

Press release

Groupe BPCE sets its 2030 targets for financed carbon emissions in the energy sectors

Paris, December 21st, 2022

As a member of the Net Zero Banking Alliance, and in line with its commitments to align its portfolios trajectory with its 2050 carbon neutrality objective, Groupe BPCE publishes today its 2030 interim targets for the energy sectors. The emission intensity of activities financed by Groupe BPCE in the power generation sector will be below 138 gCO₂e/kWh (the International Energy Agency's target in its *Net Zero Emissions by 2050* scenario) by 2030. In addition, Groupe BPCE will reduce by 30 % between 2020 and 2030, the carbon emissions from the end-use of the Oil and Gas (O&G) production activities it finances.

Groupe BPCE has already initiated its climate transition and is supporting its customers in their own transition journeys. Following up on the commitments made when it joined the Net Zero Banking Alliance (**NZBA**) in July 2021 – an initiative also driven by the insurance business with its membership in the Net Zero Asset Owner Alliance (**NZAOA**) – Groupe BPCE publishes today two interim targets for the energy sectors. Those targets are compatible with the objective of gradually aligning its portfolios with a 1.5 °C Net Zero trajectory.

According to Nicolas Namias, Chairman of the Management Board: *"Groupe BPCE has made the energy transition a priority for action for all its businesses and companies. Our emissions reduction targets are based on a demanding and transparent approach resulting from the work of the French Banking Federation, and in line with the recommendations of the Net Zero Banking Alliance. We are committed to supporting all our clients – be they large companies, individuals, SMEs, VSEs, professionals, local authorities or investors – in their environmental transition, through financing, advice and strategic dialogue."*

As the production and combustion of fossil fuels represent 85 %¹ of all human-induced CO₂ emissions, Groupe BPCE has chosen to first set carbon emissions reduction targets for its activities linked with the financing of the energy sectors, namely power generation and the O&G sector.

The publication of these two NZBA targets follows a series of actions already carried out by Groupe BPCE to support the environmental transition.

In the past years, Groupe BPCE has committed to gradually reduce its exposure to thermal coal to zero by 2030 in the European Union and OECD countries, and by 2040 in the rest of the world.

To reach these goals, Groupe BPCE is strengthening its dialogue with its customers, notably energy companies, to analyze the compatibility of their business mix with the group's commitments within each region.

1st goal: Groupe BPCE continues to reduce the carbon intensity of its financing related to power generation

Groupe BPCE increases its financing of low carbon electricity generation, focusing on financing renewable energies and favoring innovative projects with local impacts. In France, Groupe BPCE pioneered the financing of

¹ Indeed, the consumption of fossil fuels in the form of coal (14.2 GtCO₂), oil (11.2 GtCO₂) and gas (7.6 GtCO₂) as well as gas flaring (0.4 GtCO₂) were the cause in 2020 of 85 % of the 39.3 GtCO₂ related to human activities. Source: *Global Carbon Budget 2022*, https://globalcarbonbudget.org/wp-content/uploads/Global_Carbon_Budget_2022v1.0.xlsx

floating offshore wind farms and fully participates in strengthening the European sovereignty over energy. This strategy allowed to bring exposure to renewables to €11 bn as of December 31st, 2021, *i.e.*, more than half of Groupe BPCE's exposure to power generation.

The carbon intensity of the activities financed by Groupe BPCE in the power generation sector was estimated at 156 gCO₂e/kWh for scopes 1 and 2 in 2020².

In 2030, Groupe BPCE aims to bring the intensity of this portfolio below 138 gCO₂e/kWh, which is the threshold set by the International Energy Agency (IEA) in its *Net Zero Emissions by 2050* scenario.

2nd goal: Groupe BPCE sets a target to reduce its financed emissions in the O&G production sector by continuing to reduce its associated exposure

Groupe BPCE commits to a 30 % decrease between 2020 and 2030 of the end-use carbon emissions of the O&G production activities³ that it finances, in line with the IEA's *Net Zero Emissions by 2050* scenario.

Groupe BPCE is transforming its businesses and making sure it adequately supports its customers in their energy transition.

Groupe BPCE is conscious of the profound transformation required by its objectives and is deploying appropriate resources to support its clients in the financing of their projects.

Groupe BPCE will continue and extend the steering of its decarbonization trajectory.

In accordance with its NZBA commitments, Groupe BPCE will publish its 2030 emissions reduction targets for the other sectors defined by this alliance⁴ before mid-2024.

In addition, Groupe BPCE will publish its Task Force on Climate Related Financial Disclosures (TCFD) report in the first quarter of 2023. This report will detail the methodologies used and the action plan to achieve these first two targets. The evolution of the key indicators for the energy sectors will be monitored and communicated regularly, as recommended by the NZBA.

² This calculation includes the emissions of scopes 1 and 2 - within the meaning of the GHG protocol - of all the amounts committed by Groupe BPCE in connection with power generation (excluding trading book - market activities and derivatives).

³ This commitment relates to scope 3 - within the meaning of the GHG protocol - of all amounts committed by Groupe BPCE related to oil or gas extraction (excluding trading book - market activities and derivatives).

⁴ According to UNEP FI guidelines, NZBA members publish targets for the following 9 sectors: agriculture, aluminum, cement, coal, commercial and residential real estate, iron and steel, oil and gas, power generation and transport.

Methodology and disclaimer

The methodology used by Groupe BPCE for the measurements and forecasts published today is based on market standards that are still evolving. This methodology is in line with the work of the French Banking Federation (FBF) and the NZBA.

Groupe BPCE actively participates in the development of standards and methodological principles common to French banks, notably through the chairmanship of the FBF's Climate and Biodiversity Commission held by the Chairman of Groupe BPCE's Management Board.

The information contained in this press release has not been subject to external verification.

The data used is largely sourced from data providers or publications from the companies that Groupe BPCE finances. Discrepancies may exist in the greenhouse gas measurements of data providers (e.g., on geography and perimeters) as well as inaccuracies or incompleteness of the activities covered by our clients in their publications. Estimates will evolve as the quality of available data improves.

The widening of the scope of our analyses to other activities will depend on the availability of recognized methodologies. It is specified that the objectives are based on the commitments of our customers and consequently depend on their ability to meet them over time. These objectives are also contingent on current government policies and on the development of low-carbon technologies, which are critical for long-term horizons.

Any significant changes to the methodology or data used to set our carbon emissions reduction targets corresponding to the two objectives stated above will be clearly communicated.

About Groupe BPCE

Groupe BPCE is the second-largest banking group in France. Through its 100,000 staff, the group serves 36 million customers – individuals, professionals, companies, investors and local government bodies – around the world. It operates in the retail banking and insurance fields in France via its two major networks, Banque Populaire and Caisse d'Epargne, along with Banque Palatine and Oney. It also pursues its activities worldwide with the asset & wealth management services provided by Natixis Investment Managers and the wholesale banking expertise of Natixis Corporate & Investment Banking. The Group's financial strength is recognized by four financial rating agencies: Moody's (A1, stable outlook), Standard & Poor's (A, stable outlook), Fitch (AA-, negative outlook) and R&I (A+, stable outlook).

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