the SRI range offered by Crédit Coopératif.

(3) RFPs, use of companies working with people with disabilities, total cost of ownership approach, use of SMEs/VSEs or startups, integration of a CSR rating in the overall rating.

(4) Renewable energy loan outstandings + building energy renovation loans and environmentally friendly equipment loans for professional customers and SMEs + green car loans.

(5) At 06/30/2018.

(6) Data not available until Q1 2019.

(7) Data not available until Q1 2019.

## Qualitative oversight

In addition to tracking several existing projects from a quantitative standpoint, the Group has undertaken to complete the following projects by 2020 under the TEC 2020 strategic plan in conjunction with the federations:

- measuring the impact of Groupe BPCE institutions on the economic landscape of their regions, while developing accurate teaching tools and programs;
- incorporating ESG criteria into risk policies and publishing sector policies on Group activities;
- structuring mechanisms dedicated to:
  - skills sponsorship,
  - action plans targeting vulnerable customers,
  - dialog with stakeholders,
  - ethics, principally by defining behavioral values and standards and publishing a code of conduct;
- mobilizing company directors and employees: incorporating CSR indicators in the company director dashboard, analyzing opportunities to include CSR criteria in the pay system, and continuing to offer training sessions on CSR and cooperation;
- Group communication and visibility on CSR: establishing an internal and external communication plan focused on CSR, and extensively incorporating CSR in financial communications. CSR data will also continue to be included in the Group's open data system (<https://bpce.opendatasoft.com/pages/home/>).

## Our achievements in 2018

Strategic projects	2018 achievements
1. Measuring and promoting the local socio-economic footprint	<ul style="list-style-type: none"> <li>- drafting of customizable flowcharts: money flows (savings/loans), value breakdown (regional approach) for publication in the Banque Populaire and Caisses d'Epargne annual reports;</li> <li>- measurement of the socio-economic impact of Groupe BPCE's purchases and reporting to the procurement and CSR departments with details by FTE and the wealth contributed to the French economy.</li> </ul>
2. Responsible savings	<ul style="list-style-type: none"> <li>- simplification and extension of the range of responsible investment products by Mirova and Ostrum Asset Management (Natixis);</li> <li>- presentation of projects for the renovation and extension of the responsible investment range to the Group Cooperative and CSR Committee in December 2018: real estate professionals, financing for renewable energy sources, public sector and professionals market.</li> </ul>
3. Developing responsible procurement	<ul style="list-style-type: none"> <li>- launch of the Campus e-learning training program on purchasing from companies working with disabled persons for the Procurement and HR departments (disability officers) and review of participation rates;</li> <li>- renewal of the Responsible Supplier Relations and Procurement certification for three years for BPCE SA group, Banque Populaire Grand Ouest, Caisse d'Epargne Bretagne Pays de Loire and Caisse d'Epargne Grand Est Europe, in cooperation with BPCE Procurement. To date, nine Group companies have been certified;</li> <li>- reporting of results of the assessment of the socio-economic footprint of Groupe BPCE's purchases and communication to the Procurement and CSR departments;</li> <li>- development of the CSR risk mapping tool, presentation of the action plan to the Procurement and CSR departments, launch of the co-construction of the training module by the responsible procurement working group, survey of supplier payment deadlines in Group companies.</li> </ul>
4. Inclusive finance	<ul style="list-style-type: none"> <li>- building of Caisses d'Epargne and Banque Populaire action plans for vulnerable customers and rollout across the networks with the goal of increasing take-up of solutions for vulnerable customers (OCF range) by 30% between 2017 and 2019;</li> <li>- signing of a new agreement with France Active (a non-profit organization supporting business creation) covering microloans for individual and professional customers;</li> <li>- <i>Finances &amp; Pédagogie</i> money management courses for the general public.</li> </ul>
5. Reducing direct environmental impacts	<ul style="list-style-type: none"> <li>- construction of a climate performance oversight matrix for Group entities including the corresponding best practices;</li> <li>- approval of an action plan for reducing our emissions in procurement, transport and responsible digital practices;</li> <li>- contribution to Net Zero, an industry-wide carbon neutral initiative aimed at establishing a methodology for companies seeking to achieve a challenging, credible, and harmonized net zero carbon footprint.</li> </ul>
6. Drafting a green growth strategy	<ul style="list-style-type: none"> <li>- financing for renewable energy projects: developing biogas, updating the risk policy on other renewable energy sources;</li> <li>- integration of ESG criteria in all retail banking sector lending policies; publication by Natixis of its CSR policy for the defense, oil and gas sectors;</li> <li>- support for the sustainable food industry: creation of a dedicated fund; support for farmers and wine producers by the Banque Populaire network: development of the direct-to-customer offer, drought management plans, etc.</li> <li>- application of the Green Weighting Factor, an internal capital allocation model that adapts the expected return on different financing solutions depending on their impact on the environment and climate change by using a favorable or adverse adjustment to weighted assets;</li> <li>- issue of the first local economic development bond, in the form of a senior preferred bond totaling €1.25 billion.</li> </ul>
7. Sustainability reporting and ratings	<ul style="list-style-type: none"> <li>- rollout of a tool box to assist with the drafting of the non-financial performance report for all Group entities and proposal of a standard mapping of stakeholders;</li> <li>- ongoing work to improve the accuracy of IT reporting packages;</li> <li>- finalization of a Q&amp;A book on key CSR topics.</li> </ul>
8. Raising awareness of reporting and CSR	<ul style="list-style-type: none"> <li>- adaptation of the strategic plan with the Banque Populaire and Caisses d'Epargne federations (<i>Faites de la Coopération</i> event, training for directors, etc.);</li> <li>- support for the networks with training in CSR, the carbon review and reporting.</li> </ul>
9. Communication and CSR	<ul style="list-style-type: none"> <li>- design of a communication system centered on the CSR strategy, primarily through a name and visual identity reflecting the Group's CSR engagement: <i>Fair(e) autrement</i> (a different approach to CSR);</li> <li>- participation in work done by the ORSE (Corporate Social Responsibility Observatory) and the Global Compact.</li> </ul>





Strategic projects	2018 achievements
10. Adopting an innovative policy to encourage well-being, health and exercise in the workplace and employee diversity and employability;	<ul style="list-style-type: none"> <li>- review of working conditions agreements at the Banque Populaire banks;</li> <li>- sports activity review at BPCE;</li> <li>- annual review of disability agreement follow-up;</li> <li>- working group set up to establish action to increase the number of women in management and senior management positions;</li> <li>- signing of a groupwide Strategic Workforce Planning agreement and launch of Mobilway.</li> </ul>
11. Ethics	- finalization of the Groupe BPCE code of conduct and Ethics, approved by the Supervisory Board.
12. ISO 26000 certification process	- selection of providers and presentation to the entire Group CSR function.

### STRUCTURE AND GOVERNANCE REFLECTING THE GROUP'S COOPERATIVE BANKING MODEL AND RAISING THE BAR ON CSR

A separate BPCE function is responsible for overseeing the Group's CSR commitments, in conjunction with the Fédération Nationale des Banques Populaires and the Fédération Nationale des Caisses d'Epargne, which coordinate CSR policy within their respective networks.

The Group's Sustainable Development division reports to the Corporate Secretary's Office of BPCE's Retail Banking and Insurance division. Its goals are to:

- drive and oversee the Group's CSR policy and support all institutions in implementing this policy;
- serve as a source of foresight, expertise, and innovation in order to advance sustainable growth;
- coordinate the implementation of special regulations and propose adaptations in governance.

To this end, it is divided into four functions:

Green, responsible growth	Responsible business	Sustainable development watch, coordination and communication	Forward-looking CSR
<ul style="list-style-type: none"> <li>- Definition of the green growth strategy (processes, benchmark, action plan);</li> <li>- Development of expertise designed to serve the networks, development of solidarity-based savings and finance;</li> <li>- Contribution to inclusive finance mechanisms.</li> </ul>	<ul style="list-style-type: none"> <li>- Coordination of CSR reporting and the Group/institution carbon review;</li> <li>- Oversight and monitoring of the Group CSR approach;</li> <li>- Dialog with ESG rating agencies and investors.</li> </ul>	<ul style="list-style-type: none"> <li>- Organization and oversight of the projects undertaken by the division and function meetings;</li> <li>- Regulatory, economic and technical watch;</li> <li>- Communication and organization of Sustainable Development function events.</li> </ul>	<ul style="list-style-type: none"> <li>- Development of the forward-looking expertise and research approach to issues relating to the green economy and CSR, particularly in the economic and technological fields.</li> </ul>

To take action, the Sustainable Development division relies on a CSR function whose responsibilities are divided between the Group's central institution, regional banks and subsidiaries (particularly Natixis). Each company in the Group has an appointed CSR officer tasked with adapting the Group's commitments to the specific features of the company's region, operations and objectives.

The CSR function has the following structures:

- bodies that exchange information and coordinate and share skills:
  - a twice-yearly national responsible business conference attended by all of the Group's sustainable development officers. The

conference focuses on improving CSR reporting and making plans to improve internal CSR and low-carbon practices; a national conference on the roll-out of ESG performance reporting in the Group was also held in 2018 to help the institutions complete this process,

- a green, responsible growth conference aimed at centralizing technical and sales expertise around the new economic models arising with sustainable development. An annual plenary meeting (125 participants on average) has been held since 2014;
- steering and oversight bodies:

Body	Roles
Groupe BPCE Supervisory Board Cooperative and CSR Committee	Validates CSR projects, rules on major strategic CSR guidelines. The committee met twice in 2018.
CSR function (network of CSR managers and their business line counterparts)	Rolls out initiatives based on their specific priorities and involves all Group employees in the field.
Cooperative Shareholder & CSR Committee of the Fédération Nationale des Banques Populaires and CSR Committee of the Fédération Nationale des Caisses d'Epargne	Approve national CSR guidelines and assist with their local implementation
Local CSR Committees of Group institutions	Monitor and coordinate local implementation of the CSR policy

- training initiatives on sustainable development issues:
  - in 2018, two training sessions on "The Basics of CSR" were provided to the business lines,
  - two training courses on CSR reporting (organization and tools) and two on the carbon review tool were provided, and three CSR reporting telephone hotlines were made available in 2018.

The Group's Sustainable Development division also works to educate the various divisions about CSR and interacts regularly with them, either during their own seminars (Risk function, Distribution function, Procurement function, Logistics function, Fédération Nationale des Banques Populaires, Fédération Nationale des Caisses d'Épargne, etc.) or at special events (such as Sustainable Development Week or Solidarity-Based Finance Week).

Lastly, the Group set up an Intranet site for the sustainable development officers in 2015, and in 2017 two communication groups were created on our in-house social network: one on green, responsible growth with 552 members and the other on CSR with 368 members among the Group institutions.

### Strengthening CSR governance at Natixis

Since 2017, Natixis' CSR policy has been managed by a dedicated department reporting to the Natixis Corporate Secretary, who is a member of the Natixis Senior Management Committee.

The CSR team, with 8 permanent employees, joined the CSR function which has been in place at Natixis since 2004. It works with the aid of a network of officers and in coordination with the BPCE Sustainable Development division.

Representatives from Natixis' business lines (Corporate & Investment Banking, Investment Solutions, Insurance, Specialized Financial

Services) take part in business forums to develop CSR in the business lines, while the officers working in the Corporate departments (Real Estate and Logistics department, Human Resources, Compliance, etc.) are involved in projects to incorporate sustainable development into the company's day-to-day operations.

In addition, CSR governance is organized in each business line, with, for example, the creation of a Green Hub at Corporate & Investment Banking. This operational hub comprises experts who help issuers and investors all around the world by offering them solutions and expertise in green, sustainable financing. This expertise is applied to all asset classes: loan structuring and origination and investment solutions, in partnership with the business lines, which have designated Green Captains, and in coordination with the CSR department.

At Asset Management, CSR officers have been active for several years (for example at Ostrum Asset Management, Natixis Assurances, and AEW Europe). Other business lines in the Specialized Financial Services division (Natixis Lease, Natixis Intérépargne) and the Insurance division (BPCE Assurances) have also adopted a CSR policy since 2017 and have appointed CSR managers responsible for drafting a CSR roadmap for their activity.

### Improvements recognized by the ESG rating agencies

Keenly aware of the major role played by ESG rating agencies and investors, Groupe BPCE makes every effort to meet the requests of these agencies and maintain a dialog with them. This is one of the CSR commitments set out in the strategic plan.

The following table shows the most recent assessments of the top ESG rating agencies.

Agency	Current rating	Rating (year of last rating)	Rating (previous year)
OEKOM	C – Prime (2018)	C – Prime (2016)	C – Not prime (2015)
MSCI	AA (2018)	AA (2016)	AA (2015)
SUSTAINALYTICS	65/100 – Average performer (2018)	61/100 – Average performer (2016)	N/A
VIGEO EIRIS	57/100 – Robust (2018)	55/100 – Robust (2016)	Vigeo: 54/100 (2014)

### A regular audit of CSR reporting and processes

CSR has been an integral part of the multi-year audit plans since 2016. The Internal Audit teams of each Group institution regularly perform an audit of CSR governance, CSR reporting and coordination of the CSR approach. Audit standards were addressed during a joint project by the CSR teams and the Group Inspection Générale division and are regularly updated in line with regulatory changes.

### PUBLIC COMMITMENTS MADE UNDER EXACTING STANDARDS

#### United Nations Global Compact (Advanced level)

Groupe BPCE renewed its adherence to the Global Compact in 2018 and to the ten associated principles covering human rights, international labor standards, environmental protection and anti-corruption. It obtained the Advanced level, which is the highest level of differentiation attributed by the Global Compact, reflecting its determination to continue incorporating these principles in its strategy, corporate culture and the conduct of its businesses.

## Principles for Responsible Investment (PRI)

The Principles for Responsible Investment (PRI) are designed to help institutional investors incorporate environmental, social and corporate governance (including anti-corruption) considerations in their investment decisions and practices, and thereby to improve beneficiaries' return on investment over the long term. Natixis signed the PRI in 2010 and since then a number of Natixis Investment Managers companies have also signed up (AEW, AEW Europe, DNCA, Euro PE, Loomis, Mirova, Ostrum AM, Naxicap, Ossiam, Seventure, representing €626 billion in assets under management (AuM), accounting for 74% of Natixis IM's total AuM).

## Equator Principles

By signing the Equator Principles in December 2010, Natixis acknowledged the importance of evaluating the environmental and social risks and impacts of the projects it finances using a methodology accepted by many financial institutions to encourage its customers to manage, minimize, and remedy the impacts they cause as best they can.

Natixis' areas of activity that are eligible for the Equator Principles mainly concern infrastructure, energy (oil and gas), electricity and renewable energy, and mining and metals all over the world.

## UNEP FI: Natixis

At the end of 2018, Natixis announced its membership of the UNEP-FI Principles for Responsible Banking, becoming one of the first financial institutions besides the 28 founding members to formally commit to aligning its strategy with the United Nations Sustainable Development Goals (SDGs) and the Paris Agreement on climate change.

## Corporate Diversity Charter

Groupe BPCE adopted the Corporate Diversity Charter in November 2010, demonstrating its determination to become a model employer. The Group enacts this commitment through special initiatives, such as the July 2010 implementation of the responsible procurement and disabilities policy ("PHARE") and the June 2012 creation of the women's network "Les Essenti'Elles" aimed at promoting a positive image of women and furthering their access to top positions.

## Businesses and Neighborhoods Charter

Groupe BPCE was the only cooperative banking group to join this project on its launch by the French Ministry for Urban Affairs in 2013. It signed a framework agreement, to which eight Banque Populaire banks and Caisses d'Epargne have adhered either *via* a regional agreement or specific initiatives. By adhering to this charter, companies undertake to support the economic, social, and cultural development of neighborhoods identified as priorities in urban policy in areas such as social inclusion and entry into employment, public services and economic development (for Groupe BPCE, this includes support for entrepreneurship). The original objectives were amended in 2018 with the Ministry prioritizing efforts to encourage hundreds of companies (often SMEs) to adhere to regional charters initiated by Prefects.

## Responsible Supplier Relations Charter

Groupe BPCE has been a signatory of the Responsible Supplier Relations Charter since 2010. This charter was designed to incentivize businesses to adopt responsible practices in dealing with their suppliers. The goal is to change relations between customers and suppliers in order to build a lasting, balanced relationship between them based on mutual trust, with the aim of supporting the French economy by giving precedence to partner-based strategies, dialog, and the expertise of procurement professionals<sup>(1)</sup>.

## Work-Life Balance Charter

In 2017, the company directors of the Banque Populaire banks, the Caisses d'Epargne and BPCE SA group all signed the Work-Life Balance Charter. Natixis had already signed the charter in 2015. This charter acknowledges the fundamental importance of striking a balance between a career and a home life, thus ensuring better quality of life in the workplace and a better performance for the company. By signing this charter, Groupe BPCE companies have undertaken to support and promote constructive behavior in the organization of work and relations between managers and employees.

## Cancer@work Charter

Fourteen Groupe BPCE companies have signed the Cancer@work Charter, underscoring their commitment to implement concrete initiatives to promote the integration and continued employment of people directly or indirectly affected by cancer or another chronic illness. It also demonstrates the determination of Group companies to mobilize their strengths and come together in the fight against cancer.

(1) <https://back.bpce-achats.fr/storage/documents/9YMH2ecdXFSrAUhMOp4SKfZWh64blnknxPnW5izi.pdf>

## Development of CSR assessment tools in the Banque Populaire and Caisse d'Épargne networks

The Banque Populaire network measures its commitment to its stakeholders (cooperative shareholders, directors, employees, customers and civil society) using the CSR & Cooperative Dividend. All the banks' societal and cooperative responsibility initiatives are therefore monitored. Banque Populaire Atlantique (now Banque Populaire Grand Ouest), Banque Populaire Alsace Lorraine Champagne and Banque Populaire Rives de Paris have implemented a global CSR management approach, and their performance in this area is assessed by an external auditor. They have held LUCIE certification since 2012, 2015 and 2016 respectively. Banque Populaire Alsace Lorraine Champagne has been AFAQ 26000-certified since 2014 (this certification became the "Engagé RSE" [CSR Committed] certification in 2018).

The Caisses d'Épargne also increasingly call on external assessments of their initiatives and the quality of their CSR approach. In 2014, a CSR self-assessment tool was made available to the Caisses d'Épargne by their federation to help deploy action plans in accordance with the ISO 26000 CSR standard. 8 Caisses d'Épargne have completed a self-assessment of their policy. In 2018, Caisse d'Épargne Aquitaine Poitou-Charentes obtained LUCIE certification, following the Vigeo 26000 certification it secured in 2016. As of the end of 2018, two Caisses d'Épargne held LUCIE certification, as Caisse d'Épargne Rhône Alpes obtained this certification 2017. At the same time, several Caisses d'Épargne have undertaken certification initiatives in favor of the environment (ISO 14001 and ISO 50001 in particular), gender equality, diversity and responsible supplier relations.

### Helping to build new international financial standards

Since 2009, international climate change negotiations and European and French policies on the energy transition have relied heavily on the role played by banks and investors to channel financing into initiatives to preserve the climate.

New international standards are being prepared to structure and unify financing for green growth, manage the financial risk inherent in climate change and provide a transparent framework for communication.

BPCE is actively involved in sector initiatives in France, Europe and internationally. It contributes the expertise and know-how of Group companies that are highly involved in low-carbon activities from both a financial and banking perspective, to ensure that regional banks and markets have their role to play in future financing mechanisms:

- at an international level, BPCE is very active in international standards (ISO) work on environmental finance. It defends the compatibility of financial standards models with those specific to local banks – in particular cooperative banks – and their customers. At the end of 2018, BPCE was asked to chair of the AFNOR group of finance, environment, climate and economy experts and to coordinate the future ISO 14100 environmental finance standard with China. This initiative is part of the bilateral agreements signed between France and China at the fifth High Level Economic and Financial Dialog (HED) at the end of 2017;
- at the European level, Natixis has joined the Technical Expert Group on Sustainable Finance (TEG) to build an action plan to finance sustainable growth in Europe. BPCE lobbied for a representative of the European Association of Cooperative Banks (EACB) to join the TEG to provide bank financing expertise;

- BPCE also takes part in specific working groups set up by European banking organizations to contribute to the TEG's work. These include the European Savings and Retail Banking Group (ESBG), the EACB, the European Banking Federation (EBF) and the French Banking Federation (FBF);
- at a national level, BPCE presented its climate change risk management approach to the ACPR (French prudential supervisory authority). This is a requirement of Article 173 of the French Energy Transition for Green Growth Act of August 17, 2015 and complies with a G20 request;
- the Chief Executive Officer of Mirova (Natixis), Philippe Zaouati, was named Chairman of Finance for Tomorrow, a financial center initiative in Paris to promote the French financial sector's expertise in sustainable finance.

### Active contribution to the Sustainable Development Goals (SDGs)

Adopted in 2015 by the 193 Member States of the United Nations at the Sustainable Development Summit in New York, the SDGs form the 2030 Agenda for Sustainable Development, a set of 17 global targets aimed at combating inequality, exclusion and injustice, fighting climate change, protecting biodiversity and ending extreme poverty.

Deeply aware of its role in achieving these goals, Groupe BPCE conducted a detailed analysis to identify its contribution to the SDGs. To this end, the Group:

- comparatively analyzed its CSR policy with the SDGs;
- established a sector benchmark and analyzed stakeholder expectations (particularly investors and rating agencies) regarding the SDGs.

The following table presents this contribution to each SDG.

**ECONOMIC ENGAGEMENT**

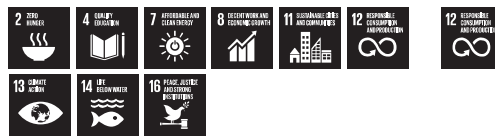
**SERVING REGIONAL ECONOMIC DEVELOPMENT**

For BPCE, regional economic development requires initiatives that foster social and professional inclusion, in particular support for entrepreneurs, impacting SDG 1 and contributing to SDGs 2, 8, and 9.



**FUNDING A MORE RESPONSIBLE ECONOMY**

Funding a more responsible economy impacts several areas by providing financing and investment in different sectors and contributing to SDGs 2, 4, 7, 8, 11, 12, 13, 14 and 16.



**DEVELOPING RESPONSIBLE PROCUREMENT**

Responsible procurement impacts SDG 12 in particular. For BPCE, this is reflected in the responsible procurement approach, AgiR, which was introduced in 2012, as well as in the procurement performance plan and our supplier relations.



**SOCIETAL ENGAGEMENT**

**BEING AN ACTIVE PATRON**

The patronage policy contributes to SDGs 1, 2, 3, 8, 10, and 17 via partnerships with various structures.



**FACILITATING ACCESS TO BPCE'S SERVICES**

BPCE's initiatives to facilitate access to banking services while meeting customers' needs contribute to SDGs 1, 8, 10, and 11.



**TALKING WITH OUR STAKEHOLDERS**

Dialogue with our stakeholders has fostered a policy of partnerships that meets SDG 17 and encouraged initiatives to combat climate change (SDG 13).



**ENVIRONMENT ENGAGEMENT**

**PRESERVING THE ENVIRONMENT THROUGH OUR ACTIVITIES**

The measures taken by the Group's business lines to preserve the environment contribute to SDGs 8, 12, and 13.



**REDUCING OUR DIRECT IMPACTS**

Reducing our impacts with measures to save energy and resources contributes to SDGs 7, 8, 9, 12, and 15.



**SOCIAL ENGAGEMENT**

**ENHANCING THE VALUE OF OUR EMPLOYEES**

Our training programs (SDG 4) ensure lasting employment and increased performance in the workplace, which corresponds to SGD 8.



**BEING A DIVERSIFIED GROUP**

The Group's initiatives in favor of gender equality and the inclusion of disabled persons contribute to SDGs 5, 8, and 10, which promote equality.



**FOSTERING WELL-BEING IN THE WORKPLACE**

The measures and agreements that improve working conditions contribute to SDGs 4, 8, and 16.



The Group's actions have a positive impact on 16 of the 17 SDGs through its internal management, sponsorship activities, and especially its financing activities (financing in the social, non-profit, renewable energy, agriculture, education, healthcare and microfinance sectors, etc.).

To foster understanding and promote the SDGs, awareness initiatives were organized internally (posters showing the SDGs, reference to the SDGs during European Sustainable Development Week, educational video produced by Natixis<sup>(1)</sup>).

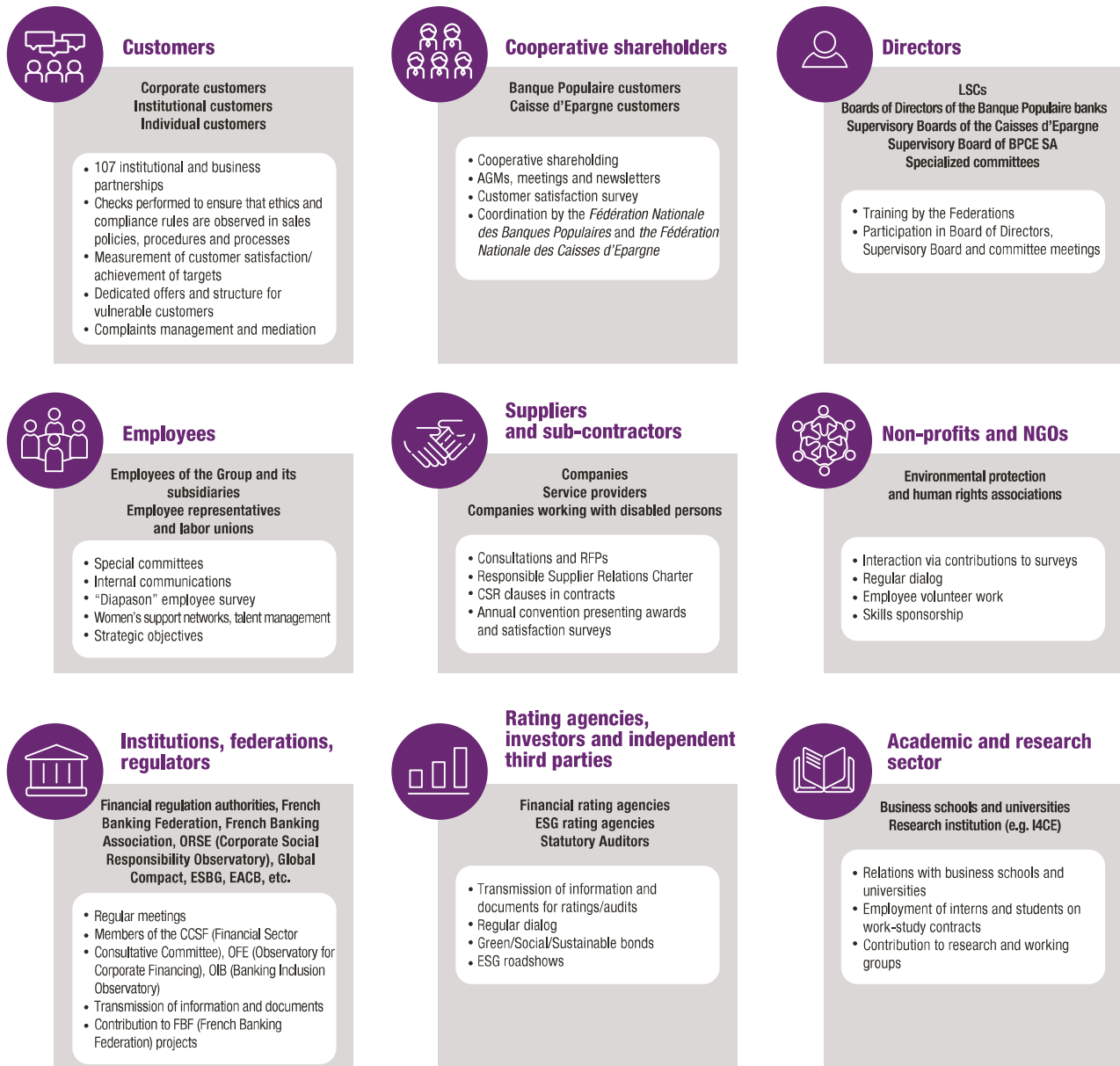
(1) [https://www.natixis.com/natixis/jcms/tpaz5\\_67386/en/european-sustainable-development-week-natixis-is-ready-for-the-2018-event](https://www.natixis.com/natixis/jcms/tpaz5_67386/en/european-sustainable-development-week-natixis-is-ready-for-the-2018-event)

## 2.2.4 Constant dialog with our stakeholders

Stakeholder dialog is a cornerstone of Groupe BPCE's CSR approach and is one of the objectives of its 2018–2020 strategic plan.

Extensive preparatory work was carried out in 2018 to identify the major challenges facing society, stakeholders and their expectations,

to ensure they would be incorporated in Groupe BPCE's CSR priorities and policy. The Group's key stakeholders, and the associated stakeholder dialog processes, were mapped out as shown below.



In addition to this analysis, the Group communicates with its stakeholders on a daily basis:

- individual and professional customers of all BPCE retail entities are free to submit complaints; their satisfaction is also frequently measured, spontaneously at the branch level every week and consistently on a quarterly basis to monitor satisfaction in all segments and at all points of contact; special survey tools (both spontaneous and scheduled) are also developed on certain markets

(business customers, private banking, etc.) (for more details, see Chapter 2.4.3);

- dialog with cooperative shareholders is coordinated by the *Fédération Nationale des Banques Populaires* and the *Fédération Nationale des Caisses d'Épargne*; their satisfaction is also measured using a special survey;
- dialog with staff and employee representatives, as described in the social pillar of this document (Diapason survey, employee representative bodies, periodic topical surveys, etc.);

- a satisfaction survey is carried out on a sample of suppliers at the annual suppliers' convention. This event also gives the Group an opportunity to explain its priorities and issue awards, in particular for CSR performance;
- *via* the Banque Populaire and Caisse d'Epargne Development divisions, Groupe BPCE coordinates a policy of dynamic partnerships with several associations, representative federations and trade unions representing the various regional economic players (local officials, CEOs, real estate professionals, stakeholders in the social and solidarity-based economy, the medical-social and healthcare sectors, social housing managers, self-employed professionals, craftsmen, small retailers, franchisors, entrepreneurs, farmers, etc.). A total of 116 partnerships had been established by both brands at end-2018, covering business, institutional relations and communication. Regular contact is maintained in a close relationship with each partner;
- Groupe BPCE contributes to the work of the Financial Sector Consultative Committee (CCSF), whose purpose is to examine issues that come up in relations between financial institutions and their customers, and to issue opinions or recommendations on appropriate measures in this area. The CCSF is a joint committee made up of members representing financial institutions and consumers, as well as members of Parliament, qualified experts and representatives of financial sector companies and employees, and serves as a unique forum for dialog;
- Groupe BPCE takes part in financial center relations and working groups, such as the FBF (French Banking Federation), the AFB (French Banking Association) and the ORSE (Corporate Social Responsibility Observatory);
- finally, BPCE maintains a regular dialog with ESG rating agencies during the rating process and with investors.

## 2.3 A range of services to meet the challenges facing our customers

Groupe BPCE is working to adopt a global approach in conjunction with its business lines, aimed at turning them into differentiation and performance drivers. The Group is best at meeting its CSR priorities when conducting its banking and insurance activities. In accordance with its strategy, it has set goals to:

- increase the distribution of its solidarity-based savings and investment offer to its customers;
- meet the financing needs of customers with projects generating significantly positive environmental or social impacts;

- manage the risks and opportunities associated with the energy, climate and ecological transitions.

Building on the work done in 2017, the Group set an ambitious and structure-building target for each of these goals: over the 2018-2020 period, increasing responsible deposits and savings by 50%, topping €10 billion in outstanding loans for green growth, and issuing two green and social bonds for proprietary purposes each year.

The Group focused on prioritizing these goals in 2018 and launched several initiatives to work towards achieving them.

### 2.3.1 Steering deposits and savings towards a more responsible economy

The range of responsible products was overhauled and promoted to make it easier for customers to identify the right solutions for their objectives, risk appetite and the value they place on societal impacts. Training and communication initiatives will be carried out to complete this strategy.

Groupe BPCE already offers a broad range of products designed to steer deposits and savings towards a more responsible economy.

#### BANK DEPOSITS AND SAVINGS INVESTED IN THE REGIONS

The Banque Populaire banks and the Caisses d'Épargne take local deposits and channel them into local projects. Funding allocation decisions are based on local needs and each institution's in-depth knowledge of the region, including its potential and areas for improvement. Passbook savings account deposits and regular deposits are used to fund regional development, funneling money right back into the community. Mindful of the growing importance customers place on transparency and traceability, Groupe BPCE is working to better identify the impacts of these deposits and savings.

#### GRUPE BPCE: THE LEADER IN SOLIDARITY-BASED SAVINGS

According to the Finansol 2018 survey, Groupe BPCE is the leader in solidarity-based savings in France, ranking No. 1 in terms of inflows and management. Each year, this survey identifies and certifies all savings vehicles that finance projects with a major social, solidarity or environmental impact. At December 31, 2017, Groupe BPCE managed nearly 37.9% of total solidarity-based savings (€4.38 billion out of €11.5 billion). Through its different business lines, it draws on complementary areas of expertise that qualify it to operate along each link of the chain: collection of deposits and savings (Banque Populaire banks, Caisses d'Épargne, Crédit Coopératif, Natixis Interépargne), asset management (Mirova, Ecofi Investissements), funding of social support networks and project sponsors such as Adie, Initiative France and France Active.

#### BPCE hosts a conference during FINANSOL Week 2018

On November 8, 2018, BPCE hosted a conference during Finansol's annual solidarity-based finance week to show its employees and partners the diversity of business models in the social and solidarity-based economy. In testimonials by three company directors on "How our solidarity-based companies bring regional cohesion to life", participants got a glimpse of the real local impact these companies have in three sectors: sports and leisure, fair trade, and digital data sharing.

#### Group BPCE's contribution to solidarity-based savings

CODEVair is an example of a Finansol-certified product distributed by the Banque Populaire banks, aimed at encouraging customers to put their savings into the energy transition. Launched in 1999 by Banque Populaire d'Alsace, CODEVair is distributed by nine institutions, including Crédit Coopératif. Total deposits of €1.43 billion are used to finance energy-efficient homes and cars with little or no greenhouse gas emissions, among other projects. As of December 31, 2018, 13,000 projects had been financed, totaling €321 million.

Since 2004, the Caisses d'Épargne have also developed a regional passbook savings account highlighting the local use of deposited funds and the impact of funded projects: the *Compte sur Livret Régional* (CSLR), distributed by 14 institutions. Each Caisse d'Épargne decides whether to use the funds to finance digital development, healthcare or employment. CSLR holders (68,715 customers, €1.02 billion) are able to obtain information on the actual implementation of local projects financed with their deposits.

Crédit Coopératif has been the leader in solidarity-based products in France for nearly twenty years. It developed the AGIR range, which includes a charity debit card and six passbook savings accounts. Through AGIR passbooks, Crédit Coopératif customers can show their solidarity with an association of their choice by sharing some or all of the interest accrued on their account. The flagship product is the Livret AGIR, which donates 50% of the accrued interest to one of the 25 beneficiary associations approved by the bank. In 2018, over €2.6 million in donations were made via Crédit Coopératif



solidarity-based products and Ecofi Investissements solidarity-based investment funds. Two passbook savings accounts (REV3 and *Coopération pour ma région*) also allow investors to put their deposits to work funding the social and solidarity-based economy in the region of their choice (or exclusively in the Hauts de France region for REV3).

Through these products, Crédit Coopératif is meeting growing demand among loyal customers for transparent information on how their money is used, by providing them with traceability on the use of their passbook savings account deposits.

Responsible passbook savings accounts (outstandings in millions of euros)	2018		2017		2016		Change 2017-2018	
	Number	Outstandings	Number	Outstandings	Number	Outstandings	Number	Outstandings
LDD sustainable development passbook savings account	304,616	1,269	312,664	1,268	281,648*	1,047*	(2.5%)	0%
CODEVair passbook savings account	8,871	687	6,918	411	4,807	224	28%	67%
Regional passbook savings account	12,422	422	10,599	309	14,279	1,861	17%	37%
Crédit Coopératif solidarity-based passbook savings accounts	71,156	769	67,538	662	N/A	N/A	5%	16%

\* Rectified data.

## ESG/SRI EXPERTISE SERVING THE SUSTAINABLE DEVELOPMENT CAUSE

Groupe BPCE is a longstanding leader in SRI, a field where it boasts extensive expertise. It is able to offer a highly diversified SRI range to all customer segments and has set an ambitious goal of increasing responsible deposits and savings by 50% by 2020 in accordance with its strategic plan.

### SRI and solidarity-based investments

#### *Ostrum Asset Management – a responsible asset manager*

Ostrum Asset Management (Ostrum AM) has been committed to sustainability and Socially Responsible Investment (SRI) for over 30 years<sup>(1)</sup>, and in recent years it has gone a step further by making responsible investments the main component of its CSR strategy. Ostrum AM undertakes to factor all ESG criteria into its investment decisions in accordance with the recommendations of leading international standards such as the United Nations Principles for Responsible Investment (PRI), of which it has been a signatory since 2008. Its fund managers apply this approach to all asset classes and to use their influence to promote the emergence of a responsible economic and financial system. This responsible asset management approach derives from a far-reaching analysis performed over several years. It is based on four main commitments and specific climate initiatives implemented daily by the investment teams. Ostrum AM firmly believes that relevant and ambitious responsible investment strategies generate performance over the long term and deliver added value to its clients through a four-step process:

- Understand:
  - the investment teams select the best sources of ESG data and contact each company's Management team directly to produce integrated financial and ESG research.
- Manage:
  - exclusion policies apply to all investment universes. They target the controversial weapons sector, coal producers, issuers with controversial ESG practices and more recently tobacco producers and manufacturers,

- Ostrum AM systematically incorporates ESG in its analysis. It believes ESG factors have a major impact on a company's risk profile and the sustainability of its growth. For this reason, its investment teams optimize the integration of ESG criteria in each investment process,
- Ostrum AM offers SRI and "ESG-intensive" strategies. Its investment strategies are tailored to each client's ESG philosophy. From improving ESG quality to reducing a portfolio's carbon footprint, Ostrum AM is ready and able to accommodate each client's responsible investment approach;

- Act:
  - Ostrum AM works regularly with the companies in which it invests through its voting policy and engagement,
  - Ostrum AM uses its influence wisely with constructive dialog. Its goal is to encourage companies to better incorporate environmental, social and governance issues in their strategic planning;
- Build:
  - Ostrum AM actively participates in initiatives to build and promote responsible investment. It is involved in around ten industry groups where it works with its peers to co-build responsible investing standards.

2018 marked the tenth anniversary of Ostrum AM's signing of the United Nations Principles for Responsible Investment (PRI). The quality and ambition of its responsible investment approach were once again recognized and commended with excellent ratings across the board.

#### Voting policy

As a third-party asset manager, Ostrum AM believes that it has a responsibility and duty of care to its unitholders to monitor changes in the value of their investments and to exercise the voting rights attached to portfolio securities. Ostrum AM exercises its voting rights solely in its unitholders' interests. It made a conscious decision to apply high standards in terms of corporate governance. Its voting policy promotes i) transparency, accuracy and relevance in financial and ESG disclosures, ii) competent, independent governance bodies subject to checks and balances, iii) defense of minority shareholders' rights, iv) linking executive pay linked to the company's operating performance and v) observation of ethical and CSR principles. In 2018, Ostrum AM voted at 1,702 Annual General Shareholders' Meetings and on a total of 23,338 resolutions. It voted against 18% of the resolutions submitted by Management and abstained in 1% of

(1) *Natixis Impact Nord Sud Développement – Ostrum Asset Management's first solidarity-based investment fund – was created in 1985. A full range of SRI and solidarity-based investment funds has since been developed.*

cases. It supported 320 shareholder resolutions (62% of resolutions submitted). Ostrum AM votes on 100% of its holdings, except on markets that suspend trading<sup>(1)</sup>, where it applies a ratio of 80%.

### **Mirova: a subsidiary specializing in responsible investment**

Mirova is the asset management affiliate of Natixis Investment Managers specializing in sustainable investment. Through its conviction strategies, Mirova's goal is to combine long-term value creation with sustainable development.

Mirova manages €10 billion spanning five asset classes: listed equities, fixed income, infrastructure financing, natural capital, and solidarity-based investment.

Prevention of climate change is a major issue, one that is largely reflected in Mirova's strategies. The company provides individual and professional clients alike with strategies that invest their funds in projects offering solutions to climate change problems. This ambition is met through its various offers: development of environment-driven equity strategies, low carbon strategies, investment in renewable energy infrastructure projects in Europe, and support for the development of green bonds. Mirova's fourth renewable energy infrastructure fund, Mirova-Eurofideme 4, closed its first deal in 2018, giving institutional investors the opportunity to invest in energy transition infrastructures. The fund finances the construction of new renewable energy production and storage capacity in Europe, as well as e-mobility development projects.

Mirova has developed carbon footprint measurement tools, employed in particular to monitor the carbon impact of its strategies. In addition, it systematically incorporates climate-related issues in its engagement policy and supports transparency initiatives such as certifications. In doing so, Mirova is able to carefully manage the carbon footprint of its investment strategies, and as a result reduced the footprint of its consolidated equity portfolio from 3.5°C in 2015 to 1.7°C in May 2018. It therefore observes the 2°C target set by the international community in all asset classes.

In 2017, Mirova created a new range of products specializing in biodiversity conservation and natural capital, and also began developing innovative investment solutions aimed at mitigating and adapting to climate change while protecting local regions, biodiversity, soil and marine resources – the Althelia fund range. Althelia Sustainable Ocean Fund, a new investment fund dedicated to financing projects and innovative companies in the marine and coastal sector, closed its first deal in autumn 2018.

Social and governance criteria are also central to Mirova's investor approach. The company offers pro-employment equity strategies, invests in the social bond market and includes social and governance criteria in the investment filters applied to all asset classes.

Mirova and its employees promote sustainable finance by participating in various financial center bodies, including Finance for Tomorrow, the European Commission's Technical Expert Group, and UNEP-FI's Positive Impact Finance initiative.

### **Going above and beyond**

Because Groupe BPCE wants to go even further in terms of responsibility, Mirova has a 10-person responsible investment team that forms the backbone of the company and contributes to all activities. The team has four main jobs. The first is to teach investors about the complex and changing issues facing our society and the major transitions that lie ahead, which it does by performing extensive sector analyses or as dictated by current events, subsequently publishing its findings. The second is to aid in the investment process by providing sustainable development assessments of potential issuers in all asset classes. The third is to help institutional investors and asset managers exercise their voting rights and establish engagement initiatives, with the aim of making them active shareholders and working to improve practices. Finally, the responsible investment research team demonstrates the impact of Mirova's strategies by providing clients with transparent and comprehensive ESG assessments of their investments.

### **A strict voting policy**

In accordance with its responsible investor philosophy, Mirova bases its voting policy on a long-term vision of each company's business. We believe that to deliver sustainable growth, a company must conduct its activities with the long-term interests of its stakeholders in mind. Its growth should not be achieved to the detriment of society or the environment. The value a company creates must be fairly distributed among the stakeholders contributing to its development: investors, company directors, employees and the local authorities that provide infrastructure and keep the region attractive. As a result, Mirova's voting policy encourages the development of a sustainable shareholder structure, establishment of governance bodies that represent all stakeholders fairly and resolutely CSR considerations, a dividend policy that fosters sustainable growth and is fair for all stakeholders, and high-quality financial and ESG disclosures with audited reports that factor in sustainable development issues. These principles form the engagement priorities that Mirova applies in its dialog with issuers. In 2018, Mirova voted at 203 Shareholder Meetings and on a total of 3,186 resolutions. It voted against 20% of the resolutions submitted by management and abstained in 10% of cases. It supported 42 shareholder resolutions (69% of resolutions submitted). Mirova votes on 100% of its holdings, except on markets that suspend trading<sup>(2)</sup>, where it applies a ratio of 80%.

(1) Markets that suspend trading prevent the sale of shares for several days before or after the Annual General Shareholders' Meeting (Switzerland, Norway and sometimes Germany).

(2) Markets that suspend trading prevent the sale of shares for several days before or after the Annual General Meeting. This applies in Switzerland and Norway and to some German shares.

**Asset manager DNCA, a subsidiary of Natixis Investment Managers, is switching to SRI**

After signing the UNPRI in 2017, DNCA refocused on SRI in 2018, intending to develop its product range and expertise in this key investment segment. It started by converting three existing funds, representing nearly €500 million in assets under management, to SRI funds.

The responsible investment funds in the DNCA Finance range aim to select responsible, sustainable investments. This involves incorporating ESG analysis when building the investment universe and in the stock picking process. DNCA believes that ESG analysis complements traditional financial analysis. By looking at financial statements differently, with a long-term approach, ESG analysis provides a framework for anticipating external risks (new regulations, disruptive technologies, etc.) and internal risks alike (industrial accidents, strikes, etc.), and for identifying long-term growth drivers. The goal is to enhance our fundamental knowledge of companies so we can choose the best stocks for our portfolios.

All DNCA Finance analysts and fund managers have access to ESG research and in-house software tool ABA. Important information is systematically circulated by e-mail and at Investment Committee Meetings (e.g. major controversies, major changes in governance, industrial accidents, etc.). For DNCA, SRI is an investment approach that does more than simply incorporate ESG criteria when analyzing companies.

DNCA places great importance on building proprietary models, with a constant aim of delivering tangible added value to the investment selection process. For example, DNCA Finance's ESG analysis model assigns an ESG rating to each potential investment, and each of the model's inputs are fully controlled by DNCA. Most of the data used for our ratings derives from information provided by companies. Dialog with Management and on-site visits give us a fuller picture of the company's business and operations, making them invaluable sources of added value.

The model comprises four independent, complementary analyses:

- Corporate Social Responsibility;
- sustainable transition;
- controversies;
- engagement.

The aim is to produce a detailed analysis offering real added value alongside traditional financial analysis. This analysis is performed internally by DNCA's Finance teams and mostly draws on data provided by companies.

DNCA's ambition is to offer a distinctive, innovative approach that adapts as new considerations arise. To this end, the responsible investor policy draws a distinction between Corporate Social Responsibility (CSR) and the sustainable economic transition. This policy derives from an in-depth analysis of economic and social trends as well as its renowned expertise in SRI.

**Asset manager Seeyond, a subsidiary of Natixis Investment Managers, applies ESG criteria to equity investments**

Seeyond implements active quantitative strategies aimed at optimizing the risk-reward ratio. The investment team relies on Mirova's ESG research expertise to incorporate ESG criteria into its equity investment policy. One of its equity funds already incorporates ESG criteria by allocating investments based on issuers' ESG risks and excluding the riskiest issuers. This fund totals €653 million, or 8% of Seeyond's total assets under management.

**Ecofi: assets for the future**

Ecofi Investissements is a Crédit Coopératif subsidiary that applies an SRI filter to its investment funds based on environmental, social and governance (ESG) criteria. The SRI investment universe includes 4,500 analyzed securities from around the world.

Ecofi Investissements applies the following two-step SRI investment process:

- an assessment of an issuer's ESG performance using data provided by the ESG ratings agency Vigeo Eiris (e.g. greenhouse gas emissions policy, frequency and severity of workplace accidents, percentage of women in management bodies). We enhance this assessment with "Touche ECOFI" indicators, which overweight quantitative results – to compare the company's announced policy with their actions – and criteria that reflect our values (balance of powers, responsible relations with customers and suppliers, fiscal responsibility and diversity/equal opportunities);
- an assessment of ESG controversies involving the issuer. This second filter excludes or reduces investments in companies involved in significant incidents (pollution, corruption, money laundering, violation of human rights, etc.).

Ecofi Investissements also excludes issuers whose registered office is located in a tax haven and sovereign issues from tax havens from all its investments. Since June 1, 2011, Ecofi Investissements has also undertaken to exclude companies involved in the production or sale of cluster bombs and anti-personnel mines from all its investments.

Its SRI policy is rounded out by a strict voting and dialog policy that was updated in 2018. As of the end of 2018, Ecofi Investissements had voted in 354 Shareholder Meetings and on 5,232 resolutions. It voted against 52% of resolutions proposed by management. Ecofi Investissements supported 92 resolutions submitted by minority shareholders.

In 2018, it maintained dialog with seven companies on several topics including the energy transition, respect for human rights in the supply chain, corruption and product safety. Ecofi Investissements participated in twelve collective dialog initiatives coordinated by international responsible financing networks such as the Principles for Responsible Investment (PRI), the Carbon Disclosure Project (CDP) and Shareholders for Change (SFC) in 2018. It also took part in five investor dialog initiatives with institutions.

In 2018, Ecofi Investissements finalized the overhaul of its SRI process for companies and governments, which was effective from the start of January 2019. The new process, which will be applied to all of Ecofi Investissements' assets under management<sup>(1)</sup>, follows three principles: exclusion of tax havens and sector exclusions (gambling, tobacco production, coal extraction and coal energy production), stock-picking based on ESG performance and management of controversial companies.

Ecofi Investissements also offers a full range of solidarity-based products, open-ended "90/10" funds, multi-company and dedicated company investment funds, and funds with thematic strategies applied to the solidarity-based allocation. With assets under management totaling €386 million, Ecofi Investissements now one of the leaders on the solidarity-based investment market by the number of solidarity-based companies financed. At December 31, 2018 it had financed 77 solidarity-based companies, for a total of €40.5 million.

Four CAC 40-listed companies use Ecofi Investissements for their solidarity-based and SRI employee savings plans: Schneider Electric, Orange, AXA and Renault.

### Banque Palatine's SRI approach

By incorporating ESG criteria in the analysis and investment choices of three SRI-certified thematic funds (Palatine Or Bleu, Palatine Actions Défensives Euro, Palatine Entreprises Familiales ISR), Banque Palatine is better able to identify the risks and opportunities associated with a given company, but also to combat global warming (management of climate-related risks and funding of the green economy). Since 2017, all three funds have held the new government-recognized SRI certification, replacing the certification created by Novethic, which they had held since 2009. SRI equity investments are set to rise to account for around 10% of total assets under management invested in equities by the end of 2020.

## ASSETS UNDER MANAGEMENT IN OPEN-ENDED AND DEDICATED SRI/RESPONSIBLE AND SOLIDARITY-BASED FUNDS AND EMPLOYEE SAVINGS PLANS<sup>(1)</sup>

Indicator (in billions of euros)	2018	2017	2016	Change 2017-2018
Ostrum AM	54.1	10.5	10.6	415% <sup>(2)</sup>
Mirova	10	9	6.6	11%
Ecofi Investissements	3.9	5.7	5.6	(31%)
Banque Palatine	0.07	0.03	0.03	120%
DNCA	0.5 <sup>(3)</sup>	N/A	N/A	N/A
Seeyond	0.65 <sup>(3)</sup>	N/A	N/A	N/A
<b>TOTAL ASSETS UNDER MANAGEMENT IN OPEN-ENDED AND DEDICATED SRI AND SOLIDARITY-BASED FUNDS AND EMPLOYEE SAVINGS PLANS</b>	<b>69.22</b>	<b>25.23</b>	<b>22.83</b>	<b>174%</b>

(1) For more details, see note on methodology under "Societal indicators".

(2) Ostrum AM's insurance clients are much more SRI-oriented in their investment processes, setting out investment rules (sector exclusion policies, minimum ratings, benchmarks). These assets are now recorded as SRI assets under management, which explains the sharp increase in these assets in 2017-2018. Also, the Ostrum Trésorerie fund was converted to an SRI fund (new prospectus filed with the AMF, fund certification process in progress).

(3) Year of inception.

## ASSETS UNDER MANAGEMENT IN SRI/RESPONSIBLE AND SOLIDARITY-BASED FUNDS AS A SHARE OF TOTAL ASSETS UNDER MANAGEMENT

Indicator (as a %)	2018	2017	2016	Change 2017-2018
Ostrum AM	21%	5.6%	4.95%	275%
Mirova	100%	100%	100%	0%
Ecofi Investissements	57.9%	64.9%	66.5%	(11%)
Banque Palatine	2.1%	0.7%	0.7%	202%
DNCA	2.2% <sup>(1)</sup>	N/A	N/A	N/A
Seeyond	8% <sup>(1)</sup>	N/A	N/A	N/A

(1) Year of inception.

(1) Excluding mandates, dedicated funds, delegated management funds, indexed funds, specialized professional funds (FPS) and SME funds.

➔ SOLIDARITY-BASED FUNDS

Indicator (AuM in millions of euros)	2018	2017	2016	Change 2017-2018
Natixis 90/10 funds <sup>(1)</sup>	N/A <sup>(2)</sup>	2716.9	2335.8	N/A
Mirova 90/10 funds <sup>(1)</sup>	526	N/A <sup>(3)</sup>	N/A <sup>(3)</sup>	N/A
NIMI 90/10 funds <sup>(1)</sup>	2474	N/A <sup>(3)</sup>	N/A <sup>(3)</sup>	N/A
Ecofi Investissements 90/10 funds <sup>(1)</sup>	386.8	307.5	255.2	26%
<b>TOTAL ASSETS UNDER MANAGEMENT IN 90/10 FUNDS</b>	<b>3,386.8</b>	<b>3,024.4</b>	<b>2,591.0</b>	<b>12%</b>
Mirova funds invested in solidarity-based companies <sup>(4)</sup>	183.4	165.8	145.5	11%
Ecofi Investissements funds invested in solidarity-based companies <sup>(5)</sup>	40.5	34.5	33.2	17%
<b>TOTAL FUNDS INVESTED IN SOLIDARITY-BASED COMPANIES BY NATIXIS AND ECOFI</b>	<b>223.9</b>	<b>200.3</b>	<b>178.8</b>	<b>12%</b>

(1) 90/10 funds combine SRI management of listed securities and management of unlisted solidarity-based securities.

(2) See "Mirova and NIMI 90/10 funds" line.

(3) See "Natixis 90/10 funds" line.

(4) The amount of funds invested corresponds only to Mirova Solidaire (formerly Natixis Solidaire), a fund dedicated to solidarity-based investments, and does not include assets under management in the solidarity-based allocation of the Insertion Emplois Dynamique 90/10 fund.

(5) Direct investments in solidarity-based companies.

## Responsible products sold by the Banque Populaire banks and the Caisses d'Épargne

### Responsible solidarity-based employee savings plans

The Banque Populaire banks and the Caisses d'Épargne propose a range of SRI and/or solidarity-based employee savings solutions via Natixis Interépargne (NIE), which is now a leader in employee savings. NIE was a pioneer in responsible and solidarity-based employee savings, and was the first to offer its clients open-ended responsible and solidarity-based company investment funds.

Natixis Interépargne is fully committed to the sustainable development path, ranking No. 1 in terms of solidarity-based employee savings inflows, with over €1.5 billion in AuM representing nearly 20% of the solidarity-based employee savings market. In

addition, the total amount of assets in custody with Natixis Interépargne that are invested in responsible and/or solidarity-based assets was close to €7 billion as of June 30, 2018, in a market estimated at over €20 billion<sup>(1)</sup>. NIE's savings inflows have combined with Mirova's portfolio management expertise to fund sustainable and solidarity-based projects. Projects such as these are developed by financing companies that strictly observe ESG criteria, or by allocating resources to entities in the Social and Solidarity-based Economy.

Natixis Interépargne's SRI expertise is fully on display in the Cap ISR and Impact ISR ranges, which together accounted for over €4 billion in AuM in September 2018. These two product ranges invest essentially in funds managed by Mirova, offering customers a viable and sustainable alternative to traditional financial investments.

Indicator (AuM in millions of euros)	2018	2017	2016	Change 2017-2018
AuM in SRI and/or solidarity-based employee savings funds – Banque Populaire network	1,750.8	1,719.2	1,619.4	2%
AuM in SRI and/or solidarity-based employee savings funds – Caisse d'Épargne network	262.2	232.6	197	13%
<b>TOTAL SRI AND/OR SOLIDARITY-BASED EMPLOYEE SAVINGS FUNDS SOLD BY THE BANQUE POPULAIRE BANKS AND THE CAISSES D'ÉPARGNE</b>	<b>2,012.8</b>	<b>1,951.8</b>	<b>1,816.4</b>	<b>3%</b>

### SRI and solidarity-based funds

The Banque Populaire banks and the Caisses d'Épargne offer a range of Socially Responsible Investment (SRI) products in order to meet the needs of customers who are concerned about the impact of their investment decisions and who want to give meaning to their savings. This range includes the line of responsible investments managed by Mirova – a Natixis Investment Managers affiliate specialized in SRI

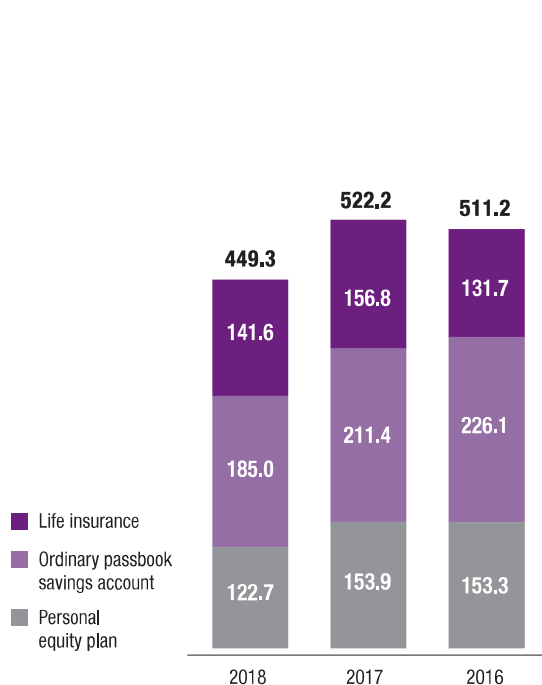
– as well as funds management by Ostrum AM, DNCA and Ecofi, which distribute thematic and solidarity-based SRI funds. The Finansol, TEEC and SRI certifications awarded to some of these funds are a sign of their quality.

The Banque Populaire banks and the Caisses d'Épargne sold €1.4 billion in SRI and solidarity-based funds to their customers in 2018 (up 6% vs. 2017).

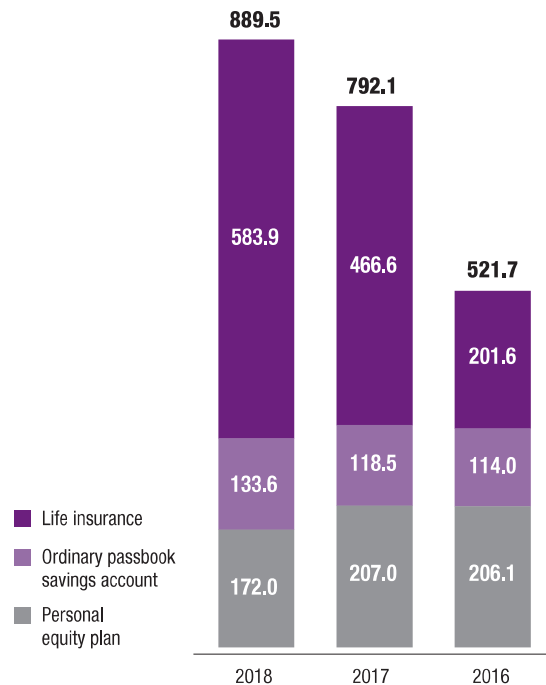
Indicator (AuM in millions of euros)	2018	2017	2016	Change 2017-2018
SRI funds sold – Banque Populaire network	449.3	522.2	511.2	(14%)
SRI funds sold – Caisse d'Épargne network	889.5	792.1	521.7	12%
<b>TOTAL SRI FUNDS SOLD BY THE BANQUE POPULAIRE BANKS AND THE CAISSES D'ÉPARGNE</b>	<b>1,388.8</b>	<b>1,314.3</b>	<b>1,032.9</b>	<b>6%</b>

(1) Source AFG at June 30, 2018.

➔ CHANGE IN NEW SRI FUNDS SOLD BY THE BANQUE POPULAIRE BANKS (IN MILLIONS OF EUROS)



➔ CHANGE IN NEW SRI FUNDS SOLD BY THE CAISSES D'EPARGNE (IN MILLIONS OF EUROS)



## DIGITAL SOLUTIONS SERVING INNOVATION AND SOLIDARITY

The crowdfunding movement fits in perfectly with Groupe BPCE's approach to achieving greener, more responsible, transparent and solidarity-based finance. Some Groupe BPCE entities have decided to develop special solutions to this end, either single-handedly or in partnership.

### Proximea

Proximea is an equity crowdfunding platform created and wholly-owned by Banque Populaire Grand Ouest. Since May 2015, it has been conducting fund-raising campaigns for innovative companies and real estate developers across western France.

Its business is to convince investors to invest in the capital of young companies to provide them with resources to get their strategy up and running. It starts with the launch of a communication campaign aimed at building the company's reputation and attracting investors. Proximea's three-person staff tap into the entity's very deep regional roots to draw investors in closer to the real economy while benefiting their local community.

Success stories include the €600,000 raised from 53 investors for Vannes startup company Tiwal and €1 million for a wind farm project located in Chemillé (Maine-et-Loire). In three and a half years, Proximea has raised almost €12 million from around 800 investors for 18 different projects.

### Wiseed

Crédit Coopératif has a longstanding history in innovative and alternative finance, investing in the crowdfunding movement as a vector for developing new digital investment models. Crédit Coopératif takes advantage of opportunities arising on the Internet and builds on the momentum of new digital players. One such player is equity structure WiSEED, with which the bank formed a strong partnership to promote innovative offers in the energy, ecological and solidarity transition field. It also supports Financement Participatif France, an association that represents and promotes crowdfunding platforms.

Created in 2008 and boasting over 114,700 members, WiSEED<sup>(1)</sup> organized the financing, to the tune of €141 million, of 337 projects with a material impact on society, the environment and job creation in the fields of cooperative healthcare, the ecological transition, digital advancement, industry, real estate and renewable energy production via a wide range of financial solutions with a presentation of the projects and their impacts.

### Espace Asso & Espace Dons

In keeping with its values of social and solidarity-based innovation and its leadership in financing members of the social and solidarity economy, in 2015 the Caisse d'Epargne network launched [www.espacedons.com](http://www.espacedons.com), an online platform where donations can be made to non-profits, foundations and endowment funds. Over and above crowdfunding solutions, some projects that meet the network's engagement priorities in each region may benefit from a top-up donation under the local Caisse d'Epargne's corporate patronage program.

(1) WiSEED has been authorized by the ACPR (French Prudential Supervisory and Resolution Authority for the banking and insurance sector) to operate as an Investment Service Provider under number CIB 11783.

In 2018, the Espace ASSO range of digital services was launched to round out this offer. This solution, developed by the fintech E-Cotiz, allows non-profits to digitalize their membership registrations, donations, and any sales or ticketing inflows. As well as making their cash collection process more secure, Espace ASSO facilitates their day-to-day management, enables them to optimize their cash management, save time, and simplifies their relationship with their members. With this range of services, the Caisse d'Epargne network is helping its customers from the social and solidarity-based economy with the digital transition.

In November 2018, 350 non-profits presenting 520 projects were listed on Espace Dons. Nearly 160 non-profits are currently establishing Espace ASSO contracts.

<https://www.espaceasso.caisse-epargne.fr/>

<https://www.espacedons.com/>

### Kocoriko

When Banque Populaire Auvergne Rhône Alpes created this platform in 2015, it wanted to reaffirm its strong regional connection by offering a financing tool for alternative projects. In the spirit of sharing and community, Kocoriko embraces initiatives generating a regional, economic, cultural, innovative or solidarity-based impact. General-interest projects published on the platform receive support from the Banque Populaire Auvergne Rhône Alpes endowment fund, which doubles the amount of donations collected within the limit of €1,500 per project. Through this original initiative, the bank proudly displays its cooperative and regional values while making use of an innovative digital communication tool.

In three years, Kocoriko has helped nearly 300 projects and raised €750,000 in donations from 23,000 donors.

## 2.3.2 Financing for the energy, ecological and social transition: offers tailored to our customers' needs

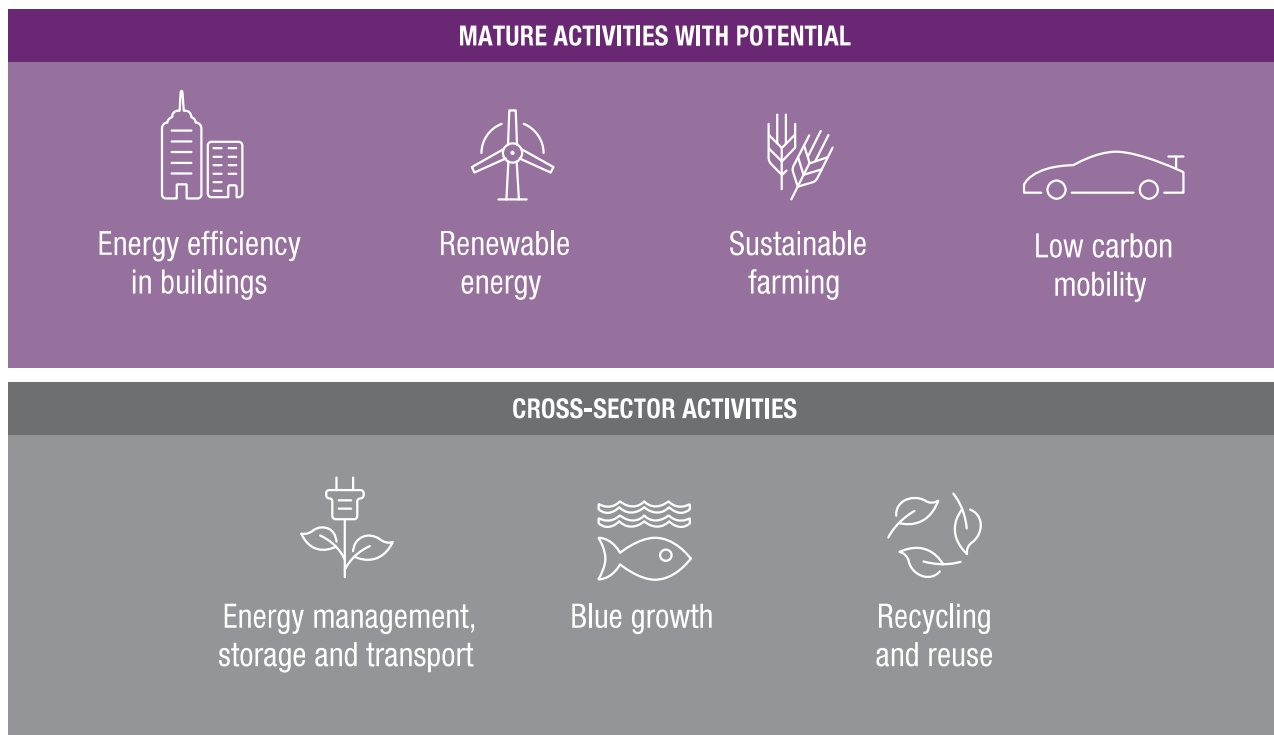
BPCE conducted a study to identify the segments of green growth market and quantify their potential. This study gave the bank a better understanding of the expectations of players in these segments and their growth models, thus allowing it to build the most appropriate solutions. The Group found that:

- all sectors of the conventional economy have entered a continuous improvement cycle in a bid to adapt to the constraints and opportunities of green, responsible growth, which also has the potential to usher in major innovations;
- green growth segments have been developing for over 20 years, and their development has kicked into higher gear in recent years. These segments share:
  - a high percentage of non-relocatable jobs,

- strong integration in the local economic fabric, including a large number of VSEs, SMEs and ISEs,
- a high level of technological and investment demand,
- considerable development prospects, often exceeding those of traditional sectors.

Work was carried out in 2018 to set priorities among the different segments. Traditional segments in the energy and ecological transition were compared with the ambitions and goals of the different markets on which the Banque Populaire banks and the Caisses d'Epargne operate (individual customers, professional customers, businesses, etc.) to identify areas of convergence and the corresponding economic and environmental challenges. This analysis led to the choice of four main segments and three transverse segments on which the Group will focus its efforts. An action plan is being prepared for each of these priority segments and each customer market.

## GREEN GROWTH SEGMENTS



Groupe BPCE has a long-standing presence in financing green growth and it already offers several green growth solutions.

## HELPING HOUSEHOLDS AND SMES TRANSFORM THEIR WAY OF LIFE

### A comprehensive offer for thermal home renovation

Since its creation in 2009, Groupe BPCE has been a major player in France for the distribution of "Eco PTZ" interest-free eco loans, with a market share of 23.5%, a shade above its natural weight. At December 31, 2018, 67,448 Eco PTZ loans totaling €552 million made it possible for our customers to perform energy efficiency renovations in their homes. As an active contributor to the SGFGAS (*Société de Gestion des Financements et de la Garantie de l'Accession Sociale à la Propriété*) Eco PTZ Committee, Groupe BPCE put forward multiple proposals to improve product distribution and efficiency. In particular, the Group is the only bank to distribute the Eco PTZ loan for commonhold properties, via Crédit Foncier.

Preceding the Eco PTZ loan was the sustainable development passbook savings account launched in 2006, which obligated banks to allocate 10% of the deposits collected to thermal home renovation projects, within the meaning of the "CITE" (energy transition tax credit) list. In that instance as well, Group BPCE was ahead of the curve with the PREVair loans launched by the Banque Populaire banks in 1989, which met similar objectives.

The Groupe BPCE networks distribute loans using funds from the sustainable development passbook savings account offered by the Banque Populaire banks (PREVair) and the Caisses d'Epargne (Ecoreuil Crédit DD). Loan outstandings stood at €169 million at December 31, 2018, serving to fund 26,992 projects.

### Green mobility for Groupe BPCE customers

The Groupe BPCE networks have created special products to encourage their customers to adopt mobility solutions generating little to no carbon emissions. Banque Populaire's AUTOVair loan and Caisse d'Epargne's Ecoreuil Auto DD loan can be used to buy hybrid and electric vehicles, including electric bicycles, at preferential rates. As of December 31, 2018, 17,925 vehicles had been financed, totaling €127 million.

### Guiding craftsmen and SMEs on the path to sustainable development: a question of competitiveness

In its loyal commitment to the SME and craftsmen market, Banque Populaire offers a special financing tool to aid them in their ecological transformation. This facility is used to improve the energy efficiency of buildings, manufacturing equipment (engines, etc.) or, for example, to optimize cold storage facilities. Beneficiaries can also address waste management problems, polluting discharges, or adopt renewable energy solutions. At December 31, 2018, 1,131 such projects had been implemented for a total of €142 million.

### Banque Populaire Grand Ouest's CSR strategy for SMEs

Banque Populaire Grand Ouest has factored CSR aspects into its strategy for many years. CSR is an integral part of its new 2018-2020 business plan, Let's GO. For example, the bank has integrated CSR in its relationships with small businesses and since 2016 it has decided to issue preferential rate loans to customers seeking to adopt a sustainable development approach.



This idea to create a specific offering came into being in 2013, when Banque Populaire Grand Ouest teamed up with other banking institutions to find out more about the CSR approaches adopted by SMEs, under the aegis of the French Banking Federation. Banque Populaire Grand Ouest's business customer advisors were trained to administer a questionnaire designed to determine whether or not a company has established a CSR policy. The goal was to survey 70% of SMEs generating revenue of more than €3 million that were customers of the banks on the panel. Banque Populaire Grand Ouest used the results to develop an offer to help SMEs implement a CSR policy:

- loans of up to €20,000 for SME customers wishing to conduct an audit of their CSR performance with a view to qualifying for the "CSR company" status defined by the bank;
- loans of up to €7.5 million, backed by Bpifrance Financement, to implement the company's CSR action plan.

To round out this offer, for many years Banque Populaire Grand Ouest has supported SMEs seeking to invest to reduce their energy consumption or develop their use of renewable energy sources. It provides this support *via* the PROVAIR offering and through a dedicated structure, Grand Ouest Environnement.

## Crédit Coopératif helps organizations and businesses reduce their environmental impact

In liaison with the European Investment Bank (EIB), the European Commission and the European Union's LIFE program, Crédit Coopératif has designed a solution to issue loans exceeding usual risk limits to finance energy efficiency projects. The bank that serves the social and solidarity-based economy benefits from technical expertise provided by specialized consultants to support its customers' projects. The agreement also allows Crédit Coopératif to offer subsidized interest rates thanks to a guarantee mechanism. The loans are available to SMEs, non-profits, Local Public-Sector Entities, and Intermediate-Sized Enterprises (ISEs), enabling them to finance improvements in terms of heat or electricity consumption in existing buildings or the installation of production facilities or industrial processes.

## NEW GREEN FINANCING PRODUCTS SOLD BY THE BANQUE POPULAIRE BANKS AND THE CAISSES D'ÉPARGNE

The decline in demand for regulated bank loans to finance thermal renovations in homes is due to two main factors – first, the low interest rate environment, which is encouraging customers to use standard bank loans to finance these renovations, and second, the regulatory framework, which is often unsuited to the needs of this market. This regulatory framework is due to be reviewed in 2019 and 2020.

	2018		2017		2016	
	Number	Outstandings	Number	Outstandings	Number	Outstandings
<b>Regulated green loans (outstandings in euros)</b>						
PREVair (loans backed by LDD deposits)	156	1,943,890	187	1,779,992	382	4,000,493
Ecureuil Crédit DD (loans backed by LDD deposits)	3,141	32,052,160	3,429	33,404,530	4,545	44,638,043
Eco-PTZ (interest-free eco-loans)	4,333	62,339,050	5,380	78,555,542	5,347	79,008,160
<b>TOTAL REGULATED GREEN LOANS</b>	<b>7,630</b>	<b>96,335,100</b>	<b>8,996</b>	<b>113,740,064</b>	<b>10,274</b>	<b>127,646,696</b>

	2018		2017		2016	
	Number	Outstandings	Number	Outstandings	Number	Outstandings
<b>Unregulated green loans (outstandings in euros)</b>						
PREVair (loan backed by CODEVair deposits)	86	519,440	189	1,559,607	117	1,913,206
PREVair Auto (car loan)	2,100	28,284,350	2,064	26,627,937	1,903	23,866,031
Ecureuil Auto DD (car loan)	3,203	34,922,610	3,258	33,850,886	4,332	44,422,785
PROVair	62	8,961,010	68	7,740,646	62	5,218,016
<b>TOTAL UNREGULATED GREEN LOANS</b>	<b>5,451</b>	<b>72,687,410</b>	<b>5,579</b>	<b>69,779,076</b>	<b>6,414</b>	<b>75,420,037</b>
<b>TOTAL GREEN LOANS (REGULATED + UNREGULATED)</b>	<b>13,081</b>	<b>169,022,510</b>	<b>14,575</b>	<b>183,519,140</b>	<b>16,688</b>	<b>203,066,734</b>

**Going above and beyond**

In addition to special financing products, Groupe BPCE also provides retail customers with mechanisms for green growth. Several Banque

Populaire banks and Caisses d'Epargne have launched platforms to promote thermal home renovation by aligning local government climate policies with offers put in place by banking institutions, notably as part of the BPCE-KfW-ELENA program.

**Review of the BPCE-KfW-ELENA pilot scheme**

The program launched by the European Commission in partnership with the German bank KfW and Groupe BPCE in 2012 came to an end in 2018. Three Banque Populaire banks, two Caisses d'Epargne and their six partner local authorities developed the program aimed at organizing energy transition financing in the regions. A number of qualitative and quantitative conclusions can now be drawn on the program's successes and areas for improvement. At December 31, 2018, €1.4 million in subsidies had been allocated to partner local authorities. Households received €3.9 million in loans from participating Banque Populaire banks and Caisses d'Epargne, representing a total final investment of €62.7 million and generating energy savings of 152 GWh. The initiative supported 1,610 energy efficiency projects. These results testify to the utility of the program and confirm that a bank's full involvement is a key success factor. Underscoring this success, other local authorities have called on the Banque Populaire banks and Caisses d'Epargne to extend the program, and initiatives are under way to take it further into the future beyond 2019.

**MAKING MAJOR ENERGY TRANSITION PROJECTS A REALITY**

**Financing the French economy and local regions**

In 2018, Groupe BPCE's total loan outstandings (via the Banque Populaire and Caisse d'Epargne networks) amounted to €444.6 billion, up 6.5% in relation to 2017. This makes Groupe BPCE the second largest banking group in France<sup>(1)</sup>.

**Financing local public stakeholders and the social and solidarity-based economy**

The Banque Populaire banks and the Caisse d'Epargne are major sources of funding for local authorities, social housing operators and structures in the social and solidarity-based economy.

Groupe BPCE is the leading private-sector lender to the social economy<sup>(2)</sup>: non-profits, foundations, mutual insurers, social entrepreneurs and cooperative groups. Of the Banque Populaire banks, Crédit Coopératif makes a particularly substantial contribution to the field.

Meanwhile, the Caisse d'Epargne network is:

- the No. 2 private-sector operator in the social housing sector. And, via the Habitat en Région network which manages 244,000 housing units, it is an operator and a committed partner involved in the governance of one out of three organizations in France (public housing offices, social housing companies, cooperatives, non-profits, etc.);
- a major creditor of the public sector: the Caisse d'Epargne network is a major partner of local authorities and public healthcare institutions, accounting for nearly one-third of their loan outstandings.

**➔ FINANCING FOR THE REGIONAL PUBLIC SECTOR, SOCIAL HOUSING AND THE SOCIAL ECONOMY BY GROUPE BPCE<sup>(3)</sup>**

Indicators (in thousands of euros)	2018	2017	2016	Change 2017-2018
Total annual new regional public sector loans	4,066,066	4,938,171	5,279,814	(18%)
Total annual new social housing loans	3,056,821	3,016,036	2,655,554	1%
Total annual new social economy loans	1,745,615	1,949,753	1,481,284	(10%)

**Financing the transition in the agri-food segment**

Among all the challenges of the energy and ecological transition, those facing the agricultural and agri-food segments are probably the most significant. As well as playing a major role in the economy, agriculture is key to an effective carbon policy and has a major ecological impact (water, biodiversity). It is also one of the main contributors to preserving the economy of local regions and protecting the environment. The agri-food industry, with its processing and distribution activities, also has a vital role to play in changing consumer habits.

For Groupe BPCE, the number two bank in farming and wine production, supporting its clients through the ecological transition is a major objective.

In 2018, the Banque Populaire network included sustainable financing and support for direct local sales in its agriculture strategic plan for 2018-2023. The direct-to-customer offer was rolled out across the network to help farmers and wine producers develop their direct sales, which foster social relationships in rural areas, in particular through employment, consumer well-being and health and the reduced environmental impact. The Banque Populaire network also encourages recognition of variations in the economic environment, health considerations, and weather patterns by incorporating the notion of a resilience threshold in the loan

(1) Market share: 21.5% of customer deposits & savings and 21.1% of customer loans (Source: Banque de France Q3 2018)  
 (2) APRI CE loan market share 19.77% (source: Banque de France at June 2018) and rising for the last 18 months  
 (3) Rectified data

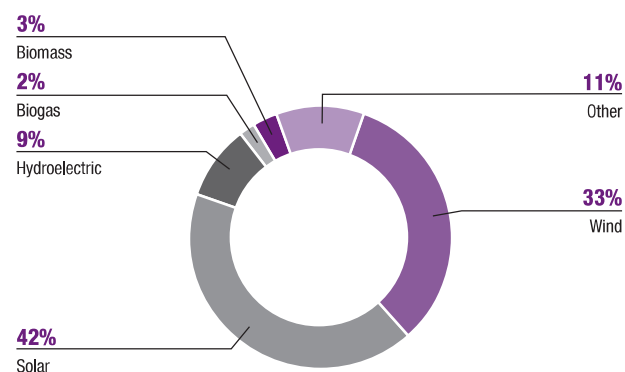
approval process. It also helps farmers and wine producers adapt to climate risk by implementing a drought management plan.

### Financing the development of renewable energy sources: a central mission of the energy transition movement

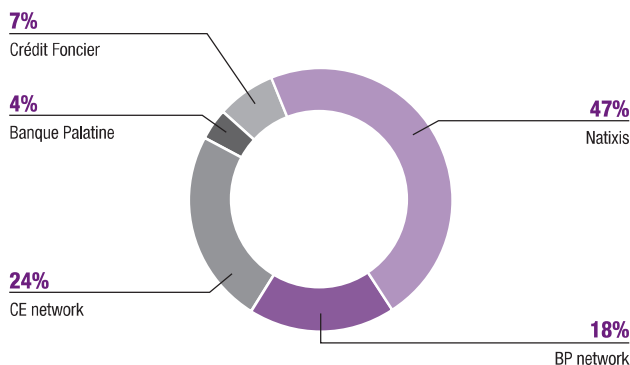
Groupe BPCE is a French leader in renewable energy financing. The Banque Populaire and Caisse d'Epargne networks rely on the expertise of several specialized subsidiaries such as Grand Ouest Environnement, Hypéria Finance and Natixis Energéco, which develop solutions tailored to the needs of this fast-changing market.

Groupe BPCE's renewable energy loan outstandings amounted to €7.5 billion at June 30, 2018, and are focused on solar power (42%) and wind power (33%), predominantly in France (63%).

#### OUTSTANDING LOANS BY TYPE OF RENEWABLE ENERGY



#### OUTSTANDING LOANS BY CONTRIBUTOR



In addition to mature renewable energy sources, the Group aims to meet customer needs on more recent projects like biogas. Active market monitoring allows the Group to anticipate innovative developments, for example the potential offered by hydrogen.

Natixis supports the development of renewable energy around the world through its local offices, particularly in Europe, the Middle East, Australia, and North and South America. Financing activity was very robust in 2018, especially in the fast-growing offshore wind power sector and in the Middle East, where Natixis has secured a position as a top-tier creditor supporting renewable energy projects.

Natixis is the world's number five Mandated Lead Arranger in renewable energy financing and is the leading arranger in the Middle East and North Africa region<sup>(1)</sup>. It came number three in the MENA (Middle East and North Africa) region in rankings produced by the benchmark magazine IJ Global.

In the Corporate & Investment Banking division, the Real Assets team financed 22 new deals in 2018 for a total of €1.8 billion and a total installed capacity of 7,152 MW:

- 12 wind farms with a total capacity of 4,475 MW;
- 10 PV or thermal solar facilities with a total capacity of 2,677 MW.

Renewable energy accounted for 71% of total financing granted by CIB in the electricity production sector in 2018.

### Financing for one of the most powerful turbines in operation

In August 2018, Natixis played a key role in financing the Triton Knoll offshore wind farm in the east of the United Kingdom. This infrastructure was developed by Inogy and offers total installed capacity of 860 MW. Construction will take two years and the wind farm will produce electricity for 15 years. The 90 wind turbines are Vestas V164, with record nominal power output of 8 MW and a rotor diameter of 164 meters. The deal was three times oversubscribed due to the project's large production capacity and an agreed price of €74.75/MWh over 15 years.

### Energéco: a subsidiary dedicated to renewable energy since 2000

Energéco is a long-standing benchmark player in renewable energy financing in mainland France and the overseas territories.

In 2018, Energéco financed new deals for a total arranged amount of €352 million. The projects are located in France and will add total installed capacity of 232 MW to the following sectors:

- wind power: 105 MW;
- solar power: 110 MW;

- biomass: 5 MW;
- hydroelectric: 12 MW.

As an example, Natixis Energéco and Mirova inaugurated the Coquelicot wind farm, which boasts 19 turbines each with a capacity of 2.3 MW. This wind farm will produce 80,000 MWh/year, equivalent to the electricity consumption (excluding heating) of 32,200 homes. Mirova is the majority shareholder in this wind farm. Natixis Energéco arranged the financing and syndication with the Caisse d'Epargne Hauts de France and Caisse d'Epargne Bretagne Pays de Loire.

(1) IJ Global Infrastructure Renewables 2018 ranking

### **Caisse d'Épargne network: financial engineering expertise put to use for renewable energy**

All the Caisses d'Épargne offer financial engineering solutions. Its dense regional coverage means all aspects of financial engineering can be handled locally, for example private equity (investments by the Caisses d'Épargne in the capital of companies in their area), advisory (sale and transfer of businesses) and structured financing solutions (arrangement, syndication and deal management), in particular for renewable energy project financing.

In structured financing, the Caisses d'Épargne cover different market segments: syndicated corporate loans, LBO/acquisition financing, asset financing (rolling stock, ships, long-term real estate, etc.) and project and infrastructure financing (renewable energy, public-private partnerships, etc.). With a total of €2 billion in debt arranged, 30% of which for renewable energy projects, the Caisses d'Épargne are a major player in the energy transition. They are present across the whole of France and are able to handle financing or refinancing requests of all sizes and all types (solar, wind, hydroelectric, biomass, geothermal energy, etc.), either as individual projects or portfolios of several projects.

Examples of their flagship achievements in 2018 include:

- Caisse d'Épargne Provence Alpes Corse arranged financing for Albioma group covering a portfolio of photovoltaic power projects in the Indian Ocean and issued credit facilities totaling €110 million to enable the group to finance new projects in this region over the next 18 months;
- Caisse d'Épargne Loire-Centre arranged, financed and served as agent for the construction and operation of the Beauce Gâtinais Biogaz biogas power plant in Pithiviers, which directly supplies the GRDF electricity grid. Engie Biogaz is one of the main sponsors of this deal which was shared with Crédit Coopératif;
- Caisse d'Épargne Midi-Pyrénées, Caisse d'Épargne d'Auvergne et du Limousin, Caisse d'Épargne Loire Drôme Ardèche and Natixis arranged and financed the development by REDEN SOLAR of a portfolio of 12 solar power plants mostly installed on the roofs of horticultural greenhouses, with a total capacity of 16.7 MW. Total financing amounted to €21 million;
- Hélia Conseil, a joint venture between Caisse d'Épargne Aquitaine Poitou-Charentes and Caisse d'Épargne Bretagne Pays de Loire, provided €6 million in financing to Avento for 36 rooftop solar power plants installed on new or renovated farm buildings in the northern Aquitaine area.

### **Grand Ouest Environnement: renewable energy at the heart of regional development**

The purpose of the Grand Ouest Environnement financial engineering entity (at Banque Populaire Grand Ouest) is to meet the needs of customers and the network of branches for oversight and expertise on all projects in the energy and environmental fields. The ambition is to create a profitable business generating consolidated NBI in excess of €1 million.

There are currently four employees working with the Credit division and with Grand Ouest Syndication to manage deals totaling over €4 million in debt. Total outstandings come to more than €150 million, mostly in solar PV power, but increasingly in the biogas sector as well. The structure has financed over 350 projects, including more than 250 deals in solar PV power.

### **Crédit Coopératif, a long-standing player in financing renewable energy**

Crédit Coopératif has financed renewable energy projects across France for 13 years. It is mainly active in the solar and photovoltaic segments and hydroelectricity production, and has more recently extended its expertise to biogas and heating networks.

Examples of its achievements in 2018 include:

- Crédit Coopératif structured and financed €10.6 million in senior debt for the Aqua Bella project planned by Akuo, the leading independent renewable energy producer in France. The Aqua Bella project, which is located in Aiguebelle near Chambéry (Savoie), is a 2.2 MW hydroelectric power plant on the river Arc, which aims to produce nearly 15 GWh/year, equivalent to the annual electricity consumption of around 5,000 homes;
- Crédit Coopératif has worked with TENERGIE group – an independent operator that is now France's fifth largest solar electricity producer – since its creation. In 2018, Crédit Coopératif contributed €9 million to the €61 million co-financing deal arranged by UNIFERGIE for a greenfield portfolio of 52 solar power plants offering total capacity of 32.2 MW. It was also involved in financing €10 million as part of a syndicate with Caisse d'Épargne Provence Alpes Corse for a major refinancing deal for 113 solar power plants which totaled €175 million.

## **PROVIDING ACCESS TO BANKING SERVICES FOR ALL**

In its new strategic plan, TEC 2020, Groupe BPCE has pledged to stepping up its inclusive finance policy, with a shared objective "to commit to our customers and regions". This promise incorporates a broad, diverse vision of the themes it encompasses: customers facing financial hardship, preventing excessive debt, personal and professional microloans with support, and more generally any action that facilitates access to banking services for all our customers, including protected adults, disabled customers and those who experience difficulties (managing a budget, using digital tools, etc.).

### **Helping financially vulnerable customers**

In 2018, Groupe BPCE continued implementing the AFECEI Charter for banking inclusion and the prevention of over-indebtedness in its banking networks. This charter applies to individuals holding a current account or receiving financial services provided by the Group's entities, but not acting for professional reasons. For example, the Group has created an early-warning scoring system to identify customers exposed to a risk of over-indebtedness. Once identified, these customers are contacted to set up a diagnostic review of their financial situation and offer potential solutions.

For customers experiencing financial hardship, the Banque Populaire banks and the Caisses d'Épargne have set up an action plan to ramp up distribution of the specific range of services for vulnerable customers. This range includes ten basic banking services for €3 per month and a cap on fees for payment incidents. In 2018, 6,184 additional customer advisors received training to better understand this offer.

The Banque Populaire banks and the Caisses d'Épargne aim to distribute 30% more services for vulnerable customers at the end of 2019 than at the end of 2017 (gross new subscriptions).

At end-December 2018,

- the number of customers holding these products was up by 14% in relation to December 2017;
- over 2018, 27,140 new products were distributed.

These indicators are monitored on a monthly basis and are reported to the Group's senior management.

In addition, as part of the commitments undertaken by the French Banking Federation in September and December 2018, from the start of 2019, the Banque Populaire banks and the Caisses d'Épargne will:

- limit payment incident fees to €25 per month for customers facing financial difficulties;
- limit payment incident fees to €16.50 per month for customers receiving services for vulnerable customers.

## ➔ BANKING OFFER FOR VULNERABLE CUSTOMERS

Indicator (number of customers)	2018	2017	2016	Change 2017-2018
Basic banking services (new)	9,189 <sup>(2)</sup>	9,432 <sup>(1)</sup>	11,049 <sup>(1)</sup>	(2.6%)
Basic banking services (existing)	41,932 <sup>(2)</sup>	39,878 <sup>(1)</sup>	43,103 <sup>(1)</sup>	5%
Services for vulnerable customers (new)	27,140 <sup>(2)</sup>	25,094 <sup>(1)</sup>	26,022 <sup>(1)</sup>	8%
Services for vulnerable customers (existing)	109,540 <sup>(2)</sup>	96,059 <sup>(1)</sup>	82,410 <sup>(1)</sup>	14%

(1) Including subsidiaries Banque de Nouvelle-Calédonie and Banque de Tahiti but excluding Crédit Coopératif

(2) Excluding Crédit Coopératif

## Reaching out to protected persons

In France, 762,000 people, including 747,000 adults, receive legal or social protection under a ruling by a guardianship judge. The extent of the measures that apply depends on the individual's degree of autonomy. They concern banks for the management of protected persons' bank accounts in conjunction with their legal representative. 57% of protected persons are customers of Groupe BPCE, which is an historical player in this area. The fifteen Caisses d'Épargne are market leaders on this customer segment<sup>(1)</sup>, with 330,000 customers, representing a penetration rate of 43% and a market share of 51%. On the ground, 150 experts serve protected persons across the country. The Caisses d'Épargne meet the specific requirements of these customers, offering:

- secure cash withdrawal cards to foster banking independence and cards for legal representatives;
- and, for the legal representative, secure online services offering an extended range of services such as the possibility of adjusting the payment limit on the protected person's card.

To facilitate their everyday transactions, the Caisses d'Épargne publishes practical guides for representatives and legal guardians and a quarterly newsletter covering topics relating to vulnerable individuals.

Crédit Coopératif offers legal guardians products and management solutions adapted to protected adults. With its software Astel, which it has co-designed with professionals over more than 30 years, it has become a vital player in this sector. Crédit Coopératif maintains a relationship of trust with legal guardians and guardians' associations and it has further extended its ethics and compliance standards by establishing a clear distinction between the services offered to

guardians and those available to adults. Only products and services that are in the protected adult's interests are proposed. A charter has been prepared to better serve these customers. At the same time, to better support and facilitate the independence of protected adults in their daily lives, several projects have been set up covering new approaches to digital payment solutions.

As of the end of 2018, Crédit Coopératif managed 132,000 accounts for adults in liaison with guardians' associations and private asset managers.

BRED managed accounts for 4,000 protected adult customers under professional guardianship and guardians' associations.

## Promoting the development of personal and professional microloans, in partnership with support networks

### Working with support networks

In 2018, Groupe BPCE was once again the leading creditor of the three principal microloan support agencies<sup>(2)</sup> with €535 million in disbursed or refinanced loans issued to 21,129 beneficiaries. These loans qualify as solidarity-based loans because their approval is not based on standard scoring criteria, particularly for project sponsors that are out of work or cannot put up personal collateral. To secure the funding for their project, they have access to start-up loans requiring no personal guarantee, government backing and personalized support offered by a solidarity-based finance provider, in partnership with a Groupe BPCE credit institution which grants refinancing facilities or top-up loans. A breakdown of these loans is provided below.

(1) Ministry of Justice and BDR review, October 2018

(2) Initiative France, France Active and ADIE

➔ SUMMARY OF MICROLOANS<sup>(1)</sup> WITH SUPPORT ISSUED BY GROUPE BPCE

Type of loan (in euros)	New loans in 2018		New loans in 2017		New loans in 2016		Change 2017-2018	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Personal banking microloans	5,361	14,965,587	5,790	15,251,697	5,554	14,259,435	(7%)	(2%)
Personal non-banking microloans	1,507	5,004,572	1,273	3,860,942	1,708	4,728,101	18%	30%
Secured professional banking microloans, o/w guaranteed by France Active	2,407	71,749,351	1,984	65,141,491	2,141	63,420,429	21%	10%
Professional non-banking microloans	5,487	20,267,971	4,664	17,056,621	5,233	18,445,997	18%	19%
<b>GROUPE BPCE TOTAL (INCL. CAISSES D'EPARGNE, BANQUE POPULAIRE BANKS, CRÉDIT COOPÉRATIF)</b>	<b>14,762</b>	<b>111,987,481</b>	<b>13,711</b>	<b>101,310,751</b>	<b>14,636</b>	<b>100,853,962</b>	<b>8%</b>	<b>11%</b>

The microloan business of the Banque Populaire banks and the Caisses d'Épargne has ranked Groupe BPCE as the leading French bank in terms of microloans with support, recording 14,762 microloans for a total of €112 million. In the secured personal microloan segment, the Group held 33% market share at end-2018 (source: 2017 social cohesion fund report). In the broader segment, including other

professional solidarity-based loans with support, it held one-third of the market, i.e. 14,261 loans in a stable customer base of roughly 40,000 borrowers (financial center survey – France Stratégie 2014). The Group confirmed its leadership in 2018, issuing €535.7 million in financing to 21,129 borrowers.

➔ GROUPE BPCE NACRE TOP-UP LOANS<sup>(2)</sup>

Issuing network (in euros)	New loans in 2018		New loans in 2017		New loans in 2016		Change 2017-2018	
	Number	Payments	Number	Payments	Number	Payments	Number	Payments
<b>GROUPE BPCE TOTAL<sup>(1)</sup></b>	<b>1,109</b>	<b>40,018,577</b>	<b>1,611</b>	<b>56,646,749</b>	<b>2,819</b>	<b>95,835,873</b>	<b>(31%)</b>	<b>(29%)</b>

(1) Including the Caisses d'Épargne, the Banque Populaire banks and Crédit Coopératif

In 2018, Groupe BPCE granted €40 million in top-up loans to entrepreneurs benefiting from the "NACRE" scheme (*Nouvel Accompagnement à la Création et à la Reprise d'Entreprise* – new support mechanisms for business creation). The steep drop compared to 2017 reflected a change in structure with the regionalization of

public aid, but the Group consolidated its market share at 35.7% of the total amount of issued loans. It bolstered its position as the No. 1 banking partner of platforms run by Initiative France, which estimates<sup>(3)</sup> that it distributed more than €383 million in top-up loans to supplement start-up loans in 2018.

➔ TOP-UPS FOR START-UP LOANS PROVIDED BY INITIATIVE FRANCE (ESTIMATE AT JANUARY 30, 2018)

Issuing network (in euros)	New loans in 2018		New loans in 2017		New loans in 2016		Change 2017-2018	
	Number	Payments	Number	Payments	Number	Payments	Number	Payments
<b>GROUPE BPCE TOTAL<sup>(1)</sup></b>	<b>5,268</b>	<b>383,697,072</b>	<b>5,015<sup>(2)</sup></b>	<b>366,266,977<sup>(2)</sup></b>	<b>5,123</b>	<b>336,187,854</b>	<b>5%</b>	<b>5%</b>

(1) Including the Caisses d'Épargne, the Banque Populaire banks and Crédit Coopératif

(2) The estimated 2017 figures published in the 2016 registration document have been updated with the actual 2017 figures.

(1) Microloans: loans issued to borrowers in vulnerable situations covered by a guarantee and supported by a public interest organization. Caps on funds issued as established by the Lagarde Act of July 1, 2010.

(2) France Active - Fafi

(3) Data provided by Initiative France based on the information reported by 227 network platforms. The survey is available from late December to mid-February, and the data collected pertain to the full year (from January 1 to December 31, 2018).

## An exemplary partnership with France Active

On December 21, 2018, BPCE signed a partnership agreement with the solidarity-based finance provider France Active that will benefit both the Banque Populaire banks and the Caisses d'Épargne. Based on existing relationships between the two networks, this agreement harmonizes the terms of cooperation with France Active, which is also present across the country with its regional associations. It updates the terms of granting guarantees to back loans granted by the banks to finance eligible projects: entrepreneurs excluded from the labor market, women entrepreneurs, those active in priority neighborhoods, entities in the social and solidarity-based economy with a project having a major social impact in their local area. BPCE undertakes to steer eligible customers towards France Active for support and to increase the listing of the guarantee in its information systems.

### Banque Populaire initiatives

The Banque Populaire banks have established close ties with networks that encourage business creation and economic organizations throughout the French regions, including ADIE (French association for the right to economic initiative), Initiative France, France Active, Réseau Entreprendre, BGE (formerly Boutiques de Gestion), etc. In line with their position, the Banque Populaire banks primarily direct their microfinance initiatives towards professional microloans.

This year, with 28% of refinancing facilities granted to 5,595 beneficiaries, the Banque Populaire banks consolidated their position as Adie's No. 1 microloan refinancing institution. The Banque Populaire banks also topped up start-up loans requiring no personal guarantees for young people set up by ADIE and with the Federation they co-financed the "I am an entrepreneur" (formerly CréaJeunes) program, and other initiatives for ADIE's young beneficiaries. The Banque Populaire banks and their federation are also partners of Microloan Week. Additionally, the Banque Populaire banks and ADIE co-founded the "Créadie Jeune Banque Populaire" award, given out in the local regions and at a national level to young people developing entrepreneurial projects. At the end of 2018, Adie and the Banque Populaire banks renewed their three-year framework agreement in order to cement it over the long time. The FNBP, represented by its Chief Executive Officer, is a member of ADIE's Board of Directors.

In 2018, the Banque Populaire banks granted €265 million in top-ups for start-up loans requiring no personal guarantees under the Initiative France program, and most of these banks have set up agreements with incubator France Active, generating €38.3 million in secured loans.

Crédit Coopératif is one of the top players in the personal microloan segment through its strong commitment to support networks (ADIE, the French Red Cross, Secours Catholique, Missions Locales, etc.) and a partnership between its subsidiary BTP Banque with Pro-BTP (a social protection agency for construction workers) to enable apprentices in the construction sector to buy a vehicle.

### Caisse d'Épargne initiatives

In 2018, the Caisses d'Épargne consolidated their rank as the No. 1 bank for personal microloans<sup>(1)</sup> while also holding on to their leading position in the professional microloan segment. They are the only banks that offer support services adapted to the needs of microloan borrowers, via the Parcours Confiance association and the Créa-Sol microfinance institution. A total of 70 advisors are dedicated to this activity across France, alongside over 600 partners providing support for borrowers.

In 2018, 4,615 personal microloans and 1,311 professional microloans were issued by the Caisses d'Épargne, alongside 466 microloans via Créa-Sol. The Caisses d'Épargne play an active role in microloan development. At the national level, they are represented on the Steering and Supervisory Board of the *Fonds de cohésion sociale* (social cohesion fund).

In 2018, the Caisses d'Épargne further rolled out the *Mobilize véhicule neuf* vehicle leasing solution (with option to buy) financed via their microloans, in partnership with Renault and the *Entreprise et Pauvreté* action tank, to enable persons in financial difficulty to lease a new vehicle at a cost suited to their budget. The Caisses d'Épargne and their Federation won an Overall Performance award for this project at the 2018 CSR Awards Night.

The Caisses d'Épargne also rolled out a new cash management microloan with the support of the social cohesion fund, to allow individual customers to repay overdue loans and move on with their lives. Finally, the Caisses d'Épargne maintained their international commitments through their involvement in the European Microfinance Network (EMN), the European Savings Bank Group (ESBG) and Paris Europlace, which has set up a microfinance group.

## Playing a pivotal role in financial education

### Banque Populaire initiatives

The Banque Populaire banks have invested in banking education, and some branches offer support to vulnerable customers. The bank's employees or external partners provide training sessions to small groups of customers on topics such as budget management, using banking services and debt. Some banks also offer innovative budget education solutions in the form of guides, games, videos or interactive modules that are available for free on the bank's website or the website reserved for the bank's cooperative shareholders. These solutions are used as educational material and allow customers to better manage their budget while improving their overall understanding of the banking industry. Via their Federation they are also members of the Finances & Pédagogie association.

### Caisse d'Épargne initiatives

Since its creation in 1957, Finances & Pédagogie has been supported by the Caisses d'Épargne. Through this partnership, 22 regional employees implemented a teaching program in 2018 covering all types of money management topics. This financial education project is mainly devoted to teaching young people and preparing them to seek employment, informing people in economically and financially unstable situations, and training social aid professionals. It is also open to non-profit volunteers and employees in the public or private sector.

(1) Source: *Fonds de cohésion sociale* (social cohesion fund)

In a period of major societal change, the objective is not only to provide support on recurrent topics involving money (managing a budget, relations with the bank, knowing how to talk about money, planning for life events, etc.) but also to meet new challenges requiring particular knowledge: digital money, sustainable development, professional retraining, setting up a business, etc.

In 2018, 3,014 sessions were held with about 45,681 trainees. They included:

- 16,500 young people from schools and vocational centers;
- 25,000 people receiving assistance from entities in the social and solidarity-based economy or other social organizations;
- over 500 social workers and volunteers, mainly from the social services divisions of associations, mentorship organizations, and local governments.

All of these actions are concrete responses to current priorities of banking inclusion and the prevention of over-indebtedness. The initiatives take the form of workshops/training sessions that combine theoretical learning and practical experience.

- 54% involved budgeting and money issues in everyday life;
- 19% involved banking and payment instruments;
- and 11% involved issues related to credit, microloans and excessive debt.

The association, which celebrated its 60<sup>th</sup> anniversary in 2017, is recognized as a pivotal figure of financial education in France. It is a member of the Operational Committee for National Financial Education Strategy run by the Banque de France. Its educational materials are available on the Finances Et Pédagogie website and are also published on the national portal, *Mes questions d'argent* (My questions about money). It is also accredited by the French Ministry of Education. Its key teaching materials are validated and incorporated in the educational library of the INC (French National Consumer Institute). The association aims to be a player on the ground, where its partners request its help, at key times in individuals' personal and professional lives, fully contributing to economic citizenship.

Finances et Pédagogie works closely with over a thousand different public, private and non-profit partners all around the country.

### Promoting access to banking services for persons with disabilities

The Banque Populaire banks and the Caisses d'Epargne have taken various steps to facilitate access to banking services for persons with disabilities:

- they provide visually-impaired customers with free account statements in Braille and some are issued specially-designed guides and checkbooks. They also endeavor to make their services accessible by installing ATMs with Braille and voice guidance features as well as specially-designed online tools. In 2018, the networks provided special training focused on serving disabled customers (sign language, serving persons with disabilities, etc.). They directly encouraged the employment of persons with disabilities by raising awareness, advising local companies and offering practice job interviews to job-seekers with disabilities;
- the act of October 7, 2016 for a digital republic required all companies to provide a customer service line accessible to deaf and hearing-impaired customers to ensure that their needs are met and they are given the same level of service as their other customers. In keeping with its Disability policy, Groupe BPCE decided to get ahead of legal requirements and make all of the Group's commercial telephone lines accessible. To do this, it negotiated a national agreement with a translation platform covering the entire Group. Under the agreement, a videophone interpreting service will be set up between bank employees and deaf or hearing-impaired customers for all disability-accessible Groupe BPCE commercial contact points (CRCs – Customer Relations Centers, branches and e-branches). This means three people are involved in the conversation: the advisor, the interpreter and the customer;
- BPCE Assurances has established an accessibility system for customers who are deaf or hearing-impaired. Policyholders can now directly access contract management, assistance, and claim and compensation services *via* the website of their Caisse d'Epargne. In addition, emergency assistance by text message is provided 24/7 in the event of a claim or vehicle breakdown. This tool allows customers who are deaf or hearing-impaired to get in touch with an insurance representative using instant transcription or remote video interpreting services. This allows them to make contact independently, without the need for a third party, as is often the case;
- several banks also have customer advisors trained in sign language. Furthermore, they have developed products specifically designed for persons with disabilities, for example to help them purchase equipment and adapt their home to meet their needs.

#### ➔ BRANCH ACCESSIBILITY

Indicator	2018	2017	2016	Change 2017-2018
Number of accessible branches (2005 Disability Act)	6,474	5,024	4,706	29%
Percentage of accessible branches (2005 Disability Act) (as a %)	87%	63%	59%	38%



## 2.3.3 Helping customers address climate risk and gear up for the energy transition

Groupe BPCE has launched several different initiatives to identify and manage climate and energy transition risks.

### GIVING THE GREEN LIGHT TO GREEN PROJECTS

The BPCE Assurances product range for individual customers contains features specifically designed to meet the new needs of its policyholders.

The Home Insurance range includes coverage of equipment such as domestic wind mills, solar panels or solar-powered water heaters, energy control cabinets, storage batteries and rainwater collection tanks. Policyholders also receive assistance and advice on how to generate energy savings.

The Vehicle Insurance range offers preferential rates to policyholders whose vehicles travel under 8,000 km per year. Savings of up to 30% are offered to electric vehicle owners. Finally, in the interest of providing day-to-day support to its customers, BPCE Assurances offers eco-driving courses.

### Combating climate change: Natixis Assurances follows the 2°C climate scenario

Natixis Assurances designs and manages a full range of insurance products that are sold in the Banque Populaire and Caisse d'Épargne networks. It is actively working to fight climate change with tangible action and is aligning its investment policy with the goal of limiting the global temperature rise to 2°C, as set by the Paris Climate Agreement. Each year, Natixis Assurances will devote nearly 10% of its investments to green assets, with a target of 10% of its total investments being in green assets by 2030.

With this policy, it intends to encourage and give priority to companies that contribute to the energy and ecological transition. The commitment made by Natixis Assurances covers all its investment portfolios (excluding unit-linked policies). Its policy complements Natixis Assurances' decision to exclude issuers that do not observe the ESG criteria set out in its strategy from its investments.

### PREVENTING AND MANAGING CLIMATE RISK

Groupe BPCE has made commitments to prevent and manage climate risk in its 2018–2020 strategic plan.

Accordingly:

- the Group made climate risk management one of the ambitions of the "financing a responsible economy" project;
- climate risk and green finance were the subject of:
  - a day-long seminar for the Risk and Compliance functions in 2017, attended by renowned experts in this matter, including: ACPR, Banque de France, members of the European Commission's High Level Expert Group on Sustainable Finance and Finance for Tomorrow (Paris Europlace),
  - a conference for the Risk, Compliance and Finance functions in 2018, to set out the Group's analysis and accomplishments for the current year.

### Impact of the Group's business activity and the use of products and services on climate change

In 2016, Groupe BPCE performed a gap analysis to identify and weight its direct and indirect impacts on climate change and to ensure it takes appropriate action to mitigate this impact:

- mapping out its main goods and services that have a positive or negative impact on greenhouse gas emissions and therefore on climate change;

- taking inventory of initiatives already implemented and that need to be implemented.

This analysis was performed by an external organization and covered five main products and services and six activities (their weighting based on their impact on climate change is shown in parentheses, ranging from a limited impact (\*) to a strong impact (\*\*\*)):

- products and services:
  - distribution of financial products to retail customers (\*\*),
  - project financing (\*\*\*),
  - real estate project financing (\*\*\*),
  - insurance (\*),
  - funding, investment and asset management (\*\*);
- activities:
  - energy consumption (\*\*\*),
  - real estate portfolio (\*\*),
  - property, plant and equipment (IT equipment and vehicles) (\*),
  - business travel (\*\*),
  - use of suppliers and sub-contractors (\*),
  - waste management (\*).

The analysis did not show any major shortcomings in high-impact products, services and activities that would call into question Groupe BPCE's existing priorities and initiatives.

### Integration of climate change in stress tests

The Group took part in an industry-wide project to prepare scenarios for climate change stress tests overseen by the French Treasury and the ACPR (French prudential supervisory authority for the banking and insurance sector), further to paragraph 5 of Article 173 of the French Act of August 17, 2015 on the energy transition for green growth. This project provided the opportunity to review the Group's exposure to business sectors incurring climate change risk from two different perspectives: physical risk and transition risk. The Group's work on physical risks uncovered that French banks have a low degree of exposure to geographic regions with high vulnerability to climate change. The Group is continuing the analysis of its local exposure. A more detailed mapping is performed for the non-financial performance report, allowing it to better understand the level of risk incurred and adapt its risk policies accordingly.

### Mandatory disclosures for institutional investors on their management of climate change risks

Relevant Groupe BPCE institutions disclose this information in their own publications, two of which are presented below.

#### Mirova: innovative measurement of a portfolio's carbon footprint

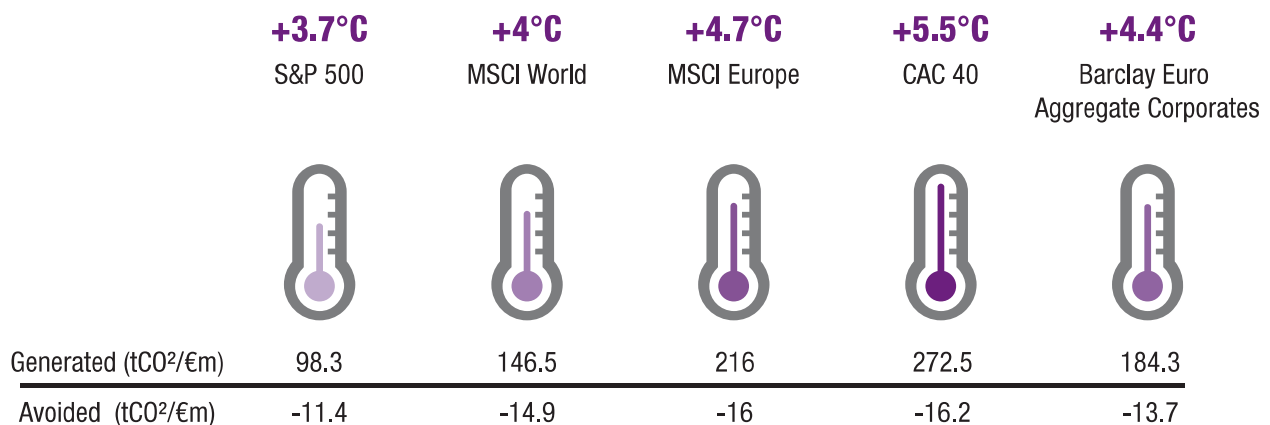
Mirova has developed a method to assess a portfolio's coherence with climate scenarios using:

- a database on carbon emissions generated and avoided during the product life cycle at the corporate level. This database was developed after several years of collaboration between Mirova and Carbone 4<sup>(1)</sup>;
- the climate scenarios produced by the IPCC (Intergovernmental Panel on Climate Change): the IPCC now offers several global emissions scenarios resulting in different consequences in terms of temperature increase by 2100 relative to preindustrial averages (+2°C, +4°C, +6°C);
- global energy investment projections produced by the IEA (International Energy Agency), which provides data on annual investors by sub-sector as well as projections on investment amounts in the 2°C and 4°C scenarios.

By combining these three sources, the main limitations of existing approaches can be eliminated, giving an easy-to-interpret outcome by offering an assessment of the portfolio under review in terms of degrees Celsius.

Based on the methodology used, all assets can be assessed by taking into account the direct activities of the company and its suppliers as well as the use of its products. The aim is not only to assess the risks but also the opportunities associated with the energy transition by providing a measurement of emissions avoided (alongside emissions generated) by the company's activities, relative to a benchmark scenario. At the portfolio level, the aggregation of emissions generated and avoided is examined to produce an adequacy level in relation to the climate scenarios established by international institutions such as the IPCC or the IEA.

#### ➔ APPLICATION OF THE CARBON METHODOLOGY TO A SELECTION OF INDICES<sup>(2)</sup>



The results of this methodology raise an interesting point. While European initiatives tend to be more advanced in terms of awareness and transparency of sustainable development issues than those of their North American peers, the carbon performance of the corresponding index does not necessarily follow this trend. The S&P 500, for example, has a much lower carbon footprint than the MSCI Europe or the CAC 40. This difference is largely attributable to the

predominance of the technology sector on the S&P 500, which ends up "diluting" the intensity of generated emissions.

From a more global standpoint, we can observe that none of the indices reviewed satisfy the 2°C scenario, despite it being the only one capable – by international consensus – of avoiding the most serious consequences of climate change. This observation underscores the need to propose solutions leading to massive capital reallocation and supporting the energy transition.

(1) See Mirova's publication entitled "Estimating Portfolio Coherence with Climate Scenario".  
(2) 2017 data.

### Launch of carbon neutral strategies

Mirova believes that players with a large carbon footprint incur a risk of underperformance over the long term that is poorly captured by the market, while players offering low carbon solutions have outperformance potential that is also not acknowledged by the market.

Based on this conviction, Mirova developed and launched a range of carbon neutral strategies in 2018. The purpose of these strategies is to build a carbon neutral portfolio that will capture market inefficiencies while limiting market risks by seeking to limit tracking error and sector bias, subject to the carbon neutral constraint.

Its carbon neutral strategies therefore aim to offer a low carbon investment solution that generates financial performance on the listed equities market in a given region to investors seeking to contribute to financing a low carbon economy.

### Mirova has developed a metric to measure the impact on employment

Mirova's Insertion Emplois Dynamique fund, which was launched in 1994, was one of the first solidarity-based "90/10" funds dedicated to job creation in France. At the end of 2014, Mirova made the ambitious choice to change the fund's strategy to focus it entirely on job creation in France. Since the change, not only does the solidarity allocation (10% of assets) finance structures with a positive social impact across the country in conjunction with France Active, but also the equity allocation (90% of assets) invests in listed companies driving job creation in France over 3 years, based on analysis performed by Mirova.

To measure the impact on job creation in France, Mirova designed a proprietary methodology to examine in detail the investments made in the fund's listed and unlisted allocations. The analysis detects companies' job creation dynamic upstream and allows the fund to support this dynamic with its investments. For listed companies, the fund manager and Mirova's ESG analysts carry out targeted research into companies' offices and forthcoming investments and hold discussions with issuers to assess the prospect of job creation over the next three years.

The report demonstrates that the employee headcount in the listed companies in which the fund invests increased by an average of 10% over the review period (December 2014 – December 2017), while it was stable for CAC 40 companies overall. The portfolio's ESG profile also improved over this period, and its carbon impact declined sharply, with the climate scenario implied by its investments (expected temperature rise) estimated at +1.5°C in June 2018, compared with +4.4°C at the end of 2014. From a financial point of view, between December 2014 and September 2018 the fund achieved a net gain of +26.6%, with net inflows totaling €220 million. The *Insertion Emplois Dynamique* fund currently has €576 million in assets under management. The fund is exposed to a risk of capital loss, equity risk, discretionary management risk, currency, interest rate and credit risks, counterparty risk, liquidity risk and price risk.

### Ostrum Asset Management: engagement for the climate

Ostrum Asset Management has launched a number of initiatives ranging from measuring the carbon footprint of its portfolios to steering investors towards sectors working to develop solutions to climate change. These initiatives are founded on four major pillars:

- to understand and incorporate climate issues: systematically integrate the climate in direct talks with the management of the companies in which it invests;
- to reduce exposure to carbon intensive sectors through its investment policy for the coal sector;
- to offer our clients tailored products and services: Ostrum Asset Management has developed investment solutions that incorporate climate issues and also offers reporting on its portfolios' carbon footprint;
- Ostrum Asset Management uses the Carbon Impact Analytics<sup>(1)</sup> method co-developed by Mirova and Carbone 4 to calculate the carbon footprint of portfolios. This innovative approach covers emissions generated within the company's entire scope of responsibility, as well as avoided emissions and the overall contribution to climate change prevention. Furthermore, Ostrum Asset Management has published a carbon report in the annual report of its main funds since December 31, 2016, in accordance with the requirements of the French Energy Transition Act;
- to engage in dialog and lobbying and support investor statements to encourage issuers and politicians to take climate issues on board.

### INTEGRATION OF ESG CRITERIA IN PRIVATE EQUITY ACTIVITIES

Through its six asset management companies, Natixis provides a comprehensive range of products and services across the private equity business worldwide. Three of these companies specialize in direct investment in unlisted companies: Naxicap Partners, Alliance Entreprendre (growth capital and business transfers in France and Europe) and Seventure Partners (venture capital in France). Three companies offer advisory and investment management services: Euro-Private Equity in Europe, Caspian Private Equity in the United States and Eagle Asia Management in Asia.

Since 2015, Euro Private Equity and Naxicap Partners have been signatories of the Principles for Responsible Investment (PRI). In addition to the PRI, Naxicap Partners made a commitment to the IC20 (2020 Climate Initiative) to contribute to the COP21 goal of limiting global warming to two degrees. This involves taking climate change into account over the entire investment period and measuring the portfolio's direct and indirect carbon footprint by 2020 for companies having a material impact on the climate.

Euro Private Equity has established a responsible investment policy outlining its commitments as an asset management company, including its due diligence, post-investment and reporting commitments. It works in partnership with Mirova, Natixis Investment Managers' responsible investment subsidiary, to help incorporate ESG criteria in its investment policy. For Euro Private Equity, Mirova played an advisory role in the drafting of its ESG charter and development of an analysis chart to assess the ESG engagement of portfolio managers subject to review.

Naxicap Partners has implemented an ambitious ESG integration policy and formalized an ESG charter, including criteria for excluding certain industries and activities. It put together a four-person ESG team: a Head of ESG focused exclusively on this function was hired, two members of the Investor Relations team devote part of their time to ESG, and one member of the Management Board coordinates the team's activity.

(1) To learn more about this methodology: <http://www.mirova.com/Content/Files/Mirova/Recherche/EstimatingPortfolioCoherenceWithClimateScenarios>.

Naxicap Partners' formalized ESG policy details the steps that must be followed in the investment process. These steps are strictly monitored by the Middle Office, including: the obligation to conduct a pre-investment ESG and climate analysis, the performance of an ESG audit by external specialists, the inclusion of an ESG clause in the shareholders' agreement, the preparation of an action plan discussed by the Supervisory Boards of companies in the portfolio, and an ESG vendor audit when the investment is sold. Each company's ESG performance is monitored, based in particular on annual data collection on specific indicators in a specially-designed application. An ESG report published once a year, available online, summarizes and analyses the data, while highlighting interesting initiatives and areas for improvement.

## INCORPORATING ENVIRONMENTAL AND SOCIAL (E&S) CRITERIA IN FINANCING AND INVESTMENT ACTIVITIES

### Integration of climate risk in the Group's credit risk policy and enhancement of CSR principles

A counterparty's climate risk will be taken into account in the loan approval analysis, based on the Group's recommendations in each sector:

- direct physical risks, the consequences of storms, drought, fire, rising sea levels, etc.:
  - agriculture, agri-food, construction, transport, hotels and catering, forestry, real estate (including individual customers), energy and wholesale trade;
- transition risks arising from regulatory reform or technological progress accompanying the transition to a low carbon economy:
  - energy generation and transformation sectors,
  - sectors with high greenhouse gas emissions whose activity could be restricted by stricter regulations (construction, manufacturing sector).

At Group level, the inclusion of CSR clauses in credit risk policies is considered at each annual review (see below).

These efforts expand on the risk analysis centered around the corporate duty of due diligence, the Sapin 2 Act and the non-financial performance report. The non-financial performance report was prepared with several departments from the Risk, Compliance and Permanent Control division. Climate risk is identified in "Exposure to the physical risks of climate change", "Financing for the energy transition, green and blue growth" and in "Integration of ESG criteria in lending/investment decisions" (see Chapter 2.2.1).

### Integration of ESG criteria in retail banking sector lending policies

After including CSR and climate risk in the Group's general credit policy, Groupe BPCE reiterated its commitment by incorporating ESG aspects in its sector risk policies with specific ESG criteria for each sector.

The major CSR impacts of each ESG component (environment, social and governance) were identified and measured for each sector, with three risk levels – low/medium/high – and recommendations and focal points were established. For the environment pillar, climate risk is systematically measured from two different perspectives:

- physical risk: extreme climate events and gradual temperature change;
- transition risk: air, water and land pollution, CO<sub>2</sub> regulations.

Observance of national or international standards, agreements or quality certification is also presented by sector, to provide the lending functions with best practices for each sector.

As of the end of 2018, all the Group's sector lending policies incorporated CSR criteria.

These policies are approved by the Group Risk and Compliance Committee and by the Group Credit and Counterparty Risk Committee, both of which are chaired by the Group Chairman of the Management Board.

The incorporation of ESG criteria in these sector policies will gradually allow counterparties' transition risk to be assessed. The process has common features for all sectors, but performance indicators are specific to each sector.

The Group's sector policies incorporating ESG criteria aim to assess counterparties' involvement in climate change and to identify criteria for measuring their performance in this area.

### Retail banking financing solutions requiring approval by the head of the entity

Some controversial activities must be approved by the banks' local directors, namely casinos, professional sports clubs, and discotheques.

### Measurement and monitoring of E&S risks and management systems by Corporate & Investment Banking (Natixis)

The new ESR department at Natixis ensures environment and social (E&S) risks are taken into account in its financing and investment activities. A risk monitoring team has therefore been assigned to track CSR policies in sensitive sectors, determine which business sectors to exclude from such policies, assess the quality of assessment and monitoring of E&S risks in transactions, and analyze the reputational risk incurred by the parties involved.

### Implementation of CSR policies in sensitive sectors

CSR policies have been drawn up and included in the risk policies applied by the business lines working with the most sensitive sectors.

These policies cover the following sectors:

#### Coal

On October 15, 2015, Natixis undertook to stop financing coal-fired power plants and thermal coal mining around the world. Natixis will also no longer provide general-purpose corporate financing to companies for which coal-fired power plants or thermal coal mines account for over 50% of their activity.

This commitment was set out in a sector policy published on Natixis' website at the following address: [https://www.natixis.com/natixis/upload/docs/application/pdf/2016-07/160708\\_coal\\_policy\\_en.pdf](https://www.natixis.com/natixis/upload/docs/application/pdf/2016-07/160708_coal_policy_en.pdf). It also applies to investments made by Ostrum AM, covering all directly managed portfolios, and to Natixis Assurances, covering all general-purpose funds. Both Natixis Asset Management and Natixis Assurances have stopped investing in industrial companies deriving 50% or more of their business from coal-fired power plants and/or thermal coal mining.

It should be noted that the amount of Natixis' exposure to coal industry financing has fallen steadily since the undertaking made in October 2015. At the end of 2018, financing of thermal coal mines amounted to zero and was residual in coal-fired power plants.

### Defense

Since March 2009, Natixis has excluded the financing, investment and offer of services to companies involved in manufacturing, storing or trading anti-personnel mines and cluster bombs.

### Publication of the defense sector policy

The commitment made by Natixis in March 2009 was extended to include a Defense sector policy published in June 2018. This policy, which is available for consultation on the Natixis website, extends the scope of arms excluded by the Group and sets specific criteria for conducting transactions, notably with respect to arms exporting and importing countries.

The policy also applies to investment operations undertaken by Natixis, Ostrum AM, and Natixis Assurances.

[https://www.natixis.com/natixis/jcms/rpaz5\\_68332/en/policy-applicable-to-the-defense-industry](https://www.natixis.com/natixis/jcms/rpaz5_68332/en/policy-applicable-to-the-defense-industry)

### Tobacco

In December 2017, Natixis committed to discontinuing all financing of, or investment in, tobacco producers, wholesalers, and traders as well as tobacco product manufacturers. This exclusion has deepened the bank's commitment to fighting cancer, as patron of the Gustave Roussy foundation since 2011.

### Publication of the tobacco sector policy

Further to its announcement in December 2017, in May 2018 Natixis published a detailed sector policy for the tobacco sector. This policy applies to the financing, investment and service activities provided by Natixis, Ostrum AM and Natixis Assurances.

For more information please see:

[https://www.natixis.com/natixis/jcms/lpaz5\\_67146/en/tobacco-policy](https://www.natixis.com/natixis/jcms/lpaz5_67146/en/tobacco-policy)

### Oil and gas

In December 2017, Natixis committed to stop providing financing for the exploration and production of oil sands and oil in the Arctic region.

### Publication of the oil and gas sector policy

Natixis published its oil and gas sector policy in November 2018, setting out the conditions underlying Natixis' commitment, namely:

- to discontinue the financing of projects involving the exploration, production, transportation and storage of extra-heavy oil and oil derived from oil sands, and related export terminal;
- to no longer provide general purpose corporate financing for, and no longer invest in<sup>(1)</sup>, any company of which the aforementioned activities (see above) account for 30% or more of total operations;
- to discontinue financing for onshore or offshore oil exploration and production projects in the Arctic.

For more information please see:

[https://www.natixis.com/natixis/upload/docs/application/pdf/2018-11/natixis\\_esr\\_sector\\_policy\\_oil\\_gas.pdf](https://www.natixis.com/natixis/upload/docs/application/pdf/2018-11/natixis_esr_sector_policy_oil_gas.pdf)

This commitment to protect the Arctic upholds the position already adopted by Ostrum AM and Mirova, which since 2016 have headed a group of investors having signed a declaration calling for the Arctic region to be protected against oil exploration activities, and for the adherence to national commitments to combat climate change in this particularly hydrocarbon-rich area of the world.

### Other industries

Natixis has internal CSR policies for the nuclear, mining & metals, and palm oil sectors. These apply to financing operations and cover the following issues:

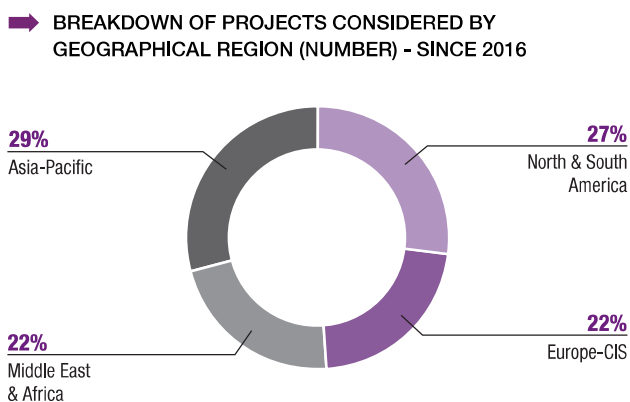
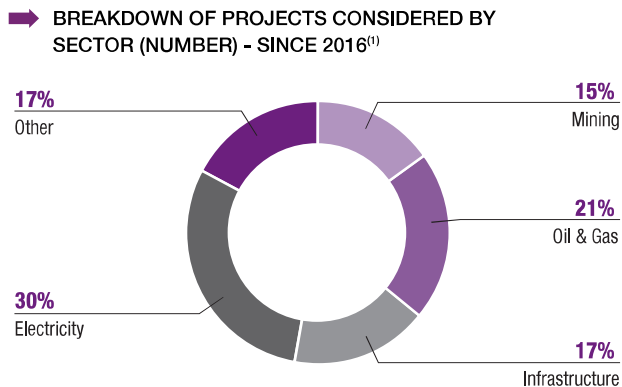
- nuclear: compliance with the strictest international security rules (IAEA, etc.), reliability of technologies, demonstration by the host country and the operator of their capacity to control and operate their nuclear industry, based on specific criteria;
- mining & metals: compliance with international mining industry standards as well as the E&S criteria established by the IFC (World Bank);
- palm oil: traceability and compliance with best practices and applicable standards.

### Overview of financing transactions over the last three years

Managing environmental and social risks across Natixis' financing business lines involves analyzing clients and transactions to ensure they comply with its CSR policies and exclusion commitments, analyzing transactions according to the Equator Principles or other evaluation methods, and analyzing controversial issues that its clients may run into.

(1) This applies to all Natixis Assurances investments.

Over the last three years, 305 such transactions have been managed in this way, with the following sector breakdown:



### Equator Principles

As a signatory of the Equator Principles since December 2010, Natixis applies an industry-wide methodology recognized by 94 member banks and financial institutions, aimed at evaluating the E&S risks of the projects it finances and assessing the quality of the management systems used by its customers to manage, minimize, and remedy the impacts they cause as best they can.

This methodology is applied to the financing of investments associated with new projects or with extensions of existing projects, mainly (for Natixis) in the infrastructure, energy (oil and gas), electricity and renewable energy, mining and metals sectors around the world.

An organizational structure has been set up to involve both the business lines and the ESR department in assessing and managing transactions. The process includes an assessment of the quality of existing E&S documentation prepared by the client (or client advisory services, if such documentation has not yet been drafted), the measurement and classification of the potential E&S impacts and risks, and, where necessary, the consultation of external specialists. It also provides for the drafting of an action plan for impact mitigation and correction measures, which is included in the financial documentation. Compliance with the action plan is monitored over the life of the financing facility.

(1) Including special ships and offshore platforms

A summary of key issues used to assess a project is part of Natixis' credit approval process.

Details of the analysis and decision-making process, the resources used and full information on transactions audited in this way are available in the annual Equator Principles report (published before July 31 each year and available on the Natixis website).

Website: [https://www.natixis.com/natixis/upload/docs/application/pdf/2018-07/natixis\\_2017\\_ep\\_reporting\\_2018-07-27\\_18-18-4\\_105.pdf](https://www.natixis.com/natixis/upload/docs/application/pdf/2018-07/natixis_2017_ep_reporting_2018-07-27_18-18-4_105.pdf)

### Assessments performed beyond the scope of the Equator Principles

Mindful of the great diversity of client transactions and financing solutions, Natixis ensures the same level of due diligence on the underlying E&S risks of certain types of transactions outside the scope of the Equator Principles. Such transactions include acquisition financing transactions not associated with an investment program, financing that is, by nature, for multiple purposes, transactions involving portfolios of assets too large for a dedicated assessment, or certain kinds of assets.

In each of these cases, the quality of the governance and management of the E&S risks inherent to the industry in question are assessed on the basis of current international best practices and standards, and the services of external consultants are called upon if necessary.

### Analysis of reputational risk associated with interested parties

For all the financing transactions referred to above, and also when deemed necessary for any other transaction, an analysis is performed to determine whether the borrowing company, its operator or main shareholder has a history of poor management in its operations, from an environmental, social or health and safety standpoint.

In the interest of establishing lasting relations with its customers, the objective is to raise awareness among the business lines – before a credit decision is made – of all the situations that can give rise to reputational risk, and where necessary to consider appropriate measures.

### A strengthened client assessment system

In respect of French law on the corporate duty of due diligence, Natixis is working on an additional tool for assessing the quality of its clients' environmental and social risk management. The system, which is currently being devised, will be used to assess clients of the Corporate & Investment Banking business when they first make contact with the bank and, subsequently, on a regular basis, at a frequency determined on the basis of the nature and degree of E&S risks at hand. The assessment process will gradually be applied to the division's portfolio of existing clients, taking into account the schedule for periodic renewals of financing authorizations.

The screening process will involve two levels of assessment:

- the first level, covering most of the bank's clients, will involve assessing 15 different types of E&S risks relating to the client's governance, social/societal and environmental issues and its supply chain. A dedicated client assessment grid will be applied to each of the ten business sectors best representing the bank's commitments, taking into account the characteristics of the client's business activity and the locations of its facilities. The results of the first assessment will be cross-referenced with those of a systematic controversy check, as facilitated by an external data provider;

- the second level of assessment, focusing on clients identified as being the most sensitive to risk, will involve an in-depth, qualitative analysis of the latter's E&S governance. This generally requires making direct contact with the client in order to specify the systems required for identifying and mitigating the main E&S risks.

This client assessment process is to be built into the bank's existing systems for establishing new client relationships and granting loans, involving the business lines, as well as the Compliance, Risks and ESR departments. The process is to be implemented following a test phase in 2020.

## ANTICIPATING OPPORTUNITIES IN A RESILIENT ECONOMY

### An ambitious green and social bond policy

After issuing its first green bond in December 2015 to finance renewable energy projects, Groupe BPCE doubled down on its green bond activity with two additional issues in 2017. In June 2017, BPCE sold the first JPY-denominated social bond on the Japanese market. This inaugural issue totaling JPY 58.1 billion (approximately €470 million) is intended to refinance loans granted to the customers of Groupe BPCE's Banque Populaire banks and regional Caisses d'Épargne in the education, healthcare and social sectors. In July, the Group issued a healthcare bond *via* a private placement with life insurance company Nippon Life, a Japanese leader in the field of socially responsible investment, aimed at refinancing loans granted in the healthcare sector. The private placement totaled \$50 million (roughly €44 million) with a 10-year maturity. The healthcare bond received an award<sup>(1)</sup> on September 7, 2017.

Drawing on these three success stories, Groupe BPCE fully intends to move forward with its sustainable bond strategy on different markets, having set a goal of issuing two green or social bonds per year from now to 2020.

This led to the publication of a green and social bond issuance framework in 2018: <https://www.groupebpce.fr/fr/Investisseur/Dette/Cadre-d-emission-des-obligations-vertes-ou-sociales> and the launch of a project to identify the Group's green assets.

In line with the 2018–2020 strategic plan, Groupe BPCE met its aim of issuing two green or social bonds per year in 2018, even exceeding its goal with three issues.

After completing a human development social bond issue in yen and a healthcare issue in US dollars in 2017, Groupe BPCE issued the following bonds in 2018:

- a human development samurai bond for JPY 26 billion in senior preferred and senior non-preferred securities (January 2018);
- a human development samurai bond for JPY 106 billion in senior non-preferred securities (July 2018);
- a local development bond for JPY 1.25 billion in senior preferred securities (September 2018).

The local economic development format of this issue observes a new framework for selecting assets established in 2018 and published on the BPCE website.

The loans selected are intended for small businesses (with revenues equal to or less than €3 million) or non-profit organizations (with an annual budget equal to or less than €3 million) with the aim of

maintaining employment in underprivileged areas and revitalizing their economic activity.

The areas are selected based on strict criteria:

- poverty levels (the top one-third postcode areas with the highest poverty rates in mainland France);
- or unemployment rate (area with an unemployment rate among the highest one third of areas in mainland France);
- and the business creation rate (regions with a business creation rate below the median of all French regions).

Groupe BPCE also published a general framework for sustainable development bonds on July 20, 2018, which was subject to a second party opinion published by ESG rating agency Vigeo Eiris on July 26, 2018.

This framework reflects Groupe BPCE's commitment to promoting social and environmental development initiatives and describes the three types of bonds that finance sustainable development.

- 1 Green bonds: environmental protection;
- 2A Social bonds – Human development: economic systems, infrastructure and services that foster human development and that benefit underprivileged persons (key areas: education, healthcare, social development, social housing and activities provided by local authorities);
- 2B Social bonds – Local Economic Development: development of economically or socially deprived regions by financing SMEs, local authorities and non-profit organizations.

### Application of the Green Weighting Factor at Natixis

Natixis announced the Green Weighting Factor (GWF) at Climate Finance Day in Paris in December 2017 and has been gradually rolling it out since January 2018 to align its financing activities with the goals of the Paris Agreement on climate change.

The GWF is an internal capital allocation model that encourages financing solutions with the most positive impact on the environment and climate change while anticipating changes in regulations. It adapts the expected return on different financing solutions depending on their impact on the environment and climate change by using a favorable or adverse adjustment to weighted assets (*i.e.* the amount of capital required depending on the risk). The model awards a color rating, thereby encouraging green businesses and penalizing those with a brown rating.

The GWF methodology is open and scalable and it will incorporate the criteria included in the EU classification system on what can be considered an environmentally sustainable economic activity – the so-called taxonomy – as progress is made by the European Commission's group of experts. It will gradually apply to all of Natixis' new corporate financing, asset financing and project financing activities around the world. The Green Weighting Factor applies to the sectors to which the bank has the biggest exposure, in particular transport, infrastructure, real estate, energy, and commodities trading. Natixis has set criteria for each sector to classify each financing project in terms of its environmental and climate impact. The model provides a view of its exposure to climate transition risks arising from a rapid loss in value of assets that cause the most pollution.

(1) <http://www.mtn-i.com/latest-news-asia-pacific/2017-award-winners>

### Participation in the FBF's Green Supporting Factor project

Groupe BPCE actively contributed to the FBF's work on the Green Supporting Factor (GSF), aimed at promoting the funding of the energy transition by reducing capital requirements on green assets and using the freed-up capital to finance new projects. GSF-eligible counterparties include all economic operators financed through either retail banking or corporate and investment banking institutions.

### Launch of a fund to protect the oceans

To meet the challenges arising from the depletion of marine resources, in particular in the oceans, which are threatened by over-fishing, climate change and rising pollution, in 2018, Mirova launched the Althelia Sustainable Ocean Fund, which aims to raise over \$100 million to finance companies that have a sustainable business model and that seek to mitigate their impact.

### Launch of a renewable energy investment fund, EUROFIDEME 4

Mirova launched its fourth renewable energy infrastructure fund in 2018. Because there is considerable need for investments in infrastructure to produce renewable energy as well as to store it and develop e-mobility solutions in order to meet ambitious European greenhouse gas emission targets, the fund has extended its scope to incorporate these activities. It aims to raise €500 million.



## 2.4 Sustainable and responsible value creation

### 2.4.1 Contribution to regional economic development

#### FINANCING THE ECONOMY: LOCAL ROOTS – A KEY ASSET

The 14 Banque Populaire banks and 15 Caisses d'Épargne embody Groupe BPCE's close ties with the regional economy, sharing the values of social cohesion and support for local employment:

- in 2018, outstanding loans issued by the Banque Populaire banks and the Caisses d'Épargne amounted to €444.6 billion, making them leading creditors of the French economy and local regions;
- Groupe BPCE is set to once again be the No. 1 bank issuing personal microloans with support<sup>(1)</sup> to individual customers in 2018, with 6,868 loans totaling €20 million (end 2017: 33.03% market share by volume according to the *fonds de cohésion sociale*). The Group is also still the No. 1 bank for professional microloans<sup>(1)</sup> (over one-third market share at end-2018); detailed information on this activity is provided in Chapter 2.3.2;
- in 2018, donations by the Banque Populaire banks and Caisses d'Épargne to general interest projects in local areas amounted to €42.8 million (*versus* €31 million in 2017):
  - €11.5 million was earmarked by the Banque Populaire banks for three uses: patronage by the Banque Populaire banks in their local regions, either directly or *via* their regional foundations, the Banque Populaire Corporate Foundation, and the charity fund of the Fédération Nationale des Banques Populaires,
  - €31.3 million was earmarked by the Caisses d'Épargne for three uses: Caisse d'Épargne regional patronage initiatives (directly or *via* regional foundations), the Caisse d'Épargne network endowment fund and Fondation Belem;
- 87% of the Group's suppliers<sup>(2)</sup> are SMEs<sup>(3)</sup>, 39% of purchases<sup>(4)</sup> are made from SMEs and 29% from ISEs<sup>(5)</sup>. Groupe BPCE companies give preference to local suppliers: 69% of suppliers have a local presence in their respective regions<sup>(6)</sup>. These companies contribute to local employment and economic development through their sub-contracting chain;
- although historically located in the cities, the Banque Populaire banks and the Caisses d'Épargne also play a role in the development of rural areas: 391 branches are located in rural areas<sup>(7)</sup>;
- *via* their branches, the Banque Populaire banks and the Caisses d'Épargne are also present respectively in 13% and 19% of priority neighborhoods as identified by urban policy<sup>(8)</sup>, with 415 branches;
- the policy applied to establishing branches in the regions is aligned with the new customer relationship model: digital channels and multimedia platforms are being ramped up, calling for the branches to be more specialized by customer segment, with advisors maintaining their role in managing the customer relationship. In terms of accessibility, the goals of the Banco 2020 plan stipulate that the distance from the point of sale to the furthest customer may not exceed 10 minutes in an urban setting or 20 minutes in a rural setting.

#### FINANCING LOCAL PUBLIC STAKEHOLDERS AND THE SOCIAL AND SOLIDARITY-BASED ECONOMY

The Banque Populaire banks and the Caisse d'Épargne are major sources of funding for local authorities, social housing operators and structures in the social and solidarity-based economy.

Detailed information on these initiatives is provided in Chapter 2.3.2.

#### RESPONSIBLE PROCUREMENT POLICY: THE AGIR PROJECT

CSR is one of the priorities of the 2020 procurement strategic plan followed by BPCE Procurement and the procurement function. The Group has set the following targets for 2020:

- increasing the number of Group companies with Responsible Supplier Relations and Procurement certification from 7 to 14;
- raising the percentage of requests for proposals (RFPs) observing standardized procurement processes that include CSR criteria to 80%;
- paying suppliers in 28 days, on average.

#### Incorporating CSR into the procurement policy

In September 2012, BPCE Procurement launched "Agir ensemble pour des achats responsables" (Working Together for Responsible Procurement). This responsible procurement approach (*Agir*) is part of an overall goal to achieve comprehensive, sustainable performance involving Group companies and suppliers. The approach builds on the commitments made by Groupe BPCE when it signed the Responsible Supplier Relations Charter in December 2010.

(1) *Fonds de cohésion sociale (social cohesion fund)/Caisse des Dépôts.*

(2) *From the sample of 30,074 suppliers with a SIREN number and approved by INSEE; this amount represents 85% of total purchases – Scope: Group total including BRED.*

(3) *Definition of small and medium-sized enterprises: companies with fewer than 250 employees and revenues below €50m.*

(4) *From the sample of purchases taken from the Codex 2017 database on suppliers with a SIREN number and approved by INSEE; this amount represents 85% of total purchases.*

(5) *Definition of intermediate-sized enterprises: companies with 250 to 5,000 employees and revenues greater than or equal to €50m and less than €1,500m.*

(6) *Average calculated based on entity reports according to the Group's regional breakdown.*

(7) *Definition: INSEE, French "communes" that do not fall under definitions of urban units, i.e. "communes" without zones of continuous development inhabited by 2,000 residents and "communes" in which less than half of the population resides in a continuous development zone. Calculated based on 2009 census.*

(8) *Neighborhoods identified as being a priority in urban policy are defined by French law number 2014-73 of February 21, 2014 on urban planning and cohesion. The areas concerned are determined using the single criteria of population revenue; 1,300 such neighborhoods have been identified. The list is established in ministerial orders 2014-1750 and 2014-1751 of December 30, 2014, for mainland France and the overseas territories respectively. The boundaries of each area can be viewed at [geoportail.gouv.fr](http://geoportail.gouv.fr).*

In Phase 1, Group companies were evaluated for their level of responsible procurement and the Group's CSR risks and opportunities were identified by procurement category. A panel of suppliers was also surveyed and asked to adopt a stance on Corporate Social Responsibility.

Based on this preliminary diagnostic phase, a responsible procurement policy was developed by a working group formed by the Real Estate & Services, Sustainable Development and Human Resources divisions of Groupe BPCE and the Advisory and Member Services, Real Estate Procurement & General Resources and Legal Services departments of BPCE Procurement.

### Engaging stakeholders with the responsible procurement policy

This policy defines the Group's responsible procurement approach and the commitments of the procurement function, business divisions and suppliers of Groupe BPCE. It was ratified in April 2013 after ordinary consultation of the companies affiliated with BPCE Procurement.

BPCE Procurement released this policy to its entire procurement function and business lines within the Group. National suppliers used by BPCE Procurement were informed of Groupe BPCE's expectations in terms of CSR commitments and performance.

Since 2018, the responsible procurement charter, a joint initiative by BPCE Procurement on behalf of Groupe BPCE and leading French banks and insurers, has been one of the reference documents included in the tender documentation sent to suppliers. The aim is to involve suppliers in the application of diligence measures in this area.

### Applying the responsible procurement policy in daily procurement activities

The CSR roadmap and the action plan produced by the "developing responsible procurement" project implemented under the Groupe BPCE CSR policy, set out three priority objectives: optimizing the environmental and social impact of purchases, contributing to the economic and social development of the regions, and promoting best business practices. A responsible procurement working group run by BPCE Procurement and comprising procurement and CSR representatives discusses these three objectives and implements the action plan.

The Group's procurement managers are instructed to apply and circulate this policy within their companies and among their supplier panels with respect to the following areas:

- in the Groupe BPCE procurement policy: developing responsible procurement is one of the three priorities of the Group's procurement policy;
- in the procurement process: the responsible procurement policy has been adapted and included in the different tools used in the procurement process, including the RFP documentation, the specifications, supplier CSR questionnaire, the bid selection chart and the oversight of CSR indicators during the bidding process;
- in supplier relations: the responsible procurement working group considered how to find a simple, quantifiable way of measuring suppliers' CSR performance. Procurement teams can include a voluntary CSR performance assessment questionnaire for suppliers and their products in order to identify CSR risks and opportunities in the tender process and incorporate this performance in their overall assessment.

## PROCUREMENT POLICY

Indicator	2018	2017	2016	Change 2017-2018
Purchases incorporating a CSR component (as a %) <sup>(1)</sup>	34%	N/A	N/A	N/A
Control of dependency on suppliers (as a %) <sup>(2)</sup>	83%	85%	87%	(2%)
Average supplier payment term (number of days) <sup>(3)</sup>	31 <sup>(4)</sup>	30 <sup>(4)</sup>	28	5%

(1) Number of procurements in the Harmoni procurement information system factoring in at least one CSR criterion identified in the benefits form/Total number of RFPs completed in the Harmoni procurement information system and generating a benefits form excluding RFPs in the technical assistance process. For 2018, the scope covers procurement files organized by BPCE Procurement. The CSR criteria are: invitations to tender, use of companies working with people with disabilities, total cost of ownership approach, use of SMEs/VSEs or startups, integration of a CSR rating in the overall rating. They are complemented by the CSR commitments included in model tender documentation for Groupe BPCE and BPCE Procurement since January 2018.

(2) Amount of purchases made from Group suppliers having a dependency rate below 30%/Amount of purchases made from Group suppliers. Sample of Group suppliers making up 77% of the procurement amount.

(3) Average payment term, as from the invoice date.

(4) Sample of 41 entities in 2018 (48 in 2017), the decline in this number is due to mergers.

### Integration of the responsible procurement policy in the strategy for each procurement category

Sector-specific methodology summaries were developed with the aim of defining the responsible procurement strategy for procurement sub-categories and sharing this strategy with the entire procurement function and relevant divisions. These summaries

provide ample information on each sub-category: the main CSR issues, "AgiR" priorities, statements of needs, total cost of ownership calculation variables for the full life cycle of the product or service, CSR performance monitoring indicators, proposals to incorporate CSR issues in procurement, the market's CSR maturity level, and feedback from both within and outside the Group.

## Promoting a lasting, balanced relationship with suppliers

In 2018, two Groupe BPCE companies were awarded Responsible Supplier Relations and Procurement certification in cooperation with BPCE Procurement: Caisse d'Épargne Aquitaine Poitou-Charentes and Caisse d'Épargne Rhône Alpes. The companies certified in 2015, Banque Populaire Grand Ouest, Caisse d'Épargne Bretagne Pays de Loire, Caisse d'Épargne Grand Est Europe and BPCE renewed their certification for three years.

As part of the process of continued improvements, the companies certified in 2016, Banque Populaire Rives de Paris, Caisse d'Épargne Ile-de-France and Caisse d'Épargne Midi-Pyrénées received a positive assessment on their second review.

In line with the Responsible Supplier Relations Charter and the responsible procurement standard ISO 20400, the Responsible Supplier Relations and Procurement certification is awarded by the company mediator (under the auspices of the French Ministry for the Economy) and the CNA (French association of purchasing managers). It aims to single out French companies that have established lasting, balanced relations with their suppliers.

The certification is awarded for a period of three years and an annual audit is performed to verify that best practices in responsible supplier relations (respect for supplier interests, integration of environmental and social criteria in procurement procedures, quality of supplier relations, etc.) are constantly applied by the entities that received the certification.

The certification, which has now been awarded to nine Groupe BPCE companies, reflects the responsible procurement strategy coordinated by BPCE Procurement and the integration of CSR at the center of the procurement function and in relations with suppliers.

### Measuring the socio-economic impact of purchases

The socio-economic footprint of purchases was measured using the Local Footprint® model, which reproduces the economic behavior of suppliers in 380 sectors of activity using the latest national and international statistics. It takes into account the indirect impact of the entire supplier chain (from level 1 to level n), and the impacts arising from the salaries and taxes paid by all suppliers and which fund consumer and government spending.

This measurement demonstrates the positive impact of Groupe BPCE's procurement across France in terms of employment and value creation covering expenditure of €3.5 billion<sup>(1)</sup>, supporting 98,702 FTE jobs and generating €5 billion in wealth for the French economy.

### Raising awareness of responsible procurement

Since 2013, 16 analysis and training/action workshops on procurement-related CSR issues have been set up and coordinated by procurement and CSR experts. These initiatives have helped raise awareness of new CSR issues among BPCE Procurement purchasers and representatives of the business divisions.

Since 2015, a targeted information program (morning procurement meetings, program for new hires) has been in place to present all the tools for applying responsible procurement to a wide audience (procurement function, business lines, disability officers, and CSR managers).

### Due diligence action plan

The initiatives implemented in accordance with parent company and client company due diligence requirements are detailed in section 2.4.3 of this chapter.

### Outlook

The Group aims to continue to apply the action plan provided for in the CSR pillar of the 2020 procurement strategic plan, in line with the "Developing responsible procurement" priority set out in the CSR section of the Group strategic plan. Appropriation of the responsible procurement policy will continue with the dissemination of best

practices, the implementation of the supplier CSR assessment shared by procurement and CSR managers, and the awarding of the Responsible Supplier Relations and Procurement certification to new Group companies.

## SUB-CONTRACTING POLICY

### Sub-contracting and compliance with the International Labor Organization's fundamental conventions

In accordance with the responsible procurement policy, the Group's suppliers are required to comply with current CSR rules and regulations and to encourage their own suppliers and sub-contractors to do the same. These commitments are included in the responsible procurement charter, which is one of the reference documents included in the RFP documentation.

### Disability and responsible procurement policy ("PHARE")

Since July 2010, the procurement function has contributed to Groupe BPCE's societal responsibility goals by implementing the disability and responsible procurement policy ("PHARE"). Supported by the Procurement and Human Resources functions, this policy contributes to the professional and social inclusion of persons with disabilities by sub-contracting some operations to companies working with disabled persons.

In 2018, Groupe BPCE bolstered this commitment by spending €13.1 million including tax<sup>(2)</sup> on companies employing persons with disabilities, representing a more than five-fold increase since the policy was launched. Purchases by Groupe BPCE from companies working with disabled persons contributed to the professional inclusion of persons with disabilities, equivalent to 444 Full-Time Equivalent (FTE) positions. To develop purchasers' expertise and independence when purchasing from companies working with people with disabilities, an e-learning training course was made available to the procurement function and the Group's disability officers.

(1) Expenditure calculated in the procurement function application, Codex (2017 data restated). The mapping of Codex expenses consolidates external spending by Groupe BPCE companies using the Group's procurement segmentation.

(2) Estimates

Cooperation with this sector has expanded and diversified, while initiatives already in place are still going strong. Groupe BPCE works with over 300 suppliers in this sector, purchasing traditional services such as landscaping and WEEE<sup>(1)</sup> management, as well as services related to its banking operations such as the cleaning and recycling of ATMs, outgoing client calls and check video-encoding. New services are being introduced throughout the Group, such as the management of medical check-ups, the scanning of HR files and the use of remanufactured printer ink cartridges.

The responsible purchasing and disabilities policy, which advocates working with stakeholders in the social and solidarity-based economy, is an integral part of a more global responsible procurement approach.

With this approach, the Group has undertaken to continue expanding its cooperation with EAs (*entreprises adaptées*), which are companies offering disability-friendly work environments, and with ESATs (*établissement et service d'aide par le travail*), which are establishments offering employment to disabled persons with special needs and unable to work in an ordinary setting, thus increasing the Group's indirect employment of such individuals.

The PHARE symposium aims to facilitate meetings between companies working with disabled persons and Group companies in order to encourage them to work more often with EAs and ESATs. This annual event, sponsored by the Human Resources and Procurement functions, also provides the opportunity to share best practices and thus facilitate the implementation of new initiatives.

Since 2016, the symposium has applied a new regional format in order to facilitate meetings between EAs/ESATs and the Group's companies in local regions. In 2018, the fourth symposium held in Ile-de-France involved thirteen Group entities. These symposiums provided the opportunity to share the Group's CSR commitments with staff and suppliers and to raise participants' awareness of responsible procurement. The theme was innovation, giving Groupe BPCE employees and invited partners the opportunity to learn about new activities offered by companies in the social and solidarity-based economy and start-ups in the region. Groupe BPCE strives both nationally and locally to expand sustainable, diversified and innovative procurement initiatives.

➔ PURCHASES FROM COMPANIES WORKING WITH DISABLED PERSONS

Indicator	2018	2017	2016	Change 2017-2018
Number of full-time equivalent positions in companies working with disabled persons (2018 estimate)	444	523 <sup>(1)</sup>	547	(15%)
Purchases from companies working with disabled persons (2018 estimate) (in thousands of incl. tax)	13,164	15,314 <sup>(1)</sup>	15,770	(14%)

(1) Data rectified with final figures.

## 2.4.2 Active sponsorship in the French regions

### SPONSORSHIP ACTIVITIES BY THE BANQUE POPULAIRE BANKS

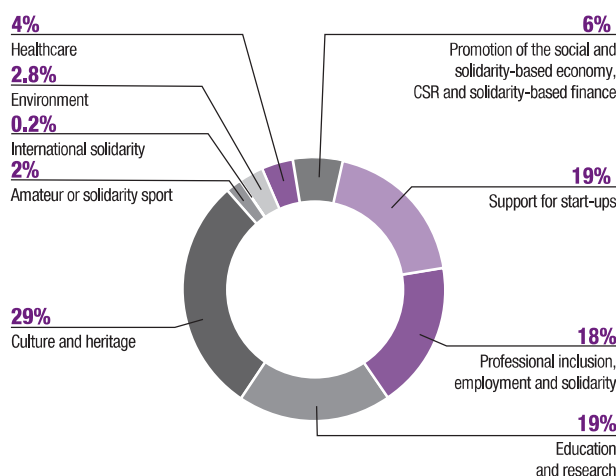
#### Local patronage and partnerships

The Banque Populaire banks are involved in initiatives in support of civil society in various areas. They are highly involved in supporting business creation (through microloans in particular), integration and solidarity, and actively support education and research. In order to take effective action in the local public interest and to structure their patronage, eight Banque Populaire banks have their own foundation and/or endowment fund.

Action taken by Crédit Coopératif and its foundation is mainly focused on supporting and promoting the social and solidarity-based economy, while the CASDEN Banque Populaire banks naturally focus on education and research.

In 2018, patronage activities by the Banque Populaire network represented nearly €11.5 million.

#### ➔ DONATION AMOUNTS BY CATEGORY



(1) Waste Electrical and Electronic Equipment

## National partnerships

In line with the Banque Populaire network's local initiatives, the FNBP maintains a patronage and partnership policy whose priorities for action are microfinance, education, and professional inclusion. The FNBP has created a donation fund to finance projects eligible for patronage as part of the patronage and partnerships policy it carries out for the Banque Populaire banks. The main partners involved in 2018 were ADIE, which finances and supports micro-entrepreneurs, and *Entreprendre pour Apprendre* (Learn Through Business), which aims to develop the entrepreneurial spirit among 8–25 year olds. In 2015, the FNBP stepped up its support for research with the creation of a "Management and Governance of Financial Cooperatives" research chair in partnership with the FNCE, BPCE and the IAE Paris graduate business school, and since 2017 by financing research projects on the cooperative banking model in partnership with the Burgundy School of Business. It is also a partner of the annual thesis contest organized by Institut Universitaire Varenne (an association that promotes the sharing of knowledge) in the "Private law on economic activities and financial cooperatives" category. The FNBP federation is a member of the European Microfinance Network (EMN) and Finances Et Pédagogie.

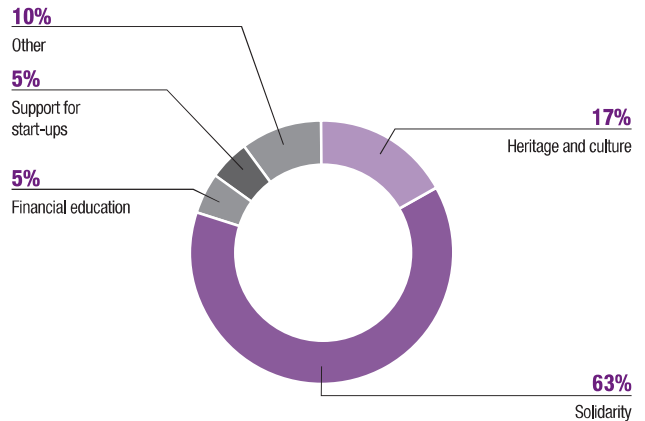
## Banque Populaire Corporate Foundation

The Banque Populaire Corporate Foundation is the patronage vehicle of the 14 Banque Populaire banks. As part of the Fédération Nationale des Banques Populaires (FNBP), its purpose is to help bold, talented and creative musicians, persons with disabilities and artists. Expert panels select candidates in the three categories and refer the winners to the Foundation's Board of Directors, which decides on how to allocate the financial support. The Board of Directors is composed of Chairmen, Chief Executive Officers and directors of Banque Populaire banks, an employee representative and panel Chairmen. The Foundation demonstrates its long-term commitment by supporting its winning candidates for between one and three years. For 26 years, these actions have illustrated the values that embody the history and strength of the Banque Populaire banks: solidarity, the entrepreneurial spirit and encouraging innovation. In 2018, the Banque Populaire Corporate Foundation supported 35 winning candidates in music (young instrumentalists and composers), 35 winners from the persons with disabilities category and 26 winners from the artists category.

## SPONSORSHIP ACTIVITIES BY THE CAISSES D'EPARGNE

A commitment to philanthropic activity lies at the heart of the history, identity and values of the Caisses d'Epargne. As a result of this historic commitment, the Caisses d'Epargne are among the leading patrons in France. In 2018, patronage activities totaled €31.3 million and 1,131 predominantly solidarity-based local projects were financed.

### → DONATION AMOUNTS BY CATEGORY



## Local patronage and partnerships

In line with its identity as a cooperative bank with strong local ties, each of the Caisses d'Epargne draws up its own philanthropic strategy according to local needs. To implement this strategy, the Caisses d'Epargne can either operate directly or *via* dedicated regional structures.

The Caisses d'Epargne share a commitment to following a structured and local approach, focusing on initiatives that have a significant social impact. They are supported by a network of 15 philanthropy managers, who build a common approach through the sharing of tools and best practices. This is illustrated by the partnership with Le Rameau, an advisory and research laboratory, with which the Caisses d'Epargne and their Federation carried out an in-depth analysis of alliances between companies and associations with the goal of developing innovative solutions to local requirements.

## National foundations

In addition to initiatives decided upon regionally, the Caisses d'Epargne also support the Caisse d'Epargne network endowment fund, and the Fondation Belem.

The Caisse d'Epargne network endowment fund promotes and supports public interest initiatives aimed at fighting exclusion and financial hardship as well as initiatives and programs providing humanitarian assistance. Its purpose has been extended beyond the Caisses d'Epargne to include support for local solidarity projects, such as the CapJeunes program organized by France Active. This project provides funding and support to help disadvantaged young people create a business. Since the launch of this partnership in 2016, nearly €278,500 have been awarded to the CapJeunes program, benefiting 103 young entrepreneurs.

The Caisse d'Épargne network endowment fund also supports Finances & Pédagogie ([www.finances-pedagogie.fr](http://www.finances-pedagogie.fr)). Thanks to the support received from the Caisses d'Épargne over the past 60 years, Finances & Pédagogie is able to organize educational programs on money matters across the country.

Fondation Belem was set up by the Caisses d'Épargne in March 1980 following the purchase of the Belem three-master, to enable the ship to continue sailing ([www.fondationbelem.com](http://www.fondationbelem.com)). Recognized as being in the general public interest, its purpose is to promote France's maritime history and to keep the last-remaining major 19<sup>th</sup>-century French sailing ship among the nation's cultural assets. The ship has been listed as a historic monument since 1984. In 2018, Belem spent seven months sailing in the Atlantic, the English Channel, the North Sea, and the Mediterranean, hosting 1,000 experienced sailors and novices over 116 days at sea, and 44,000 visitors during 36 days open to the public. In 2018 the ship took part in three major events: Ostend at Anchor, the Tall Ships Regatta from Liverpool to Dublin, and Bordeaux Fête le Fleuve, in June.

The Caisses d'Épargne also support athletics (basketball, handball and skiing: [espritbasket.fr](http://espritbasket.fr), [esprithandball.fr](http://esprithandball.fr) and [espritglisse.fr](http://espritglisse.fr)) through patronage and sponsorship activities.

## SPONSORSHIP ACTIVITIES BY NATIXIS

### Cancer research

Natixis has been a supporter of Fondation Gustave Roussy's cancer research since 2011. After its support of three teams researching the personalization of cancer treatment, Natixis renewed its commitment in 2016 by awarding a research grant to teams working in three cutting-edge fields of cancer research: immunotherapy, precision medicine and DNA repair.

Gustave Roussy, the leading cancer treatment center in Europe, has always strongly associated care with fundamental and clinical research, earning it world-renowned expertise in therapeutic innovation in cancer research.

In 2018, Natixis organized several events to raise awareness and funds in support of Gustave Roussy. It supported international breast cancer awareness month, Pink October, by taking part in the Odyssey race, and took part in initiatives to raise awareness of men's health issues in November, with internal events for employees.

## 2.4.3 Respecting business ethics in all Group business lines

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### PROMOTING A COMPLIANCE CULTURE: THE GROUP'S CODE OF CONDUCT AND ETHICS

Groupe BPCE published a code of conduct and ethics in 2018, in accordance with its strategic plan. This code was approved by the Executive Management Committee and the Supervisory Board's Cooperative and CSR Committee.

The code of conduct is:

- rooted in international values and standards;
- practical, with clear illustrative examples;

- divided into three parts: a message from Executive Management and principles of conduct, a business line approach for the definition of case studies (customer perspective, employer responsibility, societal responsibility), and validation and implementation across all Group institutions.

In view of its specific activities, Natixis also published a code of conduct in early 2018 – a master document setting out the main guidelines to be followed by employees in their relations with Natixis' stakeholders: its clients, teams and shareholders, as well as society at large.

[https://www.natixis.com/natixis/jcms/rpaz5\\_65439/fr/code-de-conduite](https://www.natixis.com/natixis/jcms/rpaz5_65439/fr/code-de-conduite)

## Guiding principles

The code of conduct and ethics was produced thanks to teamwork across the Group. It sets out the principles that guide employees in their work for the company, the economy and society and the rules of conduct that apply in their daily work.

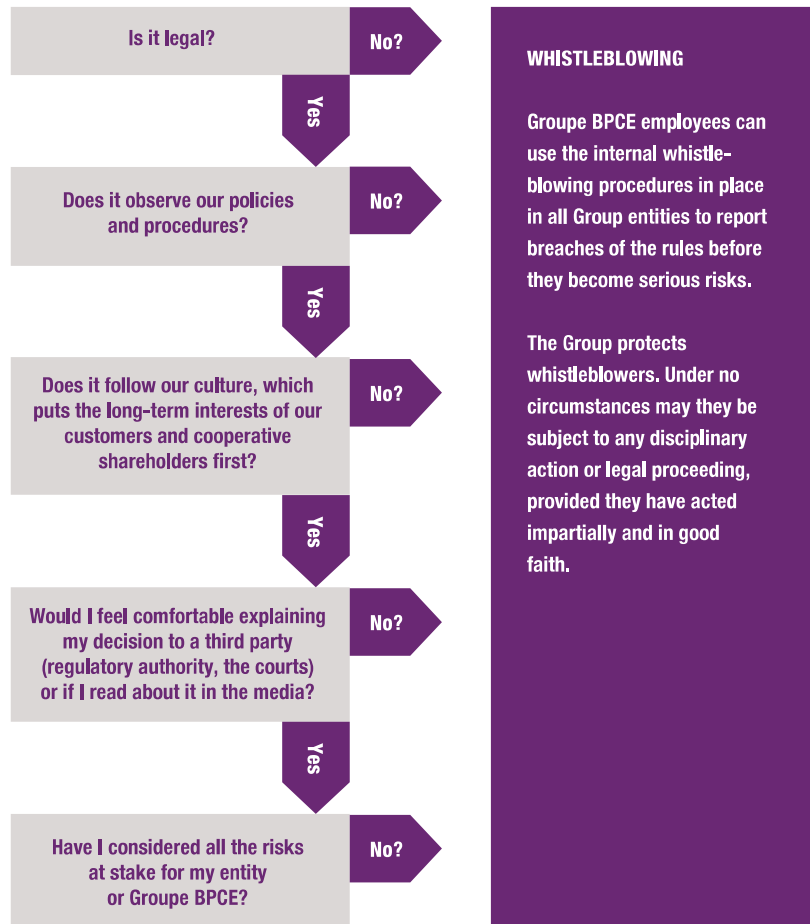
### ➔ OUR GUIDING PRINCIPLES



These rules of conduct are illustrated with real-life situations that any stakeholder may encounter, including employees, managers, directors and other parties. When contradictory influences are at play, it is important that employees have clear rules to help them make the right decision.

The code of conduct and internal policies and procedures provide clear instructions on how to behave, but they cannot provide a solution for all situations. Members of staff must exercise their judgment to make the right decision, drawing on the principles set out in the code of conduct.

Employees who are not sure that what they are about to do complies with the Code of Conduct should ask the following questions:



**Rollout of the code of conduct**

Once published, all employees will receive training on the code, an ethical governance system will be established, ethics will be incorporated in HR processes, and the code will be aligned with internal procedures.

**RESPONSIBLE COMPLIANCE APPROACH**

In accordance with internal control measures and the Group's risk, compliance and permanent control charter, Groupe BPCE's Risk, Compliance and Permanent Control division has set up several controls under its financial security and ethics and compliance frameworks.

**Prevention of money laundering and fraud**

In accordance with regulations on the organization of internal control at credit institutions and investment companies, the banks have

methods for detecting unusual transactions that are specific to their risk classification. These can be used, if needed, to conduct closer analysis and to submit the required reports to Tracfin (French financial intelligence agency) as promptly as possible. The Group's risk classification system takes into account "high-risk" countries (listed by the FATF, the OECD Global Forum on Transparency and Exchange of Information for tax purposes, Transparency International, the Directorate General of the French Treasury responsible for areas controlled by terrorist organizations, etc.).

With respect to compliance with restrictive measures related to international sanctions, Group institutions are kept informed by BPCE's Group Financial Security division and equipped with screening tools that generate alerts on customers (asset freezes on certain individuals or entities) and international flows (asset freezes and countries subject to European and/or US embargoes).



➔ TRAINING

Indicator	2018	2017	2016
Percentage of employees trained in their entity's anti-money laundering policies and procedures <sup>(1)</sup> (based on entity reports)	79%	90%	88% <sup>(2)</sup>

(1) Number of employees (on permanent, fixed-term, or work-study contracts) who have received anti-money laundering training in the last two years.

(2) Percentage calculated based on two years of training activity and for the average number of permanent full-time staff. Excluding BPCE SA group and CFF.

**Prevention of corruption**

Corruption, which is defined as an act in which a person offers or grants an undue reward to another person in exchange for an act falling within that person's remit, is a fraudulent and unethical behavior subject to severe criminal and administrative sanctions.

Groupe BPCE denounces corruption in all forms and in all circumstances. Accordingly, it is a signatory of the United Nations Global Compact, whose tenth principle states that "Businesses should work against corruption in all its forms, including extortion and bribery."

**Anti-corruption measures**

The Group strives to prevent corruption in order to guarantee the financial security of its activities, including in particular:

- by taking measures against money laundering and terrorist financing, measures against fraud, monitoring politically exposed persons, and complying with embargoes (see Chapter 3 of the registration document for more details);
- ensuring that employees observe professional rules of compliance and ethics by applying policies governing conflicts of interest, exchanges of gifts, benefits and invitations, confidentiality and professional secrecy. Disciplinary sanctions have been defined for any failure to respect professional rules governing the activities conducted by Group companies;
- exercising due diligence when making contributions to political campaigns or to government agents, donations, patronage and sponsorship, and lobbying;
- supervising relations with intermediaries and business introducers via groupwide standardized contracts describing the reciprocal services and obligations and contractually establishing compensation terms;
- mapping out exposure to corruption risks through Group activities;
- providing regulatory training on the rules of ethics in the industry and against corruption (e-learning course).

A whistleblowing system is available to employees and included in the internal rules. Employees have a procedure in place for implementing the whistleblowing system.

The Group has also defined standards and procedures governing KYC and due diligence procedures used for customer classification and supervision purposes. In the interest of organizing the internal control system, whistleblowing/detection tools and permanent control plans serve to bolster the security of this system.

BPCE also has accounting policies and procedures in place in line with professional standards. The purpose of the Group's internal control system for accounting information is to check the conditions in which such information is assessed, recorded, stored and made available, in particular by verifying the existence of the audit trail,

within the meaning of the Ministerial Order of November 3, 2014 on internal control. This control system is part of the fraud, corruption and influence-peddling prevention and detection plan.

From a more general standpoint, these systems are formalized and detailed in the umbrella charter governing the organization of Group internal control and the Risk, Compliance and Permanent Control Charter. Parent company affiliates and all BPCE subsidiaries have adopted these charters.

BPCE Procurement and Natixis are working to establish common rules for assessing the Group's suppliers in terms of anti-corruption rules.

Pursuant to the requirements of Article 17 of the French act of December 9, 2016 on Transparency, prevention of corruption and economic modernization (Sapin 2 Act), Natixis has also reviewed its anti-corruption policy, which is available on its website.

[https://www.natixis.com/natixis/upload/docs/application/pdf/2018-06/politique\\_anti-corruption\\_natixis.pdf](https://www.natixis.com/natixis/upload/docs/application/pdf/2018-06/politique_anti-corruption_natixis.pdf)

**Parent company and client company due diligence obligations**

As a French company with over 5,000 employees, Groupe BPCE is subject to the act of March 27, 2017 on the duty of due diligence of parent companies and client companies. This act requires the Group to prepare a due diligence action plan containing measures capable of identifying and preventing risks of violating human rights and fundamental freedoms, the environment, and occupational health and safety, associated with the activities conducted by BPCE as well as its subsidiaries, sub-contractors and suppliers.

The plan notably includes a risk mapping, risk assessment and mitigation measures and a whistleblowing system.

The Group sees this new regulatory obligation as an opportunity to reiterate and continuously improve its existing due diligence plan. It strengthens the environmental and social risk management framework implemented by the Group on a voluntary basis.

**Oversight and governance of the due diligence action plan**

In view of the issues covered by the due diligence action plan (human rights, health and safety and the environment), its scope (the company's own activities and the practices of its suppliers and sub-contractors) and the processes required, a number of divisions were involved in drafting the due diligence action plan.

Mindful of the importance of these obligations, BPCE created a working group comprising experts from several divisions such as Sustainable Development, Risks, Compliance and Permanent Control, Human Resources, Procurement, and Legal, alongside representatives of Natixis, a BPCE subsidiary also subject to the law on the corporate duty of due diligence.

Tasked with identifying the main risks liable to arise in the course of conducting its activities, the working group selected the following two risk approaches:

- an approach tailored to the activities and operations of BPCE and its subsidiaries;
- an approach specific to the procurement function, developed during the update of procurement processes as a whole.

Accordingly, in light of these identified risks, and with an obligation to provide resources, reasonable due diligence measures intended to prevent the risk of a serious violation of human rights and fundamental freedoms, or of health, safety or the environment, were identified and/or enhanced.

The overall implementation of the due diligence policy will be coordinated by the divisions involved in the working group and placed under the responsibility of the relevant operating divisions. The due diligence plan will be adapted over time as new issues and risks are identified.

**Due Diligence policy: review of risks and analysis of systems in place to manage these risks**

To prepare its due diligence plan, the Group reviewed its existing policies and their suitability in terms of the existing assessment tools and risk management approach, across the scope covered by the law.

The following scope was considered in terms of the risks incurred by the Group's activities:

- its members of staff;
- its business activities.

With regard to the Declaration of Human Rights of 1789, the Environment Charter or, more broadly, international law, a risk review was performed in terms of the following issues:

- issues involving human rights and fundamental freedoms, in particular discrimination, inequality, the right to privacy and family life, right to protest, freedom of association, and freedom of opinion;
- issues involving personal health and safety: health-related risk, failure to observe legal working conditions, forced labor, child labor, violation of worker safety and unequal access to healthcare;
- issues relating to the environment: risk of pollution (water, sea, soil), adverse impacts on the fight against global warming or biodiversity, waste management.

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

For the management of its employees, Groupe BPCE is aware that its first scope of responsibility lies in-house and to this end, it has a responsible staff management policy.

For the risks incurred by its members of staff – most of whom work in France – the most relevant areas requiring attention in terms of the activities performed by BPCE and its subsidiaries were deemed to be:

- preventing discrimination and promoting equal opportunities for men and women (see Chapter 2.5.1, "Promoting gender equality and diversity" section, and Chapter 2.2.3, "Public commitments made under exacting standards" section);

- promoting equal opportunities for visible minorities (see Chapter 2.5.1, "Equal opportunities" section);
- preventing discrimination against persons with disabilities (see Chapter 2.5.1, "Promoting gender equality and diversity" section, and Chapter 2.2.3, "Public commitments made under exacting standards" section);
- facilitating social dialog and the freedom of association (see Chapter 2.5.1, "Organization of labor dialog at the Groupe BPCE level", and "Freedom of association and the right to collective bargaining" sections);
- health and safety in the workplace (see Chapter 2.5.1, "Occupational health and safety", and "Occupational health and safety conditions" sections);
- non-compliance with legal working conditions (see Chapter 2.5.1, "Workplace accidents" section);
- equal access to law and healthcare (see Chapter 2.5.1, "Occupational health and safety" section and Chapter 2.2.3, "Public commitments made under exacting standards" section).

These topics are covered by the risk analysis performed for the non-financial performance report:

- employability and transformation of jobs;
- diversity among employees;
- working conditions.

These issues are already strictly monitored under existing legislation in France, in particular the Labor Code. Specific commitments or voluntary measures have been implemented for some of these topics, as described in the chapters referred to.

As a responsible company, BPCE ensures it applies ethical business practices by fostering a compliance culture among all members of staff through the Groupe BPCE code of conduct and Ethics. This is rounded out by a responsible compliance approach implemented by Financial Security and Compliance: anti-money laundering, anti-fraud and anti-corruption measures (see Chapter 2.4.3, "Prevention of money laundering and fraud" section). This risk is reported in the non-financial performance report in the chapter entitled "Respecting business ethics in all Group business lines".

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

- preventing discrimination and promoting equal opportunities for men and women (see Chapter 2.3.2, "Promoting the development of personal and professional microloans, in partnership with support networks" section);
- promoting equal opportunities for visible minorities (see Chapter 2.3.1, "Helping households and SMEs transform their way of life" section, Chapter 2.3.2, "Financing for the energy, ecological and social transition: offers tailored to our customers' needs" section, and Chapter 2.2.3, "Public commitments made under exacting standards" section).

These topics are covered by the risk analysis performed for the non-financial performance report:

- financial inclusion;
- financing the real economy and society's needs;
- more generally, *via* the risks relating to sustainable customer relations and customer protection and the transparency of the product offer.

Customers' right to privacy, data protection and cybersecurity are also points identified in respect of the due diligence action plan. This matter is covered in the non-financial performance report under

"data security". Measures have been taken to mitigate this risk in the Group information systems security policy (PSSI-G), which sets out the Group's security requirements (see Chapter 2.4.3, "Data protection and cybersecurity" section). More generally, as part of its business as a banker, ESG criteria are gradually being incorporated into the Group's risk policies. A paragraph on climate risk and strengthening CSR principles was added to the Group's credit risk policy in 2018. A new paragraph on the ESG risk assessment has also been added to round out sector policies (agri-food, automotive, construction and public works, communications and media, transport, etc.). The non-financial performance report covers this risk under "ESG risks" (see Chapter 2.3.3, "Integration of ESG criteria in retail banking sector lending policies" section).

In its financing activities, for several years now, Groupe BPCE and Natixis have addressed the human rights and environmental risks incurred by some of its financing activities, most notably by applying the Equator Principles for project financing and policies applied to sensitive sectors (see Chapter 2.3.3, "Measurement and monitoring of E&S risks and management systems by Corporate & Investment Banking" section).

In 2018, a new paragraph on the assessment of ESG risks was added to the Group credit risk policy (see Chapter 2.3.3, "Integration of ESG criteria in retail banking sector lending policies" section).

To round out this due diligence, in 2018, Natixis began working on a way to measure its clients' ESG risks at the onboarding stage. This project seeks to build an environment and social risk analysis solution for sectors of activity identified as being particularly at risk. The tool is based on questionnaires specific to each sector and gradually rolled out to existing and new customers.

### **Risk mapping specific to the procurement function**

In accordance with the French Due Diligence Act, and in a bid to adopt a concerted approach in the bancassurance business, BPCE Procurement (for Groupe BPCE) and three other banking groups decided to map out their CSR risks by procurement category. The CSR risk map and the corresponding due diligence plan were presented to the procurement and CSR functions in the last quarter of 2018. The map identifies risks of serious violations of human rights and fundamental freedoms, personal health and safety, and the environment, and prioritizes the necessary actions in each category. It also incorporates the risk associated with the country in which the majority of the added value on each product or service is generated.

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

Procurement managers at Groupe BPCE entities may apply this due diligence system on a voluntary basis, teaming up with the CSR manager to prepare a joint procurement-CSR action plan. BPCE Procurement has provided training to familiarize the procurement and CSR functions with the new tools (risk mapping, CSR assessment, implementation of appropriate risk prevention or mitigation plans).

Furthermore, an indicator will be defined to monitor the percentage of Requests for Proposals (RFPs) including a CSR assessment of bidding suppliers. The indicator will be calculated using the number of RFPs that include a CSR rating in the overall supplier rating out of the total number of RFPs targeted in the due diligence action plan. Another indicator will be used to keep track of the percentage of RFPs significantly incorporating CSR criteria in the assessment of a supplier's overall performance.

### **Whistleblowing**

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

The current whistleblowing procedure will be supplemented by the effective implementation of the obligations arising from the French Due Diligence Act in the first half of 2019.

### **Combating tax evasion**

Groupe BPCE conducts most of its activities in France, in accordance with a regional cooperative business model. Through its subsidiary Natixis, the Group serves multinational enterprises and has thus established commercial operations all around the world. Its presence in different jurisdictions is justified for such commercial reasons and not for the purpose of enjoying any specific tax advantages.

### **Groupe BPCE transfer pricing policy**

Groupe BPCE's transfer pricing policy observes OECD recommendations and does not give rise to indirect profit shifting.

The general underlying goal is for profits to be taxed where the value is created, in line with OECD transfer pricing guidelines and with local tax rules.

Groupe BPCE applies the arm's length principle to ensure that the parties to intragroup transactions are paid the amount they would normally receive on the open market, that transfer pricing methods are applied consistently and that transactions are performed responsibly and transparently.

Groupe BPCE prepares transfer pricing documentation for its intragroup transactions to comply with local transfer pricing documentation requirements in the countries where its entities are located.

### **Transfer pricing tax compliance**

French legislation requires the completion of several specific tax returns and disclosures on transfer pricing.

In December 2018, Groupe BPCE adhered to the new Country-by-Country (CbC) report, including data taken at December 31, 2017. This new report was created in accordance with Action 13 of the OECD's Base Erosion and Profit Shifting (BEPS) action plan – a coordinated international approach to combat tax evasion by multinational enterprises. The French General Tax Code requires the arm's length principle be applied to intragroup transactions.

Groupe BPCE entities are subject to regular tax audits during which the authorities review the compliance of its transfer pricing policy.

Financial institutions are also subject to specific annual reporting requirements (under the European CRD IV Directive), calling for an itemized disclosure of corporate tax paid in all countries of operation. This report is included in Groupe BPCE's annual registration document.

### **No commercial presence in non-cooperative states or territories**

Groupe BPCE does not conduct any business in non-cooperative countries and territories and has no registered offices in these countries.

The French tax authorities publish a list of non-cooperative states or territories pursuant to Article 238 O A of the General Tax Code. The latest list includes the following countries: Botswana, Brunei, Guatemala, Marshall Islands, Nauru, Nioué, Panama.

## **RESPONSIBLE MARKETING AND CUSTOMER PROTECTION**

### **Governance and supervision of products and CSR analysis of new products and services**

When Groupe BPCE was founded in September 2010, it established an approval procedure for new banking and financial products and services aimed at customers of both networks. This procedure primarily aims to ensure that the risks associated with sales of products and services to customers are adequately managed. It does so by ensuring that all relevant regulatory requirements, in particular those intended to protect customer interests and personal data, are factored in to the design, promotional documents and terms of sale of each product while still meeting customer requirements. The importance of protecting customer interests and data has grown with the development of digital services and applications in the banking and financial sector (in particular pursuant to the General Data Protection Regulation, which took effect on May 25, 2018).

The procedure draws on BPCE's various areas of expertise (including in particular legal, finance, risk, information systems, compliance, taxation, security). Contributions from experts in these areas are presented to the Review and Validation Committee for New Groupe

BPCE Products (CEVANOP), and all aspects of each new product or service (or updates, as applicable) must be approved before it can be brought to market.

This procedure is implemented by the central institution for both networks. In addition, each network defines its own new product/service procedure, aimed at ensuring that the Group product and service range is properly integrated in the operating methods of the network institutions, and that products sold to customers meet their requirements while keeping risks under control. This requires appropriate training for advisors and CRMs alike. A similar procedure also applies to the sales process (particularly the remote selling process) and to the materials used to promote products and services to the Group's customers on a regular basis.

The Compliance function coordinates the approval of national sales challenges, ensures that conflicts of interest are managed properly and guarantees that customer interests always come first.

Compliance is careful to ensure that sales procedures, processes and policies guarantee that compliance and ethics rules are observed at all times for all customer segments, and in particular that customers are given suitable advice with respect to their situation and their needs.

The Group has not implemented a systematic CSR labeling scheme covering all of its banking products. Products with major CSR implications, environmental products and social and solidarity-based products belong to a separate range to make them easily identifiable for customers, including Mirova's range of investment funds and SME finance funds, particularly for innovative SMEs (FIPs – local investment funds, FCPIs – innovation investment funds, see Chapter 6.2.1 "Responsible investment").

### **Transparency of the product offer**

The Group places great importance on keeping customers properly informed through branch displays and contractual, pre-contractual and commercial documents. Group institutions have been provided with a compliance guide listing all their associated obligations. In addition, the product governance procedure ensures that all commercial documents are validated beforehand by the Compliance and/or Legal division. To ensure that all employees fully understand the importance of preventing these risks, they are specially trained in banking law (customer protection: banker's duty to advise, protection against over-indebtedness, etc.), the right to hold an account, and vulnerable customers.

### **Customer protection**

The Group's reputation and the trust of its customers are strengthened when the products and services it sells comply with regulations and the information it supplies is reliable. To maintain this trust, the Compliance division makes customer protection a top priority.

To that end, Group employees regularly receive training on customer protection issues to maintain the required level of customer service quality. These training sessions are aimed first and foremost at promoting awareness of compliance and customer protection among new hires and/or sales team employees. Additionally, ethics and compliance training, entitled "Fundamentals of professional ethics", has been set up for all Group employees.

The new Markets in Financial Instruments Directive (MiFID II) and PRIIPS (Packaged Retail Investment and Insurance-based Products) Regulation, both of which are subject to careful consideration by Groupe BPCE, are specifically designed to strengthen market transparency, contracts between manufacturers and distributors, and investor protection. They have an impact on the Group in its role as a distributor of financial instruments by enhancing the quality of the customer experience in terms of financial savings and insurance products (Insurance Distribution Directive, or IDD):

- adjustments to customer and KYC data collection (customer profile, characteristics of customer plans in terms of objectives, risks and investment horizons), but also an updated questionnaire on customers' financial investment knowledge and experience to ensure that suitable advisory services are provided;
- adaptation of offers associated with the financial services and products sold;
- formalization of customer advice (suitability report) and the customer's acceptance of said advice (issuance of customer alerts where necessary);
- arrangement of relationships between manufacturers and distributors in order to meet the new applicable regulatory requirements;
- inclusion of provisions related to the transparency of fees and charges according to required granularity;
- production of value-added reports for customers and recording of conversations for customer relations and advisory purposes;
- disclosure of transaction reports to regulators and the market, best-execution and best-selection requirements;
- participation in the development of employee training and the change management program related to these new provisions.

### Compliance of investment services and insurance

Within the scope of investment services, BPCE has adapted its sales procedures governing financial savings products to incorporate the impacts of the Markets in Financial Instruments Directive and Regulation (MiFID II), the Insurance Distribution Directive (IDD) and the Packaged Retail Investment and Insurance-based Products Regulation (PRIIPs). Some sales processes are transitional, with ongoing IT developments and a remediation plan aimed at securing these processes.

Accordingly, specific governance and supervision of products covered by MiFID II has resulted in the establishment of:

- a committee in charge of validating model securities portfolios, meeting semi-annually since the third quarter of 2018 to monitor the performance of risk asset allocations, perform a macroeconomic review, and prepare an allocation analysis and outlook;
- a product Governance and Supervision Committee, working alongside manufacturers, from the first quarter of 2019: exchanging information between manufacturers and distributors,

and overseeing distribution strategy, product changes and investor protection.

With the transposition of the Market Abuse Directive and Regulation, the Group began using a market abuse alert analysis and reporting tool covering the Banque Populaire banks, the Caisses d'Épargne and their subsidiaries. A virtual assistant is being rolled out to help staff members analyze alerts reported by the Group's information systems.

The Group's market abuse memorandum has been updated and compliance staff are given special training to enhance their due diligence in the analysis of market abuse alerts.

Lastly, the SRAB KPI measurement methods (regarding the separation of banking activities) recommended by the AMF and ACPR were implemented throughout the Group.

### Customer satisfaction and quality policy

***The Satisfaction 2020 program was launched in 2018, aiming to make each Group institution the preferred bank of customers in its local area***

In 2017, the Group rolled out customer survey solutions to help the brands – from the branch to the head office – effectively boost customer satisfaction on all markets.

For example, customers are spontaneously contacted once a year to give their opinion on their overall experience with their bank and also each time they have a meeting with their customer advisor.

In 2018, a total of 24 million customers were surveyed, providing a snapshot of customer satisfaction in real time and the opportunity to make improvements to customers' mobile experience or their experience in their branch or with their advisor. All members of staff can now access a mobile phone app that shows customer satisfaction levels in real time.

Another big step forward was taken in the Satisfaction 2020 plan in 2018 with the implementation of two major transformation programs allowing each Group entity to challenge the leading players in their local areas:

- the first program, targeting individual and professional customers, is focused on "keeping things simple, maintaining a close relationship with the customers and offering the benefit of the bank's expertise";
- the second program, targeting corporate customers, is focused on "being responsive and proactive".

These programs are intended to enhance performance in terms of everyday banking experience and at key times in the customer's life.

They clearly reflect customer satisfaction drivers and provide each entity with needed to implement them successfully.

Tapping into its collective intelligence, rooted in cooperative and regional experience, the Group was able to identify and share best practices with all entities.

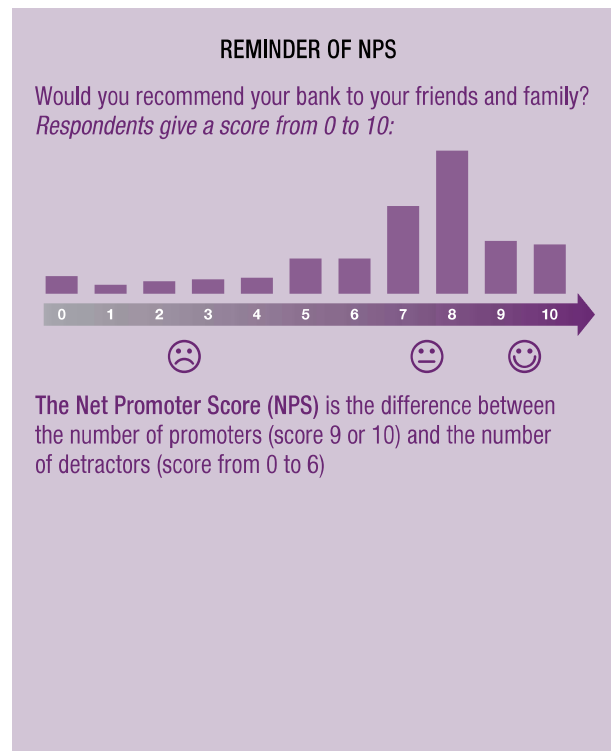
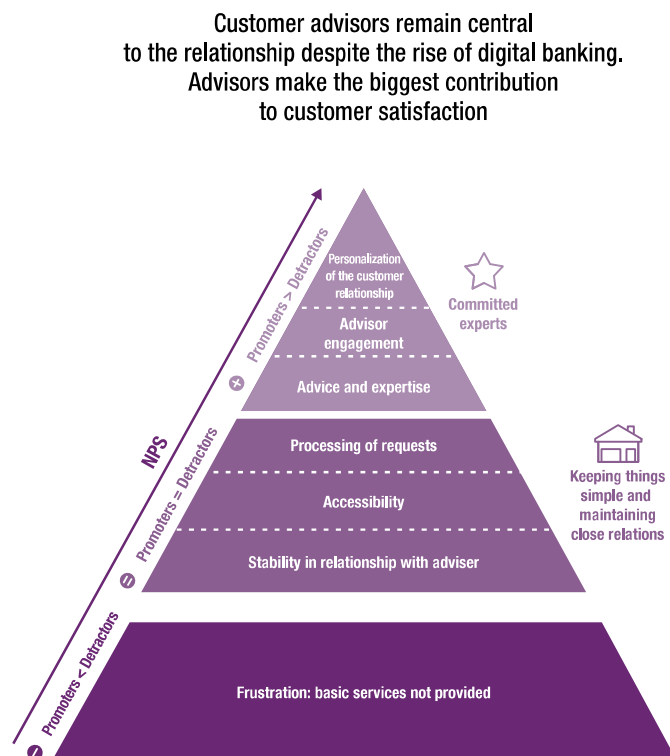
These programs were very well received and, from their first year of operation increased our NPS on the individual customers market (the first to benefit from them) by 8 points for the Banque Populaire banks and by 9 points for the Caisses d'Épargne.

In late 2018 and through 2019, the Group is entering a new phase in the program with the roll-out of the "relationship banking attitudes"

component aimed at fostering customer recommendations. The aim is to deliver reliable, solid, responsive services on a daily basis.

	At 12/31/2018	A 12/31/2017	Change 2017-2018
Net Promoter Score - Banque Populaire banks	(10)	(19)	9 points
Net Promoter Score - Caisse d'Epargne	(17)	(25)	8 points

**Components of the Net Promoter Score (NPS)<sup>(1)</sup>**



**Complaint management**

Complaints are handled at three successive levels: the branch or business center in charge of the relationship, the Customer Relations department and finally the independent mediator, who can be brought in free of charge if the dispute persists. The mediator has multiple resources available and a special website where mediation requests may be submitted online.

Customers are informed of the complaint management procedure, and the information needed to contact the three management levels, on the Group's institutional websites, and in the price guides and general terms and conditions.

All Groupe BPCE entities have a department that handles customer complaints. The procedure for discussing or transferring complaints between the Customer Relations departments of Group institutions, and those of the subsidiaries, is organized to ensure that each complaint is addressed as quickly as possible.

The complaint management procedure is closely monitored in terms of the reasons for the complaint, the products and services involved,

and handling times. A report is then periodically submitted to Groupe BPCE bank directors, Internal Control departments and all sales structures.

60% of complaints are addressed in less than 10 days. The average processing time in 2017 was 16 days<sup>(2)</sup>.

Employees review complaints in an effort to detect any problems, failings or improper practices and thus define corrective actions for implementation with the relevant divisions.

This continuous improvement process is also aided by customer comments shared through satisfaction surveys and observed through an Internet watch.

Additionally, to meet regulatory requirements in terms of alternative resolution of consumer disputes, in 2017 the Banque Populaire network established a consumer mediation procedure backed by its national federation. The aim of this new service is to seek an out-of-court solution to disputes between banks in the Banque Populaire network and their non-professional customers.

(1) Sources: Customer Satisfaction division, based on SAE satisfaction surveys – TILT customer expectation surveys  
(2) ACPR figure, recorded in June of the following year.

## DATA PROTECTION AND CYBERSECURITY

### Organization

The Group Security division (DS-G) establishes and adapts Group IT System Security policies. It continuously monitors information system security, and performs an associated technical and regulatory watch, at the consolidated level. It also initiates and coordinates Group projects aimed at reducing risks within its remit.

DS-G represents Groupe BPCE in its relations with banking industry bodies and public authorities.

As a contributor to the permanent control system, the Group Head of Security reports to the Compliance, Security and Operational Risks division. Within the central institution, the Group ISS division also works regularly with the Group's Inspection Générale division.

Groupe BPCE has established a groupwide Information System Security function, which comprises the Head of Group IT System Security (RSSI-G), who coordinates the function, and the Heads of IT System Security for all Group entities.

The Heads of IT System Security for parent company affiliates, direct subsidiaries and EIGs work under the functional authority of the RSSI-G. This authority is exercised through coordinated actions:

- the RSSI-G is notified of the appointment of any Heads of IT System Security;
- the Group's IT system security policy is adopted by the entities, each of which must provide the Group Head of IT System Security with a details on how the policy will be applied, prior to approval by Executive Management and presentation to the Board of Directors or the Management Board;
- a report on the institutions' compliance with the Group's IT system security policy, permanent controls, risk level, primary incidents and actions is submitted to the Group Head of IT System Security.

### Activities in 2018

The Group's IT system security policy (PSSI-G) incorporates the Group's security requirements. It is comprised of an IT System Security framework associated with the Group's Risk, Compliance and Permanent Control Charter, 391 rules divided into 19 categories and three organizational instruction documents<sup>(1)</sup>. It is revised annually for continuous improvement purposes. The 2018 revision incorporated the results of an assessment of the compliance and criticality level of each rule in the PSSI-G, conducted over the course of the year with all institutions, as well as the change in the Group's organizational structure and governance.

Moreover, the Group ISS permanent control framework was overhauled and will be rolled out to all companies in 2019.

Oversight of ISS governance and risks was enhanced in 2018, mainly by incorporating new features in the Group's Archer platform (mapping of ISS risks):

- management of the PSSI-G for oversight and coordination purposes:

- identification by each institution of the PSSI-G rules applicable to its scope of operation,
- assessment by each institution of its compliance with applicable PSSI-G rules,
- feedback by each institution on exemptions to the applicable rules, for which a compliance breach was observed;
- management of ISS action plans;
- classification of IS assets.

### General Data Protection Regulation (GDPR) systems

Under the program aimed at bringing the Group into compliance with the requirements of the General Data Protection Regulation (GDPR), a GDPR project support system was established, including digital projects, conducted in accordance with an agile development cycle:

#### Organization

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

#### Resources

- implementation of a groupwide GDPR program comprising 12 projects covering different issues: legal/regulatory aspects, compliance, IT, human resources, processes, sub-contracting;
- mapping of personal data processing;
- creation of a shared center of expertise to support personal data protection projects: risk analysis, identification of risk mitigation and protection measures, etc.;
- capitalization on existing ISS and anti-cybercrime resources:
  - the Group's IT system security policy (PSSI-G), incorporating the Group's security requirements,
  - defense-in-depth strategy, in particular with the definition and implementation of best practices for secure application development,
  - information leakage identification systems,
  - VIGIE (collective cybersecurity vigilance system),
  - the Group Computer Emergency Response Team (CERT).

#### Controls

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

(1) Operating procedures of the Groupe BPCE IT System Security department, ISS permanent control, classification of sensitive IS assets.

- specification of a groupwide GDPR permanent control database, used to verify that the Group's personal data protection requirements are applied.

### Anti-cybercrime mechanisms

As a result of its digital transformation, the Group's information systems are becoming increasingly open to the outside (cloud computing, big data, etc.) and many of its processes are gradually going digital. Employees and customers are also increasingly using the Internet and interconnected technologies such as tablets, smartphones and mobile applications.

Consequently, the Group's assets are constantly more exposed to cyber threats. The targets of these attacks are much broader than the information systems alone. They aim to exploit the potential vulnerabilities and weaknesses of customers, employees, business processes, information systems and security mechanisms at Group buildings and datacenters.

In 2016, the ECB carried out a cybersecurity audit of Groupe BPCE, covering governance of risks, cybersecurity and information technology, with a special focus on online banking security for the Banque Populaire banks and Caisses d'Epargne. Recommendations were made to Groupe BPCE in summer 2017.

A number of initiatives aimed at enhancing anti-cybercrime mechanisms were continued in 2018.

### Enhanced user authorization checks

In conjunction with Natixis, the Group strengthened the user authorization review procedure (launched in 2015) for cross-business information systems (Natixis and BPCE). The number of information system applications included in the scope of the review was increased to 58 in 2018.

### Enhanced detection of unusual IT flows and events (cyberattack detection):

- a 24/7 Group Security Operation Center (SOC) was created, including a Level 1 supervisor;
- Groupe BPCE's CERT (Computer Emergency Response Team) works with the InterCERT-FR community run by ANSSI;
- the Group is working to strengthen its presence in the European CERT community;
- in early 2019, the VIGIE community (Groupe BPCE's collective due diligence system) will be expanded to include the Banque Populaire banks and the Caisses d'Epargne, in order to improve communications and oversight on their private information systems.

### Cybersecurity awareness

In addition to maintaining the groupwide ISS awareness program, 2018 saw the development of a new employee ISS training/awareness-raising plan to be implemented in 2019 and the Group's participation in "European Cyber Security Month".

Within BPCE's scope of operations, the massive user authorization review defined in 2010 was continued. As of 2018, 194 applications have now been included in the scope of review of user rights and authorization management procedures, 165<sup>(1)</sup> of which were reviewed in 2018. Not only are applications reviewed, but also user rights to IT resources (distribution lists, shared mailboxes, shared files, etc.).

Moreover, new employee awareness-raising campaigns were launched:

- GDPR awareness;
- phishing test and phishing awareness-raising campaign;
- participation in new employee acclimation meetings.

(1) Some identified applications are inactive (11), some have no users (6), some are duplicates (5), some are simply technical building blocks (3) and others are at the planning stage.



## 2.5 Responsible internal practices

Groupe BPCE is aware that its responsibility begins in-house, and it factors environmental and social criteria into its everyday operations with a three-pronged approach:

- responsible, committed employee management practices;
- mitigation of the Group's direct environmental impact;
- promotion of Corporate Social Responsibility among Group suppliers: this approach is explained in detail in Chapter 6.3.

### 2.5.1 Employees: helping to build and develop the Group

#### COMMITMENTS TO EMPLOYEES: THE HR CORNERSTONE OF THE TEC 2020 STRATEGIC PLAN

The new strategic plan, TEC 2020, reaffirms Groupe BPCE's commitments towards its employees in its HR actions and policies.

TEC 2020 sets new objectives to meet the Group's development ambitions and challenges, and defines the corresponding transformations for all business lines.

2018, Year 1 of the TEC 2020 plan, represented continuity in the principles that guide the Group's actions and commitments towards its employees. It also saw the launch of the first initiatives designed to meet our objectives for 2020.

The HR commitments set out in the TEC 2020 plan center on two key areas:

- a strong employer promise: to develop employability, enable employees to drive change, simplify the employee experience and promote diversity;
- attract and retain the best talent: develop the Group's employer image, review recruitment methods and facilitate mobility.

Whether in response to the HR objectives set out in TEC 2020 or in support of other actions, the HR policy defined at the Group level benefits from fundamentals shared by all of its companies, relying on proven HR practices and structures, namely:

- innovative solutions for those working to improve HR performance;
- an HR function that co-builds solutions with the business lines;
- social solidarity organized among all Group companies;
- forward-looking management of senior staff with the Group's future development in mind;
- an efficient HR management control system aimed at overseeing and monitoring HR policies (particularly governing employment), using shared tools;
- internal communication to support this strategy in all HR areas.

All Groupe BPCE companies are committed to a responsible human resources development policy, which:

- respects people in all of their diversity;
- is firmly committed to valuing employee skills and promoting career development;
- ensures that new employees are successfully acclimated and all employees are given opportunities to develop their skills.

#### A strong employer promise

##### *Developing employability*

Given the rapid, far-reaching changes sweeping all our business activities, it is important to mobilize resources and systems to foster upskilling among members of staff, supporting them as they go through career changes and thereby increasing their employability.

Creating the bank of the future with today's employees, fostering the transformation of our businesses and building an environment that encourages career development... these ambitions can only be met with a high quality training policy.

Employee training:

Professional training initiatives in 2018 were directly tied to the 2018-2020 strategic plan. They are the first step in measures designed to accelerate the bank's transformation. These initiatives are primarily aimed at employees whose jobs are directly impacted by the transformation plan, while maximizing the employability of all members of staff.

Accordingly, the training courses provided in 2018 targeted advisory, specialized advisory and management staff because of their close professional ties to our distribution model, new customer segmentations and goal of improving the relationship banking model for even greater customer satisfaction.

In keeping with our employer promise to increase training hours by 25%, in order to maximize employability, Groupe BPCE's training policy focused on three main areas in 2018:

- upskilling to facilitate the bank's transformation;
- using appropriate teaching methods and formats;

- and supporting managerial changes.

Upskilling to facilitate the bank's transformation:

### B'digit rolled out groupwide

An individual quiz was included directly in B'digit, the mobile learning solution intended to develop employees' digital skills. The personalized training course recommends fun training "assignments", each lasting around ten minutes, divided into two main categories:

- basic digital skills: a general introduction to the main changes in consumption and communication methods;
- online banking: learning about the Group's online banking features, understanding how they work, and knowing how to talk about them to different audiences (e.g. Banxo, Cyber). The goal is for all Groupe BPCE employees to have digital training so they can understand the major transformations affecting our environment and the new rules they imply.

B'digit allows employees to continuously develop their skills, keeping pace with innovations and new digital applications developed by BPCE.

### Appropriation of omni-channel relationships

To bolster its omni-channel distribution policy, BPCE and eight Group companies created a training program entitled "Pass Omnicanal".

This program addresses how advisors need to change their approach in a "phygital" market impacted by technological transformation, new customer preferences and the emergence of new digital environments.

It follows the service-minded approach and helps advisors adapt to each customer segment and the corresponding levels of customer relations.

In November 2018, 21 companies took part in the Pass Omnicanal pilot scheme, which will be rolled out groupwide in early 2019.

### Specialized advisors

The Group's relationship banking model will require 50% more specialized advisors by 2020. The career paths that currently allow access to positions as Professional CRMs, Private Banking CRMs, Corporate CRMs and Market CRMs have been updated with the double goal of enhancing expertise and facilitating the rollout of these positions in all local regions.

- after completing the Professional CRM training course provided by branch entities, employees can choose to complete a Pro CRM Bachelor's degree with the *Centre de Formation de la Profession Bancaire* (notably via their CPF personal training budget allowance);
- Paris Dauphine University now offers part of its Financial Advisors degree as an e-learning course, with equivalent opportunities in the regions;
- the new Corporate CRM training course provides cross-disciplinary skills in different specialized markets.

At the same time, to facilitate the professional development of specialized advisors, the Group's training offer added new content to enhance business and interpersonal skills, focusing on customer acquisition and retention, and to improve expertise in the agricultural, self-employed professionals and private banking sectors.

### Service-minded approach

As social media become omnipresent and customers become increasingly connected, they expect a faster, higher-quality response from our advisors. More than ever, customers expect to see a human approach throughout their entire digital experience.

Over and above service quality, which is essential, customer satisfaction increasingly depends on the added value provided by the advisor.

The HR Lab has mapped out expected behaviors and put together an advisor pack, currently being tested at selected companies.

In addition, for Private Banking, an "Excellence in customer relations" training program has been rolled out.

### Constantly adapting to new regulatory requirements

The Group's companies have made considerable investments to comply with new regulatory requirements. A training optimization project was launched in this area in early 2018. By better organizing and combining content common to multiple regulatory obligations, training time was reduced by nearly 20%.

- training in the new Markets in Financial Instruments Directive (MiFID II), adapted to the different customer markets, was rolled out in January 2018. This training program was rounded out by a skills assessment and adaptation system (DEAC), which identifies areas where employees need more training and focuses the content on the skills they need to enhance before they can sell financial instruments;
- the new sales interface, *L'Épargne Active* (LEA), allows advisors to recommend a tailored investment allocation to each customer, in accordance with MiFID II requirements. A large-scale training program was organized for the roll-out of this new system;
- as of January 1, 2017, pursuant to the French act on Housing Access and Renovated Urban Planning (ALUR), real estate service providers must complete at least 14 hours of training per year (or 42 hours over the past three years);
- the 7 hours of mandatory annual training required by the Mortgage Credit Directive (MCD) were completely overhauled in 2018 and a second course was added;
- The Risk, Compliance and Permanent Control functions produced a new serious game, *Risk Pursuit* to enhance risk management and control culture among all members of staff in a fast, fun format;
- the new General Data Protection Regulation (GDPR) strengthens some of the key principles of the existing Data Protection Act (*Loi informatique et des libertés*) and creates new rights in terms of personal data protection. An e-learning training module was provided for all members of staff, comprising a video and quiz on each topic;
- the "Fundamentals of professional ethics" training course added two new modules focused on bribery risk as defined in the Sapin 2 Act.

### Using appropriate teaching methods and formats

Given the extent of the Group's training efforts and the various new learning methods out there, we need to constantly modernize our teaching methods and formats, and find new ways to motivate participants.

New formats were added to the training offer in 2018, focusing on:

- fun ways of learning (Risk Pursuit, GDPR, etc.);
- modular content tailored to employee requirements (B'digit, DEAC, etc.);
- certification programs, which formally recognize skills acquisition and improve employability (Financial Advisors degree, Pro CRM Bachelor's degree, etc.).

#### Supporting managerial changes

Rapidly increasing technological advances, new organizational structures, and the transformation of our companies mean it is necessary to rethink many of our activities, working methods, collaborative processes and managerial practices. Accordingly, management – the keystone of these transformations – has been given extra support by the Group's companies.

#### Mobilization of teams and change management

Given the nature of the transformations affecting our banking model, it is essential to review the management model in detail. In 2018, many Group companies initiated or continued significant training efforts to establish a more collaborative approach to management, fostering service-driven employee engagement, and promoting the behavior expected of employees in their relations with customers.

#### Managerial agility

Many Group companies organize co-development workshops and reverse mentoring initiatives to help managers adapt in today's constantly changing environment.

#### Promoting different attitudes and behavior: the service-minded approach

Customer service is central to our business. Customers are the focus of all our efforts, and meeting their needs is a long-term performance driver. Our priority is to satisfy our customers, and developing a service-minded approach is a means to that end.

In the TEC 2020 strategic plan, the Group makes two promises to its customers: to keep things simple and maintain a close relationship, and to offer the benefit of the bank's expertise. We help our employees develop a service-minded attitude and use appropriate gestures, words and actions.

#### Enabling employees to drive change

Another part of our strong employer promise is to enable employees to drive change.

This requires support from managers, who must listen and provide direction. It also involves developing collaborative working methods, made possible with the launch of the groupwide social network, Yammer, and through other initiatives taken by Group companies in this area.

Two major assessment and monitoring systems were set up to gauge the impact and perception of these initiatives:

#### Measuring satisfaction at key stages of an employee's career

- The TEC 2020 strategic plan places particular emphasis on the quality of the employee experience as well as the customer experience. Employee satisfaction is monitored at key stages in their careers (recruitment, mobility, promotion to management level, etc.).

- At each key stage, employees receive a short questionnaire. Their feedback is anonymized and used to develop concrete operational action plans. The insight it provides into employees' everyday lives at work helps with the continual improvement of HR processes.

#### Employer survey

To measure employee satisfaction, an internal opinion survey ("Diapason") was sent to 76,000 staff members from 35 Group companies in 2018. The survey covered the following topics: the digital revolution, new business lines, management, working conditions, human resources management, etc. As in the 2016 survey, employees had the opportunity to freely, individually, and directly express their opinions and expectations in terms of their careers and their support for the Group's strategy.

#### HR Lab

An HR Lab was set up following the decision set out in the TEC 2020 strategic plan. The goal is to use our collective intelligence to co-build HR solutions for the Group.

The idea is to draw on Agile methods to build cross-disciplinary solutions and move away from the function-based approach towards an internal client-based approach.

The HR Lab started with an HR Hackathon that brought together forty employees from different backgrounds assisted by coaches to upgrade the HR function's operating methods and develop a service-minded approach.

This pilot scheme led to the construction of a system to enhance service-minded attitudes in order to boost customer satisfaction and recommendations.

#### Enhancing and simplifying the employee experience

Under the TEC 2020 plan we will pursue our efforts to simplify and digitize our HR processes and develop collaborative working tools.

#### Digitization of HR processes

The Group's HR IT team continued to develop and roll out digitized HR services throughout the year.

Digital solutions were implemented to facilitate employees' everyday lives, for example some companies introduced electronic pay slips, which were widely appreciated (over 80% of employees opted for this new format), a new responsive training platform with new experiences was made available to employees, managers and trainers, and a digital individual employee pay & benefits review was produced and rolled out.

Job applicants also enjoyed an improved experience with a new environment available via the Group's recruitment platform and job websites.

Nearly 70% of employees and applicants had signed employment contracts or amendments electronically at the end of 2018.

#### Promoting gender equality and diversity

Groupe BPCE places great importance on gender equality, having reaffirmed its objectives and commitment to improve in this area in its new TEC 2020 strategic plan.

In line with previous gender equality initiatives, the Group intends to develop gender equality among company directors and executives.

**Increasing the number of female company directors**

This ambition involves stepping up efforts to identify and support women with the potential to hold senior management positions.

To that end, more will need to be done to identify, monitor and develop potential candidates – and particularly female candidates – based on the following principles:

- female employees identified during Individual Potential Reviews are interviewed by the Company Directors Management team;
- three individual meetings are proposed under the Group's Talent and AMP programs, and they give rise to individual career plans;
- for each senior management vacancy, the Company Directors Management team proposes one or more female candidates.

**Increasing the number of female executives**

Groupe BPCE has been committed to gender equality ever since it was founded in 2009. At end-2018, over 56% of all Group employees were women. The number of women executives has always been an important indicator for the Group. The percentage of women executives increased from 36.2% in 2010 to 42.9% at the end of 2018. This sharp rise (+6,7 basis points) is not enough, however, to achieve the goal set in the previous strategic plan (i.e. 45%).

The Group HR department is working with all Group companies to promote gender equality policies. It provides staff, middle management and senior management teams with tools to raise awareness.

The *Réussir sa carrière au féminin* (achieving success in your career as a woman) training program for women executives, set up in 2014, has the following goals:

- to pinpoint key success factors and any aspects that can hinder successful careers;
- to develop leadership skills by increasing women's visibility and impact;
- to clarify women's aspirations, develop a motivating career plan and provide the means to achieve it.

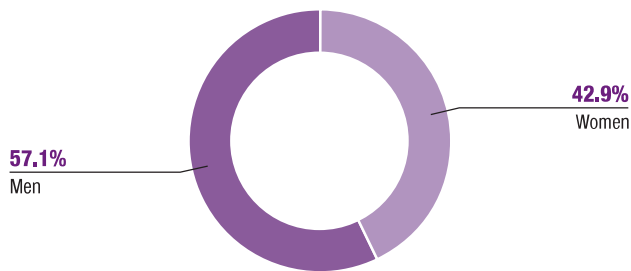
This program is currently being reviewed to adjust its goals and ensure that the process required to access the program is properly followed (HR interview, interview with direct supervisor, women with senior management potential).

At the same time, the Group HR department is helping companies complete the intermediate audit for their professional gender equality certification (18 months after first being certified). To date, seven companies have had their professional gender equality certification confirmed and twenty others will be audited in late 2018 or 2019.

The Group HR department also coordinates a network of forty gender equality officers, providing them with awareness-raising materials for distribution at Group companies (awareness of stereotypes, gender equality, etc.) and promoting best practices applied in different companies.

A new gender equality guide is being drafted and will be distributed in the first quarter of 2019.

➔ **PERCENTAGE OF WOMEN EXECUTIVES**



The percentage of women executives is rising steadily. It increased from 42.1% in 2017 to 42.9% at year-end 2018.

**DIVERSITY POLICY**

True to its cooperative values, Groupe BPCE is a full-service bank that is open to all and accessible to customers on a local level.

Each of its companies must therefore ensure it acts fairly, reducing inequalities and developing an environment that respects the differences arising from each individual's social identity (age, gender, origin, ethnic group, etc.), without prejudice.

The Group has set targets and taken concrete steps to promote diversity ever since it was founded.

The Group Human Resources division has had a Head of Diversity since 2015.

Groupe BPCE has pursued its objectives in four priority areas: intergenerational diversity, gender equality, employment of persons with disabilities, and equal opportunities.

Under Article 61 of the French Equality and Citizenship Act, anti-discrimination training/awareness-raising was provided to hiring professionals in all companies with more than 50 employees. To date, over 200 hiring professionals have completed this training, which will be repeated every five years. Training courses are already scheduled for the first quarter of 2019. A specific module for "Hiring managers" will be offered to Group companies on request in 2019.

This training course addresses three issues: legal aspects, external image and skills.

**INTERGENERATIONAL DIVERSITY**

Under the 2018-2020 Strategic Workforce Planning agreement, the Group is committed to recruiting young people and retaining older staff.

To achieve this goal, it has undertaken initiatives in various areas:

- working conditions: reorganization of duties, reduced working hours or commute time, occupational health issues, etc., are considered and implemented as appropriate;
- career development: all employees over the age of 45 can request an interview with human resources to discuss the next stage in their career, a skills assessment, etc.;

- skills development: the number of employees over the age of 55 who received training is at least equal to their share of the total headcount when the agreement was signed (18.1%), while employees over 45 are given priority access to professional training schemes;
- end-of-career adjustments: in some cases, employees over 58 can request a career review, receive guidance on preparing for retirement or opt for part-time hours or end-of-career leave. Other provisions are in place to facilitate the transition between employment and retirement for employees over the age of 58 whose jobs are likely to undergo major changes or call for significant skills adjustments (payment for outstanding periods of employment required to be eligible for retirement, increase in retirement bonuses, etc.).

## OBJECTIVES FOR GENDER EQUALITY IN THE WORKPLACE:

In addition to agreements and action plans, with women representing over 56% of its permanent staff, Groupe BPCE is now aiming for a more equitable gender balance among the various business lines and levels of management.

In 2016 and 2017, 33 Groupe BPCE companies undertook a diversity certification process and 32 had obtained this certification by the last quarter of 2017. In 2018, 7 companies were successful in the intermediate audit performed 18 months after the certification is awarded. These intermediate audits will continue throughout 2019.

To bolster the agreements and action plans at each Group company, two gender equality agreements were signed in June 2018 – one for the Banque Populaire banks and one for the Caisses d'Épargne. These agreements establish a framework for companies in both networks. They provide support for the networks in their internal negotiations and allow for concrete action to foster gender equality, in particular:

- provisions covering maternity leave, paternity leave and parenting, with an undertaking to maintain employee pay during paternity leave (11 days);
- a provision for professional training, with the goal of achieving a rate of 50% of women in the Group's management programs by the end of 2020;
- an undertaking to provide documentation to all managers and staff addressing gender stereotypes and respect for personal integrity (moral and sexual harassment).

To accelerate progress in terms of gender equality at all levels in the main business lines, undertakings have been made and action taken in the following areas: recruitment, training, promotions, pay, the work-life balance and awareness raising. Women's networks also help enhance professional equality.

In 2017, 24 Groupe BPCE companies took part for the third time in the Financi'Elles survey measuring the sentiment of male and female executives concerning diversity and professional equality. From January 23 to February 10, 2017, nearly 100,000 managers from six banking groups took part in the survey, conducted in conjunction with Institut CSA.

For Groupe BPCE, the response rate was 32% (6,041 out of 19,028 executives) at the final date of the survey, i.e. 8.4 points above the overall sector rate. The results were presented at a conference organized by Financi'Elles in June 2017.

## Recruitment

Each company tries to review at least one application from each gender in the final recruitment phase. Recruitment processes are based entirely on skills (contracts with recruitment firms stipulate this requirement).

## Creation of women's networks

Created in 2012, the Groupe BPCE women's network ("*Les Elles de BPCE*, or The Women of BPCE) currently has a membership of over 400 women and 29 local networks, subsequent to mergers of Group companies. In line with the HR policy promoting gender equality, these networks are valuable forums for discussion and mutual assistance.

The creation of the *Les Elles de BPCE* blog in 2016 brought the networks together in a shared platform, while promoting the network's actions and sharing internal and external expertise. More than 20,000 visits have been logged since the blog was created.

In 2017, the Group continued the mentoring sessions organized by *Les Elles de BPCE*, at which women can meet with a representative of the Group Executive Management Committee and speak with the Company Directors Management team. The training program and data collection on female employees holding directorships were also continued. In 2018, this training program was supplemented by a wage negotiation webinar. In view of the success of the first two sessions, the webinar will be offered again in 2019.

In October 2018, the network invited all its members to a one-day seminar held at the Centre Beaubourg's Forum des Images in Paris. The seminar was attended by the Group's company directors and provided an opportunity to review the key initiatives organized by the *Les Elles de BPCE* network, to discuss women in IT and digital careers and to talk about gender equality in society and women in cinema, in the presence of actress and film director Tonie Marshall.

## A STRONG COMMITMENT TO PERSONS WITH DISABILITIES

In 2018, Groupe BPCE continued to support the employment of persons with disabilities in accordance with the agreements signed with the Banque Populaire and Caisse d'Épargne employee representative networks, which were renewed for the 2017-2019 period. It is the leading bank in terms of its overall rate of employment of persons with disabilities.

Groupe BPCE notably developed initiatives designed to encourage direct and indirect employment:

- sourcing initiatives to help companies with their recruitment (participation in the TalentHandicap and Handi2days job fairs). In October, the Group was also present on social media such as Talentéo and handicap.fr;
- involving all the business functions in the organization of three regional PHARE (responsible procurement and disabilities) symposiums aimed at identifying and selecting regional service providers capable of meeting company requirements. A fourth symposium was held in Ile-de-France on June 6, 2018. A directory of EAs (companies offering disability-friendly work environments) promoting the professional integration of disabled persons, and ESATs (establishments offering employment to disabled persons with special needs and unable to work in an ordinary setting)

specialized in these business functions was prepared for the event and distributed to the Group's companies;

- the Group also entered into a partnership in 2017 with the UPTIH (trade union for independent workers with disabilities), and another with TIH-Business, a platform that matches independent workers with disabilities and companies created by the UPTIH to allow its members to find clients and develop their business. This partnership is helping to increase the indirect employment rate while promoting the selection of independent workers with disabilities.

The Group will also be closely monitoring the legal and regulatory changes related to the Employment of Disabled Workers Obligation under the Pénicaud Act (promoting the freedom to choose one's future career).

## EQUAL OPPORTUNITIES

Groupe BPCE has worked with the Nos Quartiers ont des Talents (Our Neighborhoods Have Talent) association since 2010 to promote the employment of young graduates under the age of 30 who come from priority neighborhoods or disadvantaged social backgrounds and who have at least four years' higher education. The Group takes various initiatives in this area: sitting on the association's Board of Directors, gradually rolling out mentorship programs at regional companies, and holding internal events to encourage new mentors to get involved, etc.

Since 2011, a total of 384 sponsors have mentored 1,251 young people, with more than 544 having signed a permanent or fixed-term employment contract of more than 6 months.

Following the "Equal opportunities for all at French companies" meeting held at the Elysée Palace on July 17, 2018, Groupe BPCE decided to take part in the nationwide plan to support disadvantaged neighborhoods and in the PaQte agreement between the government and corporations. As a result, four priority initiatives will be rolled out in the coming months:

- raising awareness of working life among young people through internships and school presentations by employees;
- facilitating access to apprenticeships to allow young people from disadvantaged neighborhoods to enter employment and to diversify the Group's talent pool;
- promoting non-discriminatory hiring methods;
- developing purchases from suppliers located in neighborhoods identified as priority areas in urban policy.

### Making our Group attractive to applicants: a strong employer promise

Groupe BPCE is now a model employer not only in the banking sector but also among all French companies. Although the volume of permanent-contract hires has fallen over the past three years, Groupe BPCE recruited over 5,600 people under permanent contracts in 2018, playing an important role in offering jobs to young graduates from different backgrounds (business schools, universities, apprentice training centers, elite universities, etc.). Including employees hired under fixed-term contracts (8,430), over 14,000 people signed an employment contract with the Group in 2018.

To enhance our positioning as a model employer and to achieve the ambitions of the TEC 2020 plan, our priorities are to boost our employer image, review our hiring methods and step up our efforts to facilitate internal promotions.

### Developing the Group's employer image

In its TEC 2020 plan, Groupe BPCE has undertaken to develop the Group's employer image in a bid to attract and retain talented individuals. Due to its multi-brand identity and the fact that the Groupe BPCE brand is not a trading name, the Group suffers from poor external brand awareness in relation to its peers.

To address this issue, the Group began working in Q4 2018 to establish an employer brand platform that complements and is consistent with the existing brands. The objective of the Groupe BPCE employer brand will be to create a strong, structured, unique positioning likely to:

- attract priority targets;
- inspire employee engagement and retain the best talent by better meeting changing expectations and attitudes to work (employee/applicant experience).

### New and improved hiring methods

#### Optimizing sourcing

In response to changing applicant tendencies and the impact of digital developments on sourcing activities, Groupe BPCE is implementing hiring practices drawing heavily from marketing methods, (i.e. adapting the methods to the target audience). In addition to posting vacancies at <https://recrutement.bpce.fr/> and on job boards, we also use other sourcing methods to increase visibility among applicants and involve other players besides recruitment managers in the hiring process. The following initiatives have been established:

- in the fourth quarter of 2017, we began to completely overhaul the job website, <https://recrutement.bpce.fr/> with the aim of making it more user-friendly, clearer for applicants and easier to navigate. The information provided about our business lines, HR processes and commitments is now more detailed, and videos and tutorials are given prime position;
- an ambassadors program has been set up to showcase members of staff explaining their role and introducing their company. The ambassadors talk to applicants directly, without HR involvement, and answer questions about their jobs, working for the company, career paths, etc.;
- maintaining our presence on social media (LinkedIn, Twitter, Facebook, Snapchat, etc.);
- launch of a referral system allowing employees to recommend friends or professional connections. An employee referred to the company is a committed employee;
- introduction of job vacancy sponsoring in 2018. Some of our job offers fail to attract enough applicants because of a lack of visibility or because certain skills are in high demand. Sponsoring puts the spotlight on these offers. It was tested for the first time to recruit students on work-study contracts, and increased the number of applicants for each position;
- launch of inbound recruitment. Just like inbound marketing, inbound recruitment aims to generate quality leads. The lead in this case is the applicant and the branding is the employer brand. Inbound recruitment is effective because it reaches passive applicants, i.e. individuals who are not necessarily looking to be recruited. Today's customers do a lot of research before buying a product. They compare products, read opinions and consult blogs either from home or directly in store on their smartphone. The same trend applies in the relationship between recruiters and applicants. Potential applicants will look online for information about a potential employer. The information they find on blogs, social media, or web reputation sites will influence their decision whether or not to join a Group company.



These initiatives and their impacts are monitored by a special team using the following indicators: improved visibility of job offers, better-qualified applicants, lower recruitment budget, etc.

**A new applicant experience**

Just as we are improving the customer experience, we are also enhancing the applicant experience by simplifying and streamlining the information and application process. Technologies arising from the digital transformation have reduced the time taken to submit an application on our website from twenty minutes to three minutes, by exporting profiles from LinkedIn and using resume parsing. Applications can be submitted directly from the applicant's smartphone, tablet or computer. Applicants who wish to provide more information can complete optional fields in addition to the mandatory fields that can be completed in three minutes, so they do still have some flexibility in the application process.

To simplify the process, applicants who so choose may submit a video cover letter.

The recruitment website was redesigned with the applicant in mind: lengthy texts replaced by videos, which are clearer and have a greater impact by showing "real employees" instead of a corporate pitch drafted by HR. There are sections where applicants can submit their resume, prepare for an interview, define their career path, etc. The number of visits and pages viewed on <https://recrutement.bpce.fr/is> monitored for information purposes.

Groupe BPCE is keeping track of technological developments in hiring, which will:

- provide applicants with information in real time (chatbot);
- ensure diversity among applicants *via* resume matching (automatic matching of the skills required for the position and the skills included in the resume);
- involve employees in promoting our business lines, companies and values (via social media, referrals, videos).

**Facilitating internal transfers**

Groupe BPCE launched an internal mobility portal in 2017: Mobilway.

This fun and informative Intranet site displays job vacancies available at Group companies. Members of staff can learn about the reality of different businesses through testimonials and can prepare their applications from start to finish. Mobilway is being gradually rolled out at all Group companies and will be expanded and improved in response to user feedback.

At the same time, the Group's companies have built on the momentum achieved in inter-company mobility with the signing of the new Strategic Workforce Planning, which incorporates a new set of common rules. These rules facilitate inter-company transfers under the best possible conditions through a simplified hiring process, support measures, mobility programs and coordination meetings between HR directors in the local regions.

The Group HR division is launching concrete initiatives to improve coordination of inter-company mobility by working with the Group's companies, with the aim of providing efficient and operational solutions to meet the needs expressed by Groupe BPCE HR teams. These include new forums for dialog and additional, more frequent regular meetings to foster mobility and define best practices.

In 2017, over 700 inter-company transfers were completed, climbing to 801 in 2018.

In light of the mergers carried out across the Group, transfers between functions were once again high in 2018, totaling 14,600.

**HR solutions for our companies and our employees**

Over and above the HR priorities set in the TEC 2020 plan, all of Groupe BPCE's HR teams implement HR solutions for employees and managers to serve their needs on a daily basis and meet their current and future challenges.

**LABOR RELATIONS**

The Group's labor relations were heavily impacted by the signing of the Strategic Workforce Planning (SWP) agreement by all Group companies at the end of 2017.

On December 22, 2017, the Group signed a new agreement with the CFDT, CFE-CGC and UNSA labor unions (representing 100% of employee representatives), reflecting the commitment on the part of Management and labor representatives alike to recognize skills development as a key component of employability, in line with the Group's new strategic plan.

The three-year agreement covers 128 companies and their employees, providing a structured framework in today's fast-changing environment undergoing considerable technological innovation. It has four key pillars:

- development of employee skills to accommodate the Group's transformation;
- individual career management support;
- commitments to maintain a fair balance between older and younger generations;
- enhanced social dialog and career support for employee representatives.

The main commitments set out in the agreement are as follows: the Group will increase training hours by 25% to 10 million training hours over the period covered by the agreement. Employees under 30 must account for 50% of new permanent-contract hires, and 5% of them must have previously held work-study contracts. Employees on work-study contracts must make up 3.5% of the headcount by the end of 2020. 3% of new hires from 2018 to 2020 must be over 45. As part of the commitment to retain older staff, 18% of the Group's headcount must be 55 or older by 2020.

In the interest of fostering negotiations on gender equality at the level of the Banque Populaire and Caisse d'Épargne employee representative networks, the Group included this topic on the agenda for discussion.

For the Banque Populaire banks, the negotiations led to the signing of a gender equality agreement by the CFDT, CFTC, CGT, SNB-CGC and UNSA labor unions (representing 100% of employee representatives) on June 29, 2017. For the Caisses d'Épargne, a gender equality agreement was signed on June 25, 2018 by the CFDT, FO and CGC unions (representing 48% of employee representatives).

In line with the objectives set in the TEC 2020 strategic plan, the signatories to these agreement reaffirmed their joint commitment to working to promote gender equality across the Banque Populaire and Caisse d'Épargne networks. By firmly stating their commitments in this area, they wish to respect and develop equal opportunities and equality between men and women.

All parties acknowledge that employee diversity at all levels of the Group fosters a complementary, balanced approach and delivers economic performance.

These agreements establish a reference framework for companies in the two networks. They provide support for the networks in their internal negotiations and allow for concrete action to promote gender equality.

## Organization of social dialog at the Groupe BPCE level

Dialog with employee representatives at the Groupe BPCE level is conducted through two bodies:

- the Group Committee, a forum for information, discussion and dialog, which met twice in 2018. The topics addressed included the economic situation and the financial and social audit of the Group's financial statements, prepared in advance by the economic and employment/training committees;
- the Strategic Planning Committee, provided for by the SWP agreement of December 22, 2017, which met three times in 2018. Key items on the agenda included the presentation of strategic labor issues and concerns for Groupe BPCE.

## Collective bargaining agreements

Most of the collective bargaining agreements are the result of negotiations conducted locally with the Group's companies. The agreements signed in 2018 covered gender equality, mandatory annual negotiations and specific provisions on employee absence.

## OCCUPATIONAL HEALTH AND SAFETY

### Improving quality of life in the workplace

All Group companies have systems in place to address psychosocial risks.

These systems address voluntary treatment of psychosocial risks (PSR): measuring risks (questionnaires, surveys), identifying vulnerable populations (monitoring and alert system), raising awareness among managers, and helping any employees struggling with problems (counseling and psychological support group).

Groupe BPCE promotes a workplace quality of life policy to move beyond simple risk prevention and foster long-term employee engagement.

In 2018, the Group's companies continued and expanded their efforts to improve quality of life in the workplace, arising from the agreements signed in 2016, focusing in particular the work-life balance, the right to disconnect after hours, telecommuting and transformations caused by digital solutions.

The aim of the Group's approach to quality of life in the workplace is to strengthen the appeal of the Group's businesses and increase the engagement, professional motivation and loyalty of all employees, while also reducing stress at work and lowering absenteeism.

Groupe BPCE's Human Resources division works with all Group companies to constantly improve the quality of working conditions by coordinating and sharing best practices, particularly *via* the network of occupational quality-of-life officers and implementation of measures to help people cope with change.

As of 2018, 14 Groupe BPCE companies had signed the Cancer@work Charter, underscoring their commitment to implement concrete initiatives to promote the integration and continued employment of people directly or indirectly affected by cancer or another chronic illness.

Two guides are available within the Group to answer any questions employees and managers might have when dealing with cancer or a chronic illness. Another guide was published in 2018 for employees caring for sick relatives.

## Occupational health and safety conditions

At Groupe BPCE Group, policies and budgets relating to health and safety conditions fall within the remit of each of the entities and the CHSCTs (Health, Safety and Working Conditions Committees) established with employee representatives.

In addition to investing in specific programs to improve occupational health and safety, Group companies also implement more traditional monitoring and prevention programs.

The average number of meetings with CHSCTs has been significant in recent years, demonstrating the desire to build a lasting, constructive social dialog with the help of these committees.

## Workplace accidents

Although consolidated 2018 data are not yet available, the average number of workplace and commuting accidents increased slightly in 2017.

Given the nature of the Group's businesses and the fact that the majority of the accidents take place during commutes, the Group has not established specific mechanisms for monitoring the average rate of severity.

However, all Group companies have a CHSCT that oversees occupational health, safety and working conditions, which is primarily responsible for protecting the health and safety of employees. Each of these committees oversees the improvement of safety and workplace conditions as well as compliance with applicable legal and regulatory provisions.

## ABSENTEEISM

The most recent evaluation of overall absenteeism (including p maternity/paternity leave, illness, family events and other reasons) is close to 7%.

Absenteeism is higher among women than men, mainly due to maternity leave. This difference has a considerable impact on the Group, as it employs more women than men.



The Group is not able to differentiate absences related specifically to occupational illness, which are very rare in the banking sector.

Absenteeism is a real concern for the Group and its companies. To better identify absenteeism and more accurately distinguish its causes in order to take more targeted action, the Group provides its companies with a structured system for identifying, analyzing, taking action and preventing absenteeism. Solutions to analyze and measure absenteeism are also available.

## EMPLOYMENT AND HR OPERATIONS

### Digitization and urbanization: key concerns of the Group HR information system teams

The Group's HR IT solutions continue to evolve, with a dual objective of making HR teams more efficient and offering applicants and employees a simple, innovative experience.

When hiring, Group companies use an application that reduces the amount of data applicants need to input. Selected applicants use an Onboarding solution that facilitates their acclimation by communicating with them before they start working for the Group. They can sign their employment contract electronically. HR teams track the process using tools that significantly cut down on routine administrative tasks.

Data quality is one of the main concerns of the HR IT teams which, governed by all Group companies, prioritize their work based on regulatory deadlines and performance enhancements.

Work on the HubRH solution, which transfers documents and data between HR information systems, is ongoing and documents signed in DocuSign (e.g. administrative documents sent by future employees via the OnBoarding application) are automatically sent to Virtu@lis (employee administrative record storage solution). At the end of the year, a project was initiated to staff with a single groupwide HR ID.

The Group had to keep a close watch on regulations governing payroll solutions, with additional changes made to clarify pay slips, government measures aimed at boosting purchasing power implemented and technical preparations launched for the application of withholding tax and the merger of the AGIRC/ARCO pension schemes starting in January 2019.

A support scheme was organized in the last quarter of 2018 to prepare employees for the introduction of withholding tax. In addition to providing training for HR payroll experts, issuing notices to employees, organizing webinars for non-payroll HR teams and an e-learning course for employees, the Group HR IT team also created a chatbot for all Group companies that answers questions in natural language. The chatbot was co-developed with an AI software publisher and an HR consulting firm.

### Career Observatory

Because it operates under a system of multiple labor agreements and professional networks, Groupe BPCE has instituted a method of

predictive employment analysis based on reliable, consistent criteria for the Banque Populaire and Caisse d'Épargne networks and in close cooperation with the French trade associations for banking (AFB) and insurance.

To this end, as a complement to the quantitative reports, a qualitative study was carried out in 2018 under the auspices of the National Labor Relations Commission (CPNE) for the Banque Populaire and Caisse d'Épargne professional networks. The topic of review in 2018, jointly selected by the OPMQCs (Forward-Looking Careers, Skills and Qualifications Observatories) of the BP and CE branches, was: "The outlook and issues facing remote customer relations activities: possible changes ahead and how to provide HR support."

At the same time, the Group Career Observatory (instituted by the Group's Strategic Workforce Planning agreement, signed in 2011 and renewed for the second time in 2018) identified and analyzed professions subject to substantial changes in the number of staff and/or skills required. This information has helped steer employment policies in a forward-thinking direction by seeking to specifically prioritize whichever forms of assistance are deemed necessary, while sharing and encouraging discussion with management and labor representatives regarding the future of our business lines, skills and qualifications.

## INTERNATIONAL LABOR ORGANIZATION

Groupe BPCE pursues growth in accordance with fundamental human and social rights wherever it does business.

### Freedom of association and the right to collective bargaining

Each entity monitors compliance with rules on freedom of association and working conditions in respect of its international activities.

### Elimination of forced labor and abolition of child labor

In accordance with the Group's adherence to the Global Compact, each entity abstains from using forced or compulsory labor or child labor, within the meaning of ILO conventions, even if local laws authorize such practices.

### Elimination of discrimination in employment

In its procurement policy, Groupe BPCE refers to its sustainable development policy, its adherence to the Global Compact and its commitments and to founding texts such as the Universal Declaration of Human Rights and the international conventions of the International Labor Organization.

Suppliers undertake to respect these agreements in their countries of operation by signing contracts containing specific clauses to that end.

One of the commitments of the Global Compact concerns respect for Human Rights.

## QUANTITATIVE HUMAN RESOURCES INDICATORS FOR GROUPE BPCE

### Employment

#### Total Group headcount

Groupe BPCE's total headcount at December 31, 2018 was 105,458 employees, 90% of whom work in France. The Banque Populaire banks accounted for 29% of the Group headcount, while the Caisse d'Epargne banks accounted for 33%. The total headcount fell 0.9% compared with 2017.

Total headcount	2018	2017	2016	Change
Banque Populaire banks	30,807	31,404	31,582	(1.9%)
Caisses d'Epargne	35,001	36,112	36,102	(3.1%)
Subsidiaries and other banks	8,172	8,487	9,972	(3.7%)
Natixis	23,539	22,790	22,905	3.3%
Real estate	1,879	1,811	1,898	3.8%
Central institution	1,619	1,559	1,552	3.8%
IT and other operations	4,441	4,300	4,166	3.3%
<b>GROUP TOTAL</b>	<b>105,458</b>	<b>106,463</b>	<b>108,177</b>	<b>(0.9%)</b>

Permanent and fixed-term staff at December 31 (excl. those on work-study contracts).

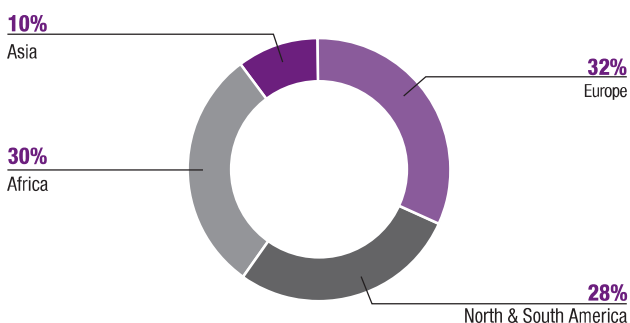
### Geographic breakdown of headcount

11% of Groupe BPCE staff are located outside France.

#### EMPLOYEES OUTSIDE FRANCE

	Natixis	Other subsidiaries	Real estate	Total	
	Number	Number	Number	Number	%
Europe	3,510	321	142	3,973	33%
North & South America	3,345	0	0	3,345	28%
Africa	1,326	2,180	0	3,506	29%
Asia	1,205	57	0	1,262	10%
<b>GROUP TOTAL</b>	<b>9,386</b>	<b>2,558</b>	<b>142</b>	<b>12,086</b>	<b>100%</b>

Permanent and fixed-term staff at December 31 (excl. those on work-study contracts).



### Scope of HR data

The scope reviewed below covers 90% of Groupe BPCE's total headcount in France.

It includes the Banque Populaire banks, the Caisses d'Epargne, Banque de Savoie, Banque Dupuy, de Parseval, Banque Marze, the Caisses du Crédit Maritime, the subsidiaries of Crédit Coopératif, SBE, PRIAM, the

i-BP, IT-CE and BPCE IT organizations, BPCE International, as well as the BPCE SA group central institution and Natixis SA, Natixis Lease, Natixis Factor, Natixis Interépargne, Banque Privée 1818, Natixis Financement, Natixis Payment Solutions (see Chapter 2.6.2).

**Breakdown of headcount by contract, category and gender**

	2018		2017		2016	
	Number	%	Number	%	Number	%
<b>Permanent + fixed-term staff</b>						
Permanent staff incl. work-study contracts	78,021	93.0%	79,527	93.1%	80,832	93.2%
Fixed-term staff incl. work-study contracts	5,908	7.0%	5,877	6.9%	5,930	6.8%
<b>TOTAL</b>	<b>83,929</b>	<b>100%</b>	<b>85,404</b>	<b>100%</b>	<b>86,762</b>	<b>100%</b>

Permanent and fixed-term staff at December 31

	2018		2017		2016	
	Number	%	Number	%	Number	%
<b>Non-management/management staff</b>						
Permanent staff, non-management	42,640	54.7%	44,681	56.2%	46,715	57.8%
Permanent staff, management	35,381	45.3%	34,846	43.8%	34,117	42.2%
<b>TOTAL</b>	<b>78,021</b>	<b>100%</b>	<b>79,527</b>	<b>100%</b>	<b>80,832</b>	<b>100%</b>

Permanent staff incl. work-study contracts at December 31

	2018		2017		2016	
	Number	%	Number	%	Number	%
<b>Headcount by gender</b>						
Permanent staff, women	44,081	56.5%	44,680	56.2%	45,184	55.9%
Permanent staff, men	33,940	43.5%	34,847	43.8%	35,648	44.1%
<b>TOTAL</b>	<b>78,021</b>	<b>100%</b>	<b>79,527</b>	<b>100%</b>	<b>80,832</b>	<b>100%</b>

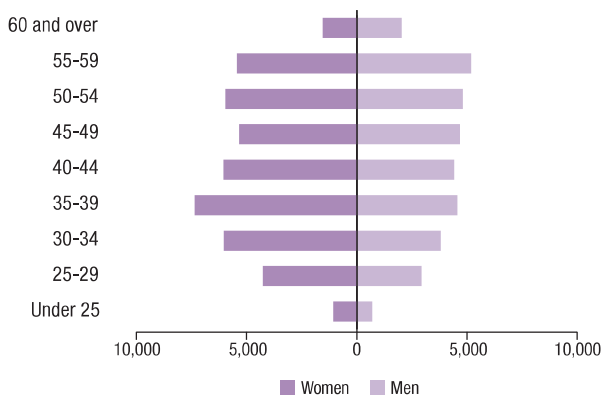
Permanent staff incl. work-study contracts at December 31

93% of staff hold permanent contracts. Women remain a majority, representing 56% of staff on permanent contracts. The proportion of managers is over 45%, a figure that is steadily increasing each year.

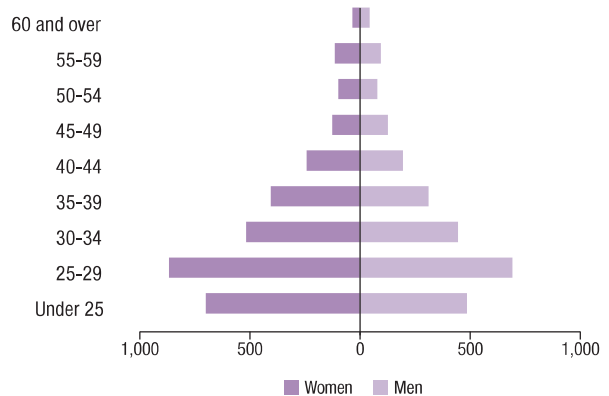
**Headcount and recruitment by age group**

Under-35s make up 25% of permanent staff. This helps balance the overall age pyramid by paving the way for the gradual replacement of employees 55 and older (18% of permanent staff) who are due to retire over the next few years.

➔ 2018 AGE PYRAMID: STAFF (PERMANENT CONTRACTS)



➔ 2018 AGE PYRAMID: HIRES (PERMANENT CONTRACTS)



## Breakdown of hires by contract, category and gender

	2018		2017		2016	
	Number	%	Number	%	Number	%
<b>Permanent + fixed-term hires</b>						
Permanent staff incl. work-study contracts	5,623	40.0%	4,669	33.7%	4,860	33.0%
Fixed-term staff incl. work-study contracts	8,430	60.0%	9,201	66.3%	9,182	67.0%
<b>TOTAL</b>	<b>14,053</b>	<b>100%</b>	<b>13,870</b>	<b>100%</b>	<b>14,042</b>	<b>100%</b>

Permanent and fixed-term staff at December 31

	2018		2017		2016	
	Number	%	Number	%	Number	%
<b>Non-management/management hires</b>						
Permanent staff, non-management	3,681	65.5%	3,185	68.2%	3,348	68.9%
Permanent staff, management	1,942	34.5%	1,484	31.8%	1,512	31.1%
<b>TOTAL</b>	<b>5,623</b>	<b>100%</b>	<b>4,669</b>	<b>100%</b>	<b>4,860</b>	<b>100%</b>

Permanent staff incl. work-study contracts at December 31

	2018		2017		2016	
	Number	%	Number	%	Number	%
<b>Hires by gender</b>						
Women	3,133	55.7%	2,525	54.1%	2,704	55.6%
Men	2,490	44.3%	2,144	45.6%	2,156	44.4%
<b>TOTAL</b>	<b>5,623</b>	<b>100%</b>	<b>4,669</b>	<b>100%</b>	<b>4,860</b>	<b>100%</b>

Permanent staff incl. work-study contracts at December 31

## Departures of permanent-contract employees by reason and gender

Employee resignations in 2018 represented 38% of all departures of permanent-contract employees. This figure was up 5 points compared with 2017. 2% of permanent staff took their retirement in 2018.

	2018				2017		2016	
	Women	Men	Total	%	Total		Total	
	Number	Number	Number		Number	%	Number	%
<b>Departures, permanent staff</b>								
Resignation	1,140	933	2,073	37.7%	1,819	33.1%	1,516	27.6%
Dismissal	449	433	882	16.0%	662	12.0%	612	11.1%
Transfer	310	325	635	11.6%	547	10.0%	594	10.8%
Retirement	766	929	1,695	30.8%	1,630	29.7%	1,592	29.0%
Mutually-agreed termination	336	250	586	10.7%	511	9.3%	429	7.8%
Departure during a trial period	232	220	452	8.2%	425	7.7%	353	6.4%
Other reasons	340	278	618	11.2%	691	12.6%	401	7.3%
<b>TOTAL</b>	<b>3,573</b>	<b>3,368</b>	<b>6,941</b>	<b>100%</b>	<b>6,285</b>	<b>100%</b>	<b>5,497</b>	<b>100%</b>

Permanent staff incl. work-study contracts

	2018	2017	2016
<b>Departure rate (as a %)</b>	<b>8.6%</b>	<b>7.7%</b>	<b>6.9%</b>

Permanent staff excluding work-study contracts

## Remuneration

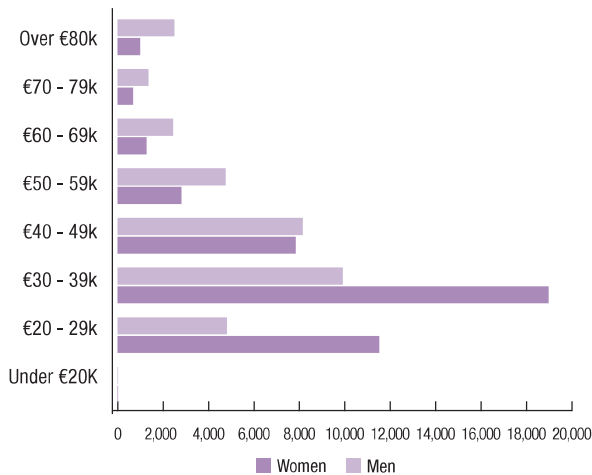
Every year, each Group company analyzes and revises individual pay levels in keeping with performance targets shared with the employees.

➔ MEDIAN BASE SALARY OF PERMANENT STAFF BY GENDER AND CATEGORY

Median base salary	Median			Change	Ratio Men/Women
	2018	2017	2016		
Women	34,878	34,453	34,100	1.2%	
Women, non-management	31,364	31,100	30,874	0.8%	
Women, management	46,457	46,183	45,949	0.6%	
Men	42,302	41,988	41,556	0.7%	
Men, non-management	32,000	31,983	31,854	0.1%	
Men, management	51,016	50,903	50,607	0.2%	
Non-management	31,557	31,359	31,170	0.6%	
Management	48,934	48,775	48,566	0.3%	
<b>TOTAL</b>	<b>37,628</b>	<b>37,086</b>	<b>36,855</b>	<b>1.5%</b>	<b>17.5%</b>

Permanent staff excl. work-study contracts at December 31

➔ BREAKDOWN OF PERMANENT STAFF (EXCL. WORK-STUDY) EMPLOYED AT DECEMBER 31, 2018 BY SALARY BRACKET



**Work arrangements, working hours**

At Groupe BPCE, working hours are governed by agreements specific to each Group company. The average annual number of hours worked per week ranges between 35 and 39 hours, with compensatory measures such as additional days off awarded to employees.

Generally, employees working on a collectively bargained work schedule may choose to work on a part-time basis.

In 2018, nearly 12% of permanent staff worked part-time, and 90% of those working part-time were women.

➔ PERMANENT STAFF WORKING PART-TIME BY GENDER AND CATEGORY

Part-time	2018			2017			2016		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Non-management	6,229	499	6,788	6,397	527	6,924	6,526	526	7,052
Management	2,217	390	2,517	2,097	357	2,454	2,034	326	2,360
<b>TOTAL</b>	<b>8,356</b>	<b>889</b>	<b>9,245</b>	<b>8,494</b>	<b>884</b>	<b>9,378</b>	<b>8,560</b>	<b>852</b>	<b>9,412</b>

Permanent staff incl. work-study contracts at December 31

➔ BREAKDOWN OF PART-TIME PERMANENT STAFF BY WORKING HOURS

Part-time	2018			2017			2016		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Less than 50%	272	56	328	254	54	308	275	51	326
50%	338	86	424	343	80	423	348	78	426
Between 50% and 80%	2,463	283	2,746	2,503	285	2,788	2,551	269	2,820
80%	2,323	203	2,526	2,445	208	2,653	2,529	208	2,737
More than 80%	2,960	261	3,221	2,949	257	3,206	2,857	246	3,103
<b>TOTAL</b>	<b>8,356</b>	<b>889</b>	<b>9,245</b>	<b>8,494</b>	<b>884</b>	<b>9,378</b>	<b>8,560</b>	<b>852</b>	<b>9,412</b>

Permanent staff incl. work-study contracts at December 31

**Training**

The scope reviewed below covers 87% of permanent staff covered by human resources data.

It includes the Banque Populaire banks and the Caisses d'Epargne as well as their IT subsidiaries (i-BP, IT-CE, and BPCE IT) and the central institution (BPCE).

➔ PERMANENT STAFF TRAINING BY GENDER AND CATEGORY

The total number of training hours in 2018 – more than 2,184,100 – is testament to the efforts of all Group companies to train their employees to operate in a demanding and ever-changing banking industry.

In the scope under review, the volume of employees trained was relatively stable against the previous year.

60% of training initiatives are devoted to job skills and maintaining employability on the job market.

Employees trained	2018			2017			2016		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Non-management	27,397	13,290	40,687	27,581	13,855	41,436	26,975	13,974	40,949
Management	11,699	16,286	27,985	10,948	15,637	26,585	10,053	14,624	24,677
<b>TOTAL</b>	<b>39,096</b>	<b>29,576</b>	<b>68,672</b>	<b>38,529</b>	<b>29,492</b>	<b>68,021</b>	<b>37,028</b>	<b>28,598</b>	<b>65,626</b>

Permanent staff incl. work-study contracts at December 31

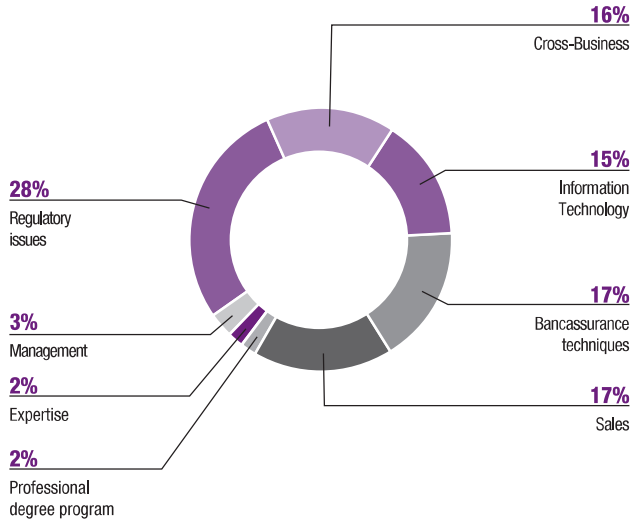
➔ BREAKDOWN OF TRAINING HOURS BY GENDER AND STATUS

Training hours	2018			2017			2016		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Non-management	881,548	510,453	1,392,001	894,728	524,166	1,418,894	929,593	579,871	1,509,464
Management	338,913	453,282	792,195	322,871	451,023	773,894	317,623	443,364	760,987
<b>TOTAL</b>	<b>1,220,461</b>	<b>963,734</b>	<b>2,184,196</b>	<b>1,217,599</b>	<b>975,189</b>	<b>2,192,788</b>	<b>1,247,216</b>	<b>1,023,235</b>	<b>2,270,451</b>
<b>NUMBER OF HOURS/FTE</b>			<b>32</b>			<b>32</b>			<b>33</b>

Permanent staff incl. work-study contracts at December 31

➔ **BREAKDOWN OF PERMANENT STAFF TRAINED BY AREA OF TRAINING**

In today's increasingly regulated banking industry, training initiatives focus predominantly on regulatory issues. Second in line are training courses on bancassurance techniques and technologies.



**Absenteeism**

The scope reviewed below covers 86% of permanent staff covered by human resources data.

It includes the Banque Populaire banks and the Caisses d'Epargne as well as their IT subsidiaries (i-BP, IT-CE, and BPCE IT) and the central institution (BPCE).

➔ **ABSENTEEISM BY GENDER AND CATEGORY**

	2018			2017			2016		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Non-management	11.7%	4.7%	9.4%	11.5%	4.6%	9.2%	11.6%	4.3%	9.1%
Management	6.4%	2.7%	4.3%	6.4%	2.6%	4.1%	6.5%	2.5%	4.1%
<b>TOTAL</b>	<b>10.2%</b>	<b>3.6%</b>	<b>7.4%</b>	<b>10.1%</b>	<b>3.5%</b>	<b>7.3%</b>	<b>10.2%</b>	<b>3.4%</b>	<b>7.2%</b>

Absenteeism among employees with permanent and fixed-term contracts as per Group human resources data.

➔ **ABSENTEEISM DUE TO ILLNESS BY GENDER AND CATEGORY**

	2018			2017			2016		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Non-management	5.7%	3.4%	4.9%	5.4%	3.3%	4.7%	5.1%	3.1%	4.4%
Management	3.3%	2.0%	2.5%	3.3%	1.9%	2.5%	3.2%	1.8%	2.4%
<b>TOTAL</b>	<b>5.0%</b>	<b>2.6%</b>	<b>4.0%</b>	<b>4.8%</b>	<b>2.6%</b>	<b>3.8%</b>	<b>4.6%</b>	<b>2.4%</b>	<b>3.6%</b>

Absenteeism among employees with permanent and fixed-term contracts as per Group human resources data.

➔ **NUMBER OF ABSENCES DUE TO WORKPLACE/COMMUTING ACCIDENTS**

	2018			2017			2016		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Non-management	606	174	780	537	166	703	487	157	644
Management	194	115	309	133	124	257	109	84	193
<b>TOTAL</b>	<b>800</b>	<b>289</b>	<b>1,089</b>	<b>670</b>	<b>290</b>	<b>960</b>	<b>596</b>	<b>241</b>	<b>837</b>

Absenteeism among employees with permanent and fixed-term contracts due to for workplace/commuting accidents.

## 2.5.2 Reducing our direct environmental footprint

Reducing the environmental footprint of the Group's own operations is one of the key pillars of the 2018-2020 CSR strategy: the Group has set a goal of achieving a 10% reduction in its carbon emissions by 2020.

To this end, it has established a robust, proven Group environmental reporting system and carried out several campaigns to raise awareness of best practices.

Several awareness-raising sessions were organized for all business lines:

- awareness of CSR, energy and climate issues; two sessions were organized for Group employees in 2018;

- CSR reporting: one session was held to raise employee awareness of the organization of CSR data collection and the use of IT tools for preparing and publishing the CSR report;
- providing training in the tools used to calculate the Group's greenhouse gas emissions. Two training sessions were held for all employees using these tools in their work and for a panel of officers from the Logistics division. Attendees were given a starter kit at the end of each session.

### Groupe BPCE, a partner and precursor of the Net Zero Initiative, lays the foundations of a groupwide carbon neutrality framework

In 2018, the Group joined the Net Zero initiative alongside eight French companies, to draft a methodology for companies seeking to achieve a challenging, credible, and harmonized net zero carbon footprint. Carbon neutrality was explicitly mentioned in the Paris Agreement on climate change as an objective to be reached by the end of the century. It corresponds to a balance between greenhouse gas emissions and the volumes absorbed by carbon sinks. The first mission of the initiative was to draft a market-wide methodology for companies seeking to achieve zero net emissions. The framework will be challenging (because it prioritizes reducing emissions at source), robust (because it will be validated by a high-level scientific committee composed of 12 experts) and credible (because it is being co-constructed with companies from a wide range of business sectors).

### CLIMATE CHANGE

The Group's target is to cut its greenhouse gas emissions 10% by 2020 from 686,773 to 618,096 metric tons of CO<sub>2</sub> equivalent (tCO<sub>2</sub>eq).

To monitor progress on initiatives subject to clear targets, the Group Sustainable Development division has used a special tool since 2013 to review its greenhouse gas (GHG) emission based on a methodology that is compatible with the one used by the ADEME (the French environment and energy management agency), ISO 14064 and the Greenhouse Gas Protocol.

After seven years spent collecting carbon data using a stable benchmark shared by all Group companies, the tool is able to provide:

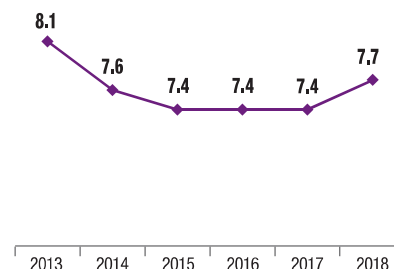
- an estimate of each company's greenhouse gas emissions;
- a map of GHG emissions:
  - by source: energy, procurement of goods and services, business travel, fixed assets, and other,
  - by scope<sup>(1)</sup>. Indirect emissions caused by the Group's products and services are excluded from the scope of this analysis, but work is being done to change that (see previous chapters on the work undertaken by Mirova and Ostrum AM and, for lending activities, see the sections entitled "Impact of the Group's business activity and the use of products and services on climate change" and "Mandatory disclosures by institutional investors on their management of climate change risks").

The carbon review currently performed by the entities covers 94% of the Group's permanent staff.

Each year, the Group provides stable benchmark indices covering the entire Group and each individual entity, which are used to define local GHG emission reduction plans and drive national initiatives.

Through these efforts, Groupe BPCE has reduced and stabilized its CO<sub>2</sub> emissions, in line with its continuous improvement policy.

#### ➔ EMISSIONS PER EMPLOYEE (IN TCO<sub>2</sub>EQ/FTE)



(1) The GHG Protocol divides an entity's (or organization's) GHG emissions into the following scopes: Scope 1 = direct emissions from resources owned or operated by the company. Scope 2 = indirect emissions purchased or acquired electricity, steam, heat and cooling. Scope 3 = all other indirect emissions in the company's value chain.



➔ RESULTS OF GROUPE BPCE'S CONSOLIDATED CARBON REVIEW (EMISSIONS IN TCO<sub>2</sub>EQ)

In 2018, total Group emissions amounted to 673,193 tCO<sub>2</sub>eq, i.e. 7.7 tCO<sub>2</sub>eq/FTE, up 2.7% compared with 2017. 31% of these emissions were generated by travel, and 32% by purchases (relatively stable proportions). Energy emissions benefited from a decline in electricity emissions.

Indicator	2018	2017	2016	Change 2017-2018
Direct greenhouse gas emissions – Scope 1 (tCO <sub>2</sub> eq)	35,740	35,534	41,050	0%
Indirect greenhouse gas emissions – Scope 2 (tCO <sub>2</sub> eq)	24,689	28,469	36,311	(13%)
Indirect greenhouse gas emissions – Scope 3 (tCO <sub>2</sub> eq)	612,718	622,753	598,152	(2%)
Greenhouse gas emissions excl. Kyoto	46	17.6	3.5	161%
<b>TOTAL (EXCL. DATA CENTERS)</b>	<b>673,193<sup>(2)</sup></b>	<b>686,773<sup>(1)</sup></b>	<b>675,516</b>	<b>(2%)</b>
<b>TOTAL PER FTE</b>	<b>7.7</b>	<b>7.4</b>	<b>7.4</b>	<b>2.7%</b>

(1) The new entities included in the scope for 2017 (in relation to 2016) are: Banques de Saint-Pierre-et-Miquelon, Banques des Antilles Françaises, Banque de la Réunion (CEPAC subsidiaries).

(2) The entities included in the scope for 2017 but not for 2018 are: Banque Malgache de l'Océan Indien, Banque Tuniso Koweïtienne, Banque Commerciale Internationale, BICEC (Cameroon), Banque des Mascareignes, Banque de Nouvelle Calédonie, Banque de Tahiti, which accounted for 1% of carbon emissions in 2017.

The data centers made up 2% of total Group emissions in 2018.








Indicator	2018	2017	2016	Change 2017-2018
Data center emissions	12,971	14,486	N/A	(20%)
% of Group carbon emissions (recorded in the carbon review) generated by data centers	2%	2%	N/A	0%

A breakdown of the largest sources of GHG emissions in 2018 is provided below.

➔ RESULTS OF GROUPE BPCE'S CONSOLIDATED CARBON REVIEW, EXCLUDING KYOTO, BY SOURCE (EMISSIONS IN TCO<sub>2</sub>EQ)

## 2018 GROUPE BPCE CARBON REVIEW

**673,193 TCO<sub>2</sub>EQ (EXCLUDING KYOTO)**

ITEM	2018 (TCO <sub>2</sub> EQ)	% OF TOTAL	CHANGE 2017-2018
 <b>TRAVEL</b>	206,175,759	31%	-5%
Daily work commute <sup>(1)</sup>	102,601,435	15%	-2%
Business travel <sup>(2)</sup>	51,790,525	8%	-13%
Customer and visitor travel <sup>(3)</sup>	51,783,799	8%	-2%
 <b>PURCHASES</b>	213,411,300	32%	6%
Goods and services purchased			
 <b>FIXED ASSETS</b>	126,106,024	19%	-10%
Computer equip., buildings, vehicles, ATM			
 <b>FREIGHT</b>	73,975,733	11%	3%
Mail and courier service, cash in transit			
 <b>ENERGY</b>	45,464,676	7%	-13%
Electricity, natural gas, heating oil, heating network, cooling network			
 <b>LIQUID REFRIGERANTS</b>	6,916,140	1%	66%
AC gas leaks			
 <b>WASTE</b>	1,143,370	0.2%	-11%
Non-hazardous and recycled waste, WEEE <sup>(4)</sup>			

Best practices for reducing emissions include:

### ENERGY CONSUMPTION

The Group's energy consumption amounted to 164 kW/h per m<sup>2</sup> in 2018 versus 172 kW/h per m<sup>2</sup> in 2017. This 4% decrease can be attributed to a series of initiatives:

- better energy use management, in particular with the installation of automated controllers in branches: since 2016, the Group's companies have been offered a predictive modeling solution to help them save energy;
- more accurate measurements of our surface area, which increased the number of m<sup>2</sup>;
- performance of energy audits on all Groupe BPCE buildings;

- replacement of incandescent light bulbs with LED bulbs and installation of motion detectors in most buildings;
- reduced use of heating oil (-57% between 2017 and 2018) in our networks; this is also due to the absence of BPCE International banks from the 2018 reporting scope;
- large-scale initiatives at the four data centers:
  - at the two Albireo locations: installation of servers in air-conditioned rack cabinets with cold aisle containment to optimize ventilation, ongoing work to improve PUE energy efficiency (operation and configuration of water chillers, pumps or units, and aisle containment). In 2012, average PUE (power usage effectiveness) was 4.63 and currently stands at 1.6. In 2018, the inverters were replaced with Ecogreens and the lighting system with LED bulbs,
  - at the two Antarès locations: recovery of heat generated by computer equipment to heat the datacenter buildings and to resell energy in the form of hot water to the distributor of a

heating network serving the local business district, recovery of heat generated by IT equipment for heating, free cooling refrigeration of IT hardware (in winter), construction in compliance with HQE (energy-efficient building) standards, cold aisle/hot aisle layout, ISO 14001 certification (environmental management system) leading in particular to optimized energy

use, water use and diesel engine atmospheric emissions. In 2013, the PUE of both sites was around 2.10 versus 1.77 and 2.01 in 2018 (i.e. 1.73 for the site);

- employee incentives to limit energy use at the main regional locations: information on environmentally friendly practices, dedicated Intranet site, etc.

➔ ENERGY CONSUMPTION

Indicator	2018	2017	2016	Change 2017-2018
Total energy consumption per m <sup>2</sup> (kWh/m <sup>2</sup> )	164	172	180	(5%)
Total final energy consumption (kWh) <sup>(1)</sup>	575,137,611	547,846,479	547,977,132	5%
o/w data centers (kWh)	12%	12%	N/A	0%
Share of renewable energy in total final energy consumption (kWh)	112,589,467	179,405,225	123,369,266	(37%)

(1) Sum of: (kWh of electricity + kWh HHV of gas/1.11 + liters of heating oil x 9.86 + kWh of steam + kWh of cooling)/total m<sup>2</sup>

**In 2018, Natixis renewed its Paris Action Climat partnership in which it undertakes to contribute to the Sustainable Development Goals (SDGs) that are compatible with the city's Climate Plan**

Natixis has identified 10 SDGs to which it already makes a material contribution through its business activities or in its own operations. In addition, the bank has set a target to reduce the energy consumption of its buildings in the Paris region by 30% between 2010 and 2020.

Indicator	2018	2017	2016	Change 2017-2018
Number of buildings with environmental or other certification	42	32	32	31%
Surface area of buildings with environmental or other certification (m <sup>2</sup> )	175,071	148,688	219,149	18%

**Reducing energy consumption from transportation**

Based on the carbon reviews conducted by the Group, business travel and commuting are one of the highest sources of total estimated CO<sub>2</sub> emissions (averaging nearly one-third of total emissions each year).

The Group has defined action plans aimed at limiting and reducing emissions generated by business travel and commuting, such as:

- creating and distributing a mobility plan kit for all Group institutions, serving as a toolbox to help them prepare a mobility plan (templates for surveys, action plans, etc.). In addition to this guide, two hotline sessions were organized for the HR, logistics and CSR functions;
- a strict travel policy explained in a best practices guide on business travel. This guide suggests alternatives for travel by train rather than airplane for trips within France, emphasizing the financial savings as well as the lower carbon emissions to allow the companies to adjust their travel policy;
- a comprehensive listing of electric cars in BPCE Procurement's global range for the Group; furthermore, the Group is also furthering its efforts to apply the total cost of ownership approach

groupwide (one of the levers of the AgiR responsible procurement policy) to ensure that all economic and environmental criteria are taken into account (especially CO<sub>2</sub> emissions) when selecting company cars; as a result, part of the company car fleet has been gradually replaced with greener vehicles;

- facilities provided to limit travel: conference rooms have been fitted with videoconferencing and teleconferencing equipment;
- a precise, complete annual measurement of emissions generated by business travel for the purpose of monitoring trends by category.

Several initiatives have also been carried out in the regions:

- implementation of carpooling and ride-sharing programs and/or optimized use of the company car fleet;
- provision of telecommuting options, cutting CO<sub>2</sub> emissions generated by the daily commute;
- eco-driving courses for employees recording the highest mileage for work during the year;
- provision of electric bicycles and cars for employees at their workplace, with charging stations;

- allocation of a mileage bonus for employees who cycle to work;
- organization of network events aimed at raising awareness and educating employees: mobility week, mobility challenges, etc.

Indicator	2018	2017	2016	Change 2017-2018
Total fuel consumption for business travel in cars <sup>(1)</sup> (in liters)	12,732,243	14,832,646	13,571,600	(14%)
Average grams of CO <sub>2</sub> per km (as stated by manufacturer) for company cars and fleet cars (grams of CO <sub>2</sub> /km)	99	100	100	(1%)
Business travel by train (in km)	58,800,471	60,335,055	61,384,466	(3%)
Business travel by plane (in km)	66,027,131	72,296,066	69,958,952	(9%)

- Sum of indicators: GASOLINE consumption by company and fleet cars + DIESEL consumption by company and fleet cars + business travel in private cars; km-to-liter conversion for the private car indicator with the ratio from the carbon review user guide: 0.08 liter/km.

### BPCE SA group and Natixis commit to enhancing travel in Ile-de-France

In line with new regulations, at the start of 2018, Natixis and BPCE SA group published their inter-company transport plan to improve employee travel and air quality in Ile-de-France. The plan covers 26 sites and over 18,000 employees of BPCE SA group, Natixis and several of their subsidiaries.

Concrete action was taken in four main areas in 2018:

- development of infrastructure to encourage bike travel;
- installation of charging stations for electric cars and motorcycles;
- development of telecommuting and remote working;
- launch of a carpooling application.

### WASTE REDUCTION AND RECYCLING

Thanks to initiatives aimed at promoting recycling and reuse, the Group's total volume of non-hazardous industrial waste<sup>(1)</sup> per FTE fell by 12%. 52% of this waste is recycled.

Indicator	2018	2017	2016	Change 2017-2018
Waste <sup>(1)</sup> produced per FTE (in metric tons per FTE)	0.09	0.13	0.09	(29%)
Recycled ink and toner cartridges (number)	82,654	127,716	172,304	(35%)

(1) Non-hazardous industrial waste, fluorescent/neon tubes and compact fluorescent light bulbs, waste electrical and electronic equipment (WEEE).

### SUSTAINABLE USE OF RESOURCES

In 2018, paper consumption amounted to 5,755 metric tons, i.e. 66 kg/FTE, down 14% compared with 2017 (76.40 kg/FTE). These data cover reams of paper used internally, paper used for customer relations (printouts) and other types of paper (specific printouts,

Since 2012, Groupe BPCE has worked to improve the accuracy of waste reporting by its constituent entities. Categories of waste include non-hazardous industrial waste, fluorescent/neon tubes and compact fluorescent bulbs, and waste electrical and electronic equipment. In addition, the entities have undertaken multiple initiatives to recycle different types of waste and certain types of products.

In the WEEE category, a guide was co-drafted by BPCE (CSR, procurement and IT functions) and Ecologic, and distributed to the Groupe BPCE institutions to raise awareness and inform them about existing solutions. The guide was presented to the CSR, Logistics and procurement functions by videoconference. BPCE Procurement currently lists five WEEE service providers and/or networks, all of which are EAs/ESATs and/or professional inclusion companies.

#### Banking-related waste

The drop in the total volume of waste in 2018 was due to the sharp reduction in WEEE as less electrical equipment was destroyed and removed in the regions. The fall in the number of printer ink cartridges collected in 2018 was due to a change in definition by the service providers concerned.

thermal paper used by automated teller machines and in self-service banking, office supplies, marketing materials, large-volume printouts, non-A4 reams, prospectuses, headed paper, envelopes, letterheads, mailings). A clear definition of the products to be reported by the Group's two main suppliers in 2018 clarified the data collected, in particular for the volume of paper other than standard reams.

(1) Non-hazardous industrial waste: paper, boxes, food waste, glass, plastic, metal

➔ PAPER CONSUMPTION

Indicator	2018	2017	2016	Change 2017-2018
Total recycled and/or certified paper* (kg per FTE)	51.38	51.17	42.92	0%
Total regular paper*, i.e. not recycled and/or certified (kg per FTE)	14.62	25.23	51.52	(42%)
Percentage of recycled and/or certified reams of A4 paper	86%	74.5%	48.3%	15%

\* Includes A4 reams purchased during the fiscal year, printouts (predominantly account statements), specific printouts, thermal paper for ATM receipts, office supplies, marketing materials, large-volume documents, reams of paper other than A4, prospectuses, forms, envelopes, headed paper, mailings.

Paper consumption is reduced by:

- replacing individual printers with shared printers, where users are required to go to the shared printer to confirm the printouts launched from their workstation, thus avoiding unused printouts;
- dematerialization, particularly in customer relations (in-branch electronic signature, remote selling, paperless account statements and general terms and conditions of sale);
- better monitoring of reports submitted by two key suppliers, thus improving data accuracy and completeness;

- a procurement policy encouraging the use of responsible paper (derived from recycling or sustainably managed forests), i.e. containing over 50% recycled paper or PEFC-certified (Program for the Endorsement of Forest Certification schemes) or FSC-certified (Forest Stewardship Council) paper.

**Management of water consumption**

The bank does not have a significant impact on water consumption and wastewater besides personal use in its offices and branches. However, several initiatives are in place to reduce water consumption (raising employee awareness).

Indicator	2018	2017	2016	Change 2017-2018
Total water consumption per FTE (m <sup>3</sup> )	9	10	10	(9%)

## 2.6 CSR reporting methodology

This section aims to explain the methodology applied by Groupe BPCE in its CSR reporting.

### 2.6.1 CSR reporting structure

Sustainable Development indicators based on the Global Reporting Initiative (GRI) guidelines are used to complete the non-financial performance report, in line with the ESG risk analysis performed by the Group in 2018 (see Chapter 2.2.1). The indicator guidelines were also updated to incorporate the 2018 regulatory changes, the expectations of our stakeholders (rating agencies, investors, NGOs, etc.), feedback from sustainable development officers in charge of reporting, and the recommendations of the independent third party for fiscal year 2017.

#### ENVIRONMENTAL INDICATORS

For fiscal year 2018, the internal environmental indicators were collected from the entities' sustainable development officers in collaboration with their logistics officers *via* the SPIDER data entry tool.

For the carbon review, the Group uses the methodology defined in ISO 14064. Data are collected annually by each entity's sustainable development officers, and are reported in the COGNOS tool, which was rolled out in 2015.

Most of the emissions factors are based on ADEME's emissions factors and are updated annually. In accordance with the general principles of carbon accounting, the integration of emission factors specific to Groupe BPCE is encouraged in the following cases:

- to compensate for a lack of appropriate factors; and
- to replace ADEME's emissions factors (or factors from any other public or semi-public source) when they are not relevant or sufficiently detailed.

Green growth indicators are business indicators (eco-loans) collected from centralized databases for both networks. Indicators on outstanding renewable energy loans are collected from the Group Risk division.

#### HUMAN RESOURCES INDICATORS

No major changes were made to the human resources indicators so as to ensure stability and to allow for comparison.

Human resources data (excluding training) are extracted from two centralized information systems managed by the Group Employment and HR Operations division, namely the "Services" data center for companies in the Caisse d'Épargne network and the "Perse" info center for all other entities.

The data extracted from the two information systems are verified following a regular control process at Group level according to the human resources indicators defined for the registration document.

Permanent contracts include work-study contracts with an indefinite term. Fixed-term contracts include fixed-term work-study contracts (professionalization contracts and apprenticeships). Employees included in the headcount at December 31 of each year include those departing on that date and those whose contract has been suspended.

New hires data refer to new hires on permanent and fixed-term contracts signed between January 1, and December 31, including work-study contracts (professionalization and apprenticeships).

Departures data include staff on permanent contracts leaving between December 31 of the previous year and December 30 of the current year for the following reasons (broken down quantitatively): dismissal, resignation, departure during a trial period, mutually-agreed termination, transfer within the Group and retirement. The departure rate corresponds to the number of departures among permanent staff in year N divided by the total number of permanent staff at December 31 in year N-1.

Transfers between different Group companies are taken into account in the new hires and departures figures.

Absenteeism figures are calculated at December 31 of year N, based on absences recorded at this date and reported in the HR information system when the data were extracted for the scope under review.

Absenteeism is calculated as per Group human resources data. It corresponds to the ratio between the number of days of absence in year N and the hypothetical number of days worked in the same year.

Indicators related to training are extracted from the new Apogée Formation data center. These data cover all of the training sessions assigned under the plan for a given year and approved by the training departments of the companies within the scope reviewed at the date the data were extracted.

#### SOCIETAL INDICATORS

Societal indicators are mainly business indicators such as socially responsible investments and loans to local authorities and to social housing operators and the social and solidarity-based economy. Data are extracted from centralized databases. Their accuracy is regularly verified at Group level. Indicators related to patronage, microloans and cooperative identity are provided by the two networks' federations and by the Group's outside partners (ADIE, France Active, Initiative France). Procurement indicators are provided by BPCE Procurement.

There is currently no standard definition of SRI assets under management shared across Groupe BPCE. Accordingly, the amounts reported include different types of investments, which are grouped into three major categories:

- ESG integration – this type of investment involves analyzing ESG performance but fund managers have no formal minimum return constraints. It also applies sector exclusions (e.g. coal) and minimum standards requirements (respect for human rights);
- SRI – this consists in formally establishing minimum thresholds to be observed by fund managers based on an ESG ratings scale or specific indicators. To be eligible for an SRI certification, these thresholds must eliminate at least 20% of the investment universe;

- conviction or thematic SRI – this involves selecting the issuers with the best social or environmental performance and/or investing in sectors with a positive ESG impact. To be eligible for the TEEC certification, the assets must contribute to the energy and ecological transition.

The growth in Ostrum AM's SRI assets under management was due to the conversion of certain investment mandates to ESG and/or SRI investments during the year.

## BUSINESS MODEL

The Group's business model is described in Chapter 1.1, "A business model that creates lasting value and has confirmed its solidity". It sets out our main activities, the main challenges in our business environment, our business model and what stands us apart from our peers. The business model is updated each year as often as necessary.

## SOURCES AND DETAILS OF BUSINESS MODEL DATA (CHAPTER 2.1.1)

Information	References
2 <sup>nd</sup> largest banking group in France	Market share: 21.5% in customer deposits & savings and 21.1% in customer loans (Banque de France, Q3 2018)
No. 2 bank for individual customers	Market share: 22.6% in household deposits/savings and 26.3% in home loans (Banque de France, Q3-2018). Total penetration rate of 30.1% (No. 2) among individual customers (SOFIA TNS-SOFRES survey, April 2018)
Change in Net Promoter Score	2017/2018 change in NPS (expressed in points)
26.3% market share in home loans	(Banque de France, Q3-2018) - Quarterly SURFI reports - home loan outstandings
We fund over 20% of the French economy	21.1% market share in loan outstandings, all non-financial sector customers (Banque de France, Q3 2018)
No. 1 lender to the social economy	CE APRI lending market share: 19.77% (Banque de France, June 2018), rising over 18 months.
No. 1 bank for SMEs	51% (No.1) in terms of total penetration rate (2017 Kantar-TNS survey).
65% of our employees are motivated	This figure reported in the diagram is for 2017. The figure for 2018 will not be available until end-Q1 2019.

### Reporting structure

CSR reporting is organized by the Group's Sustainable Development division, which coordinates the necessary work each year (updating the guidelines, indicators and user guides, advising the banks in the drafting of their own CSR annual report, etc.).

Like every year, it worked with the Group's operational divisions (IT, Human Resources, Real Estate & Logistics, Procurement, etc.) and federations (FNBP, FNCE) in order to make better use of centralized databases.

More specifically, for the preparation of the non-financial performance report in 2018, the Group Sustainable Development division worked with the Group Risk division and its regional functions.

Various initiatives were taken in this respect in 2018 in collaboration with all of the stakeholders of the non-financial performance report to facilitate the appropriation of this new process by all Group entities:

- groupwide distribution of a memorandum going over regulations and detailing the reporting process for the businesses;
- organization of two days of seminars for the CSR function:
  - one day presenting the tool box used to implement the non-financial performance report in their entities and the methodology chosen, attended by the four independent third parties working with the Group,
  - a one-day conference for all sustainable development officers from every entity to inform them about the importance of CSR

reporting and answer their questions about the data collection process;

- awareness-raising among the Group's business functions about CSR reporting issues through visits by the sustainable development team (national risk mapping meeting, the credit exposure managers club, real estate & logistics conference, national procurement meeting, etc.);
- two carbon review training sessions (beginners and advanced levels), a CSR reporting training session and two sessions on the basics of CSR;
- two conference calls attended by nearly all of the sustainable development officers to provide advice and answer questions about the non-financial performance report and the collection of CSR data.

### Reporting topics

The following topics are considered relevant in terms of the bank's indirect impacts: recycling and reuse, efforts to reduce food waste, combat food poverty, improve animal welfare and ensure responsible, fair, sustainable food supplies.

These topics are not addressed in specific paragraphs in this report but are covered by the bank's ESG risk analysis procedures. For its lending business, these topics are covered in sector policies. For investment and asset management activities, they are covered by ESG ratings methodologies for SRI fund management.

## Role of methodology tools

### Risk analysis matrix

The matrix used to rate the 21 CSR risks provides a rating of gross risks based on their frequency and severity over three years. It also measures the Group's net risk exposure in terms of the risk management systems (processes/quality, resources, controls) used.

### User Guides

The user guide, addressed to all contributors to the Group's CSR reporting processes, was updated for 2018. It sets out the following with respect to the Group's registration document (but also for each entity; *i.e.* annual management report or registration document):

- the regulatory environment;
- the timeline;
- the reporting process (scope, rules on extrapolation for incomplete data, consolidation rules and the information control process);
- a glossary.

This guide also relies on a CSR reporting standard that specifies all of the indicators published, their definitions, their units, the corresponding GRI reference, their sources, how they are calculated and collected, and examples of controls to carry out.

A Group carbon review user guide was also updated in 2018. The guide is intended to promote the carbon review system. The purpose of this guide is to:

- present the general principles of the method developed by the Group;
- review the system's history and the most recent changes to the system;
- offer a uniform presentation of the reporting rules for Groupe BPCE's greenhouse gas emissions reviews (reporting period, scope, extrapolation rules, etc.);
- enable departments to establish action plans for carbon reduction while meeting the requirements of Article 75 of the Grenelle 2 Act, which concerns greenhouse gas emissions reviews and the Local Climate-Energy Plan ("PCET") plan.

### Reporting period

Published data cover the period from January 1, 2018 to December 31, 2018. Where physical data are not exhaustive for the period, the contributors made approximate calculations to estimate the value of the missing data from average ratios provided by Groupe BPCE (in the user guides) based on FTEs and/or the area covered. The contributors reviewed the estimates used and sent their comments along with the information provided and approved by the Group.

### Comparability

For 2018, Groupe BPCE chose only to report figures for a single year for some indicators, namely those that have undergone a major change in definition since 2017 and some that were newly introduced in 2018.

### Controls

The "ESG information quality control framework" covers the organization of controls of ESG information in Groupe BPCE, and describes the main policies in place in this area. It applies to all Groupe BPCE entities in the consolidated scope: the central institution, its direct and indirect subsidiaries, all BPCE affiliates and their subsidiaries.

Each entity is responsible for the accuracy of its CSR data. The same applies to Groupe BPCE's operational divisions.

At Group level, all data collected are verified and subject to a careful review of units and data consistency. Contributors are asked for an explanation where figures appear unjustified.

The third level of control is the Internal Audit, which performs checks on entities' CSR reporting as part of its multi-annual audit plan (from 2017).

If any data published in the management report for the previous year prove inaccurate, a correction is made with an accompanying explanation on the bottom of the same page.



## 2.6.2 Reporting scope for 2018

Groupe BPCE's long-term objective is to meet the regulatory requirement of producing CSR reporting for the statutory scope of consolidation (the same as used for the publication of the Group's consolidated financial statements). The scope established for 2018 was defined as reasonably as possible under the circumstances. This scope varies depending on the type of indicator. The scope will tend to expand every year, with the aim of covering the entire statutory scope of consolidation.

### HUMAN RESOURCES INDICATORS – REPORTING SCOPE

In 2018, the reporting scope reviewed for human resources indicators (excluding training and absenteeism) included the following:

- the Banque Populaire banks;
- the Caisses d'Épargne;
- Banque de Savoie, Banque Dupuy, de Parseval, Banque Marze;
- the Caisses du Crédit Maritime;
- the subsidiaries of Crédit Coopératif;
- SBE, PRIAM;
- the i-BP, IT-CE and BPCE-IT organizations;
- BPCE SA group and Natixis SA.

The human resources reporting scope covers 90% of the Group's headcount in France.

With respect to training and absenteeism data, the scope is limited to the Banque Populaire banks, the Caisses d'Épargne, BPCE SA group, and the IT subsidiaries of Groupe BPCE. It represents 87% of permanent staff (incl. work-study contracts) covered by the human resources data.

### ENVIRONMENTAL AND SOCIETAL INDICATORS – REPORTING SCOPE

In 2018, the reporting scope covers 94% of Groupe BPCE's permanent headcount.

It includes the following entities (barring specifically-mentioned exceptions):

- the 14 companies of the Banque Populaire network, composed of the Banque Populaire banks and their subsidiaries in France;
- the 15 companies of the Caisse d'Épargne network and their subsidiaries;
- BPCE, BPCE IT, i-BP, IT-CE, Natixis SA and its subsidiaries in France, Banque Palatine and its subsidiaries in France, Crédit Foncier;
- the subsidiaries of BPCE International are no longer included in the 2018 CSR scope, unlike in 2017.

The methodologies and scopes related to BRED Banque Populaire, Crédit Coopératif, and Natixis are outlined in their respective management reports.

### DIFFICULTIES AND LIMITATIONS

It is difficult to analyze and interpret the data owing to the large number of information systems in use within Groupe BPCE. The reporting scopes vary according to the type of data (human resources, environmental, societal or business data).

## 2.7 Report by one of the Statutory Auditors, appointed as independent third-party, on the consolidated non-financial statement published in the Group management report

*This is a free English translation of the Statutory Auditors' report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.*

For the year ended December 31, 2018

To the Shareholders,

In our capacity as Statutory Auditor of BPCE SA group, appointed as independent third party and accredited by COFRAC under number 3-1048 (scope of accreditation available at [www.cofrac.fr](http://www.cofrac.fr)), we hereby report to you on the consolidated non financial statement for the year ended December 31, 2018 (hereinafter the "Statement"), presented in the Group management report pursuant to the legal and regulatory provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

### Company's responsibility

The Board of Directors is responsible for preparing a Statement pursuant to legal and regulatory provisions, including a presentation of the business model, a description of the main extra-financial risks, a presentation of the policies implemented with respect to these risks as well as the results of these policies, including key performance indicators. The Statement was prepared by applying the company's procedures (hereinafter the "Guidelines"), summarized in the Statement and available on the company's website or on request from its headquarters.

### Independence and quality control

Our independence is defined by Article L. 822-11-3 of the French Commercial Code and the French Code of Ethics for Statutory Auditors (*Code de déontologie*). In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional standards and applicable legal and regulatory requirements.

### Responsibility of the Statutory Auditor appointed as independent third party

Based on our work, our responsibility is to express a limited assurance conclusion on:

- the compliance of the Statement with Article R. 225-105 of the French Commercial Code;
- the fairness of the information provided pursuant to part 3 of sections I and II of Article R. 225-105 of the French Commercial Code, *i.e.* the outcomes of policies, including key performance indicators, and measures relating to the main risks, hereinafter the "Information."

However, it is not our responsibility to provide any conclusion on:

- the company's compliance with other applicable legal and regulatory provisions, particularly with regard to the duty of due diligence, anti-corruption and taxation;

- the compliance of products and services with the applicable regulations.

### Nature and scope of procedures

We performed our work in accordance with Articles A. 225-1 *et seq.* of the French Commercial Code defining the conditions under which the independent third party performs its engagement and the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*) relating to this engagement and with ISAE 3000 (Assurance engagements other than audits or reviews of historical financial information).

We conducted procedures in order to assess the Statement's compliance with regulatory provisions, and the fairness of the Information:

We familiarized ourselves with the Group's business activity, the report on the main social and environmental risks relating to this activity and the impacts thereof with regard to the respect for human rights and the fight against corruption and tax evasion, together with the subsequent policies and their results.

We assessed the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and clarity, taking into account, where appropriate, best practices within the sector.

We verified that the Statement covers each category of information stipulated in section III of Article L. 225-102-1 governing social and environmental affairs, the respect for human rights and the fight against corruption and tax evasion.

We verified that the Statement presents the business model and the main risks relating to the Group's business activity, including, where relevant and proportionate, the risks generated by its business relations, products or services as well as policies, measures and outcomes, including key performance indicators.

We verified that, when relevant to the main risks or policies presented, the Statement presents the information stipulated in section II of Article R. 225-105.

We assessed the process of selecting and validating the main risks.

We inquired as to the existence of internal control and risk management procedures set up by the company.

We assessed the consistency of the results and key performance indicators used with regard to the main risks and policies presented.

We verified that the Statement covers the consolidated scope, *i.e.* all companies within the consolidation scope in accordance with Article L. 233-16, with the limits specified in the Statement.

We assessed the collection process set up by the entity to ensure the completeness and fairness of the Information.

For the key performance indicators and other quantitative outcomes<sup>(1)</sup> that in our judgment were of most significance, we carried out:

analytical procedures that consisted in verifying the correct consolidation of collected data as well as the consistency of changes thereto;

substantive tests, on a sampling basis, that consisted in verifying the proper application of definitions and procedures and reconciling data with supporting documents. These procedures were conducted for a selection of contributing entities<sup>(2)</sup> and covered between 17.4% and 100.0% of the consolidated data for the key performance indicators and outcomes selected for these tests;

We consulted documentary sources and conducted interviews to corroborate the qualitative information (measures and outcomes) that in our judgment were of most significance<sup>(3)</sup>;

We assessed the overall consistency of the Statement in relation to our knowledge of the company.

We believe that the procedures we have performed, based on our professional judgment, are sufficient to provide a basis for a limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

#### Means and resources

Our work engaged the skills of eight people between November 2018 and March 2019.

To assist us in conducting our work, we referred to our Corporate Social Responsibility and sustainable development experts. We conducted around ten interviews with people responsible for preparing the Statement.

#### Conclusion

Based on our work, nothing has come to our attention that cause us to believe that the non financial statement does not comply with the applicable regulatory provisions and that the Information, taken as a whole, is not fairly presented in accordance with the Guidelines.

One of the Statutory Auditors,  
Deloitte & Associés

**Sylvie Bourguignon**  
Partner, Audit

**Julien Rivals**  
Partner, Sustainability Services

(1) Percentage of local suppliers (as a %), Amount and change in loan outstanding for the regional banks (Banques Populaires and Caisses d'Epargne), Turnover rate (%), Number of customers with products for vulnerable customers (number), Percentage of sector lending policies including CSR criteria (as a %), Annual customer NPS (net promoter score) and trends, Number of hours of training per FTE (in hours per FTE), Percentage of women in management roles (as a %), Breakdown of headcount by contract, category and gender, Breakdown of hires by contract, Outstanding loans to finance the energy and ecological transition (in euros), Responsible deposits and savings (in euros) and GHG emissions per employee (teqCO2/FTE)

(2) Natixis SA, Banque Populaire Centre Atlantique, Banque Populaire du Nord

(3) General Data Protection Regulation (GDPR) systems, Solutions applied in terms of customer protection and transparency of the range of products and services, Voting and engagement policy (scope: Mirova/Natixis and EGOFI (Crédit Coopératif)), Impact of the Group's business activity and the use of products and services on climate change, A code of ethics drawn up and distributed to employees, oversight and governance