

# La Banque Postale's Environmental Policy

Sustainability Department



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La Banque Postale has placed the environmental and energy transition, the fight against global warming and the protection of ecosystems at the heart of its strategic concerns.

In 2022, La Banque Postale became a mission-led company<sup>1</sup>, making its community foundations the key driver of its performance in support of the just transition. This decision was ratified at the Extraordinary General Meeting of 23 February 2022. This process is fully aligned with the approach taken by La Poste Groupe, which also became a mission-led company in June 2021. La Banque Postale's company purpose (*raison d'être*) has accordingly been included in its Articles of Association:

"Because it was created with the purpose of serving the community, La Banque Postale believes that there can be no long-lasting value creation without redistribution, no economic growth without local prosperity, and no sustainable development without respect for planetary boundaries. By offering quality and accessible services, our purpose is to enable everyone to fulfil their potential and to contribute, through their investment, savings, insurance and consumption choices, to building a society that is more attentive to the planet and all who live on it. As a committed banker and insurer, it is our desire to work towards this just transition alongside our customers and employees."

The transformation of La Banque Postale into a mission-led company is aligned with its 2030 strategic plan, "The just transition in action", and the creation of its Sustainability Department in 2021. It constitutes a real corporate governance tool for La Banque Postale, supporting the just transition. The three social and environmental objectives enshrined in the Bank's Articles of Association are:

- transform La Banque Postale's bancassurance model by leveraging its environmental, social and regional impact culture;
- develop and promote products and services that meet environmental, social and regional challenges;
- advance best practices and regulatory standards in the bancassurance sector through La Banque Postale's exemplary actions.

The importance of its action in respecting planetary limits and its desire to act in the fight against climate change, against the erosion of biodiversity and for environmental protection are reflected in each of the Bank's three targets:

- Take environmental criteria into account when creating its products and services, with a specific focus on the ESG checklist, which ensures a level of responsibility aligned with the Bank's sustainability values by including climate and biodiversity criteria in assessments of its product and service offerings;
- Develop products and services which support all of its customers in their environmental transition, by including climate and biodiversity criteria in the Impact Weighting Factor (IWF), a tool which assesses the impacts of the Bank's financing activities and investments;

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<sup>1</sup> The status of a 'mission-led company' was introduced in France by the Pacte law in May 2019. For companies, this means expressing the contribution they wish to make to society in addition to their economic contribution. It allows them to include in their articles of association a company purpose (*raison d'être*) that is attached to a number of social and environmental objectives that they aim to pursue in the course of their business. The Pacte law requires management and shareholders to deploy the necessary financial, human and logistical resources to pursue this mission. Its execution has to be monitored by a mission committee, which is responsible for ensuring its consistency with the company's actions. In addition, the achievement of the related objectives is verified by an independent third party.

- Set a strategy based on scientific recommendations and a robust dialogue with civil society, non-governmental organisations, and academia, and by actively contributing to the various sectoral initiatives.

## 2 Science-based climate commitments

La Banque Postale has committed to achieving a target of net zero emissions (NZE) for its banking activities by 2040<sup>2</sup>, *i.e.* ten years before the deadline set by the Paris Agreement. This commitment to the climate is part of a science-based approach, and will be realised by setting out a low-carbon pathway and aligning with the Paris Agreement as part of two benchmark initiatives: the Science Based Targets Initiative and the Net Zero Banking Alliance.

More specifically, La Banque Postale has committed

1. within its operational scope:
  - to reducing its direct Scope 1 and Scope 2 greenhouse gas emissions by 46.2% by 2030 compared to 2019<sup>34</sup>, aligning its ambition with a 1.5°C scenario, as set out in the IPCC Special Report on Global Warming of 1.5°C (SR15) by the Intergovernmental Panel on Climate Change (IPCC),
  - to sourcing 100% of its electricity from renewable sources by 2030;
2. and within its financing and investment activities:
  - to reducing indirect Scope 3 – Category 15 GHG emissions from its retail customer home loans portfolio by 46% per sq.m over the 2020-2030 period. This pathway was created using the Global GHG Accounting and Reporting Standard for the Financial Industry (PCAF) methodology and the IEA Energy Technology Perspective 2017 – Below 2 Degrees scenario,
  - to continuing to finance only those energy projects that are based on renewable energy,
  - to aligning the temperature of its large corporate equity and bond portfolio from 3.1°C in 2019 to 2.2°C in 2025 (Scopes 1 & 2) and from 3.2°C in 2019 to 1.9°C in 2025 (Scopes 1, 2 & 3). The pathways used are those developed in the IPCC Special Report on Global Warming of 1.5°C (SR15) by the Intergovernmental Panel on Climate Change (IPCC),
  - to aligning the temperature of its medium/long-term large corporate loan portfolio from 3.1°C in 2019 to 2.3°C in 2025 (Scopes 1 & 2) and from 3.1°C in 2019 to 2.1°C in 2025 (Scopes 1, 2 & 3). The pathways used are those developed in the IPCC Special Report

<sup>2</sup> Provided that governments and companies take the necessary related measures.

<sup>3</sup> Scope: Buildings and vehicle fleet under La Banque Postale's operational control. The buildings and vehicle fleet under La Poste's operational control are covered by La Poste SA's SBTi commitments.

<sup>4</sup> CNP Assurances is not included in the commitment, which was made before CNP had been incorporated into La Banque Postale Group. It should be noted, however, that it has made a commitment to the SBTi to develop its own pathways.

on Global Warming of 1.5°C (SR15) by the Intergovernmental Panel on Climate Change (IPCC).

In October 2022, and in accordance with its commitment as a founding member of the Net Zero Banking Alliance (NZBA), La Banque Postale published sector-specific pathways aligned with a scenario compatible with the targets of the Paris Agreement, which adds to the asset class approach developed by the SBTi in order to provide a more granular approach over three sectors:

- Reduce indirect Scope 3 – Category 15 GHG emissions in its automotive sector portfolio (expressed in gCO<sub>2</sub>eq per vehicle per kilometre) by 7% over the 2020-2030 period;
- Reduce indirect Scope 3 – Category 15 GHG emissions in its aviation sector portfolio (expressed in gCO<sub>2</sub>eq per passenger per kilometre) by 56% over the 2020-2030 period;
- Reduce indirect Scope 3 – Category 15 GHG emissions in its cement sector portfolio (expressed in kgCO<sub>2</sub>eq per tonne of cement produced) by 30% over the 2020-2030 period.

### 3 Initial biodiversity commitments

La Banque Postale is fully aware of the major challenges and orientations of the new Kunming-Montreal Global Biodiversity Framework, and will use all tools at its disposal to align its roadmap with this Framework from a “double materiality” perspective:

- Financial materiality: companies are dependent on natural capital and ecosystem services;
- Impact materiality: companies’ activities have an impact on nature.

It has become essential for companies to understand their relationship with nature and to measure the impact of their business on biodiversity along the entire value chain. This is the first step in creating a robust roadmap which is aligned with Caisse des Dépôts’ biodiversity policy, aimed at reducing its impacts on natural ecosystems by following a scientific pathway, and at protecting and restoring biodiversity, managing risks and seizing opportunities associated with these issues.

More specifically, La Banque Postale is committed:

1. within its operational scope:
  - to measuring its direct biodiversity footprint *via* the Global Biodiversity Score,
  - to developing responsible practices in site management (maintenance, supply of equipment and consumables, company catering, etc.);
2. and within its financing and investment activities:
  - to measuring its biodiversity footprint and developing scientific targets as soon as the methodologies are established and the necessary data is widely available,

- to identifying ecosystem dependencies, risks and opportunities to define appropriate policies which enhance positive impacts and mitigate negative impacts.

#### 4 Implementation of commitments

Achieving these targets requires responsible management and consumption of resources:

- In buildings, energy use measurement and management systems have been deployed to support the Bank's energy efficiency efforts. Thermal insulation work on premises, replacement of obsolete air conditioning systems, boilers and installation of LED lighting are all part of this approach to controlling energy use. Regular assessments are conducted to identify the most effective ways to reduce energy consumption. In terms of biodiversity, the Bank has chosen to systematically favour green cleaning methods and products (natural and/or certified) for maintenance purposes. Company restaurants have moved towards 100% responsible fishing and aquaculture products in their supplies, including crustaceans and shellfish. Vegetarian alternatives are also provided to reduce pressures on biodiversity. In terms of equipment and consumables, La Banque Postale favours more responsible solutions that use less energy (certified IT equipment, paper and cardboard from sustainably managed forests and/or use of recycling).
- La Banque Postale intends to reduce greenhouse gas emissions from its vehicle fleet by using vehicles with lower emissions. Thus, in application of its car policy, company and service vehicles will be gradually replaced by electric or hybrid vehicles or newer vehicles to reduce energy consumption and greenhouse gas emissions.

Although the various standards applicable to financial institutions do not require them to set targets for reducing their Scope 3, Category 1 to 14 emissions, La Banque Postale nevertheless intends to take action on the items with the highest emissions by setting up a number of initiatives:

- Employee business travel: pursuant to the Travel Policy, employees must try to use transport methods with a low environmental impact: these include rail transport, public transport and electric vehicles in mainland France. The use of air transport in mainland France is for exceptional situations only, and reserved for destinations that are poorly or not served by high-speed rail.
- Employee commuting: the Bank offers its employees a mobility pass to encourage them to use more environmentally-friendly modes of transport to get to their workplace. The option to work from home also helps to reduce travel and related GHG emissions.

With regard to its financing and investment activities, low-carbon pathways and alignment with the Paris Agreement as well as commitments to protecting biodiversity are supplemented by risk management policies aimed at reducing the Bank's exposure to sectors deemed to be of high environmental risk, in particular the most carbon-intensive sectors (coal, oil and gas and aeronautics) and the most sensitive in terms of biodiversity (the Bank's intervention principles in sectors at risk of deforestation and ecosystem conversion).

In accordance with its Responsible Financing and Investment Charter, La Banque Postale will ensure that it does not finance or invest in companies or projects subject to serious and/or repeated ESG controversies. A range of business activities considered not to be aligned with the Bank's values are also excluded.

In addition to the ESG checklist and the Impact Weighting Factor, new tools will be gradually rolled out to manage the various commitments made by the Bank.

Training will also be provided regularly to La Banque Postale employees to ensure that environmental issues are properly disseminated and understood. These training courses will complement existing training on the themes of sustainability and sustainable finance.

La Banque Postale already offers its retail and business customers a whole range of products and services to support the environmental transition. This range will continue to be enhanced in order to reduce the negative impacts and reinforce the positive impacts generated by the financed activities.

## **5 Transparency of environmental performance**

La Banque Postale undertakes to report annually on its environmental performance and its level of achievement in relation to the objectives it has set for itself.

Since 2006, La Banque Postale has been reporting its energy and paper consumption, as well as employee business travel and commuting using an annual reporting system which is aligned with the highest standards. This reporting is gradually being enhanced to meet both regulatory requirements and the expectations of the Bank's stakeholders.

Reporting is carried out by the Non-Financial Performance Department, which reports to both the Finance Department and the Sustainability Department. It is verified by an independent third-party expert, whose report is published in La Banque Postale's Universal Registration Document, and is approved by La Banque Postale's Executive Board and Supervisory Board.

## **6 Climate and Biodiversity Impact Fund**

The monitoring carried out as part of the annual reports enables La Banque Postale to implement the necessary corrective actions to continuously improve the environmental impact of its business activity. It has begun to monitor CO<sub>2</sub> internally as part of the Climate and Biodiversity Impact Fund in order to act in the areas of business with the highest emissions. This approach was modified in 2023 by incorporating projects contributing to biodiversity issues, the financing of large-scale renovation projects and the revision of the internal carbon price from €10.5 to €60 per tonne.

Wishing to go further in its fight against climate change, La Banque Postale is offsetting its CO<sub>2</sub> emissions by financing international offset and sequestration projects with the highest standards (Gold Standard, Verified Carbon Standard).

## **7 Robust dialogue with stakeholders**

La Banque Postale has chosen to have a robust dialogue with its stakeholders. This dialogue enables the Bank to ensure that it has ambitious targets which are aligned with scientific recommendations, but also to contribute to improving existing frameworks and methodologies.

This dialogue is held first and foremost with the Bank's Mission Committee. Appointed as part of La Banque Postale's adoption of the status of a mission-led company in February 2022, it ensures that the actions undertaken by La Banque Postale are in line with the social, environmental and regional objectives it has set itself.

In 2021, La Banque Postale signed a strategic partnership with the WWF which aims to support it in defining its low-carbon pathways, implementing the new Impact Weighting Factor and in rolling out the new eco-design grid for La Banque Postale's product and service offerings. In 2023, the partnership was renewed for two years and has been extended to the protection of nature.

As a signatory of the Principles for Responsible Banking (PRB) since 2019, La Banque Postale took part in the PRB 2030 initiative. This initiative is a strategic review of the PRB framework. It provides recommendations on how the PRB framework should evolve in an increasingly

ambitious and changing regulatory environment, while continuing to shape the standard for sustainable banking. It defines the collective ambition and guides implementation in relation to the targets and commitments set by the signatories of the PRB (300 banks covering 50% of global banking assets).

La Banque Postale has also chosen to become actively involved in work to strengthen climate-led methodological approaches and frameworks. It has therefore historically participated in the work of the Science Based Targets initiative, by contributing to methodological developments since 2017. Since 2022, the Bank has been a member of the Expert Advisory Group, which supports the initiative to develop a new “Net Zero” standard applicable to financial institutions. La Banque Postale is also a founding member of the Net Zero Banking Alliance, and has been representing European banks on the Alliance’s Steering Committee since 2021. Lastly, and more recently, La Banque Postale took part in the methodological development and testing of the ACT method applicable to financial institutions.

With regard to biodiversity, La Banque Postale has been a signatory of the Finance for Biodiversity Pledge since 2021, and participates in the four working groups, each connected to one of the Pledge’s commitments: engaging with companies, assessing impact (including biodiversity measurement and indicators), defending public policies and setting targets. La Banque Postale is also an “Early Adopter” of the Taskforce on Nature-related Financial Disclosures (TNFD).

La Banque Postale intends to continue collaborating and partnering with its stakeholders in order to contribute to the development of more responsible environmental standards for financial institutions.