

Press Release

Groupe BPCE amplify its decarbonization ambition by publishing new commitments to cover the eleven most carbon-emitting sectors globally

Paris, July 15th, 2024

As a member of the Net Zero Banking Alliance (NZBA), Groupe BPCE reaffirmed in its strategic project VISION 2030 his commitment to align the trajectory of its portfolios with the goal of carbon neutrality by 2050. In this context, group publishes today its decarbonization ambitions for five new sectors (aluminium, aviation, commercial real estate, residential real estate, agriculture). The group thus completes the approach launched in 2022 with targets by 2030 in electricity production, oil and gas sectors, and has a decarbonisation ambition now focused on the eleven most carbon-intensive sectors.

I- Five new sectors : aluminium, aviation, commercial real estate, residential real estate, agriculture

New sectoral targets have been defined for aluminum across Groupe BPCE, as well as for aviation and commercial real estate within the scope of Corporate & Investment Banking (Natixis Corporate & Investment Banking).

1- Aluminium

In 2022, approximately 3% of the world's direct industrial CO₂ emissions were emitted by the aluminium sector¹. **Groupe BPCE aims to achieve a financed carbon intensity of 6 t CO₂e/t aluminium by 2030 (vs 6.5 t CO₂e/t aluminium as at 31/12/2022).** The scope includes aluminium smelting activities (scope 1 & 2) of the entire Groupe BPCE.

2- Aviation

In 2022, aviation accounted for 2% of global CO₂ emissions related to energy². **Groupe BPCE aims to achieve a financed carbon intensity of 750 g CO₂e/RTK³ by 2030 (vs 920 g CO₂e/RTK as at 31/12/2022).** The scope includes airlines, aircraft leasing companies, and asset financing (scope 1, 2 & 3 well-to-wake).

3- Commercial real estate

In 2022, the use of buildings accounts for 28% of global carbon emissions. Among which, nearly 40% comes from commercial real estate⁴. **Groupe BPCE aims to achieve a financed carbon intensity of 32 kg CO₂/m², representing a reduction of 30% by 2030 (vs 46 kg CO₂/m² as at 31/12/2022).** The scope includes asset and corporate financing (emissions related to building use) in the Natixis CIB portfolio.

Groupe BPCE has also published its action plans for the residential real estate and agriculture sectors, which relate to its retail banking activities.

4- Residential real estate

To contribute to the objectives of the French National Low-Carbon Strategy (Stratégie nationale bas-carbone - SNBC) and accelerate the energy renovation of homes, **Groupe BPCE is implementing an action plan to reduce greenhouse gas emissions related to its financing, estimated on average to be 25 kg CO₂e/m² as at the end of 2022⁵:**

- Advise and raise awareness among our clients through the expertise of our advisors and use of the "Advice and Sustainable Solutions" module available in the mobile banking application;
- Support energy renovation projects for individual homes and condominiums: energy assessments, search for subsidies, guaranteeing the successful completion of work, with tailored pathways and financing (eco-PTZ loan, pre-financing of subsidies, dedicated collective loans, partnerships with Cozynergy, with Leroy Merlin, etc.).

This action plan, developed by the Banques Populaires and Caisses d'Epargne, will mobilize EUR 1 billion annually in financing for energy renovation projects for individuals by 2026.

5- Agriculture

Groupe BPCE is defining an action plan that combines climate issues and sustainable agriculture in a broad sense, integrating biodiversity, water, and ecosystems alongside agricultural sectors and other actors in the value chain (agricultural supplies, processing, distribution, etc.).

This action plan encourages initiatives for food security in the French territories while preserving farmers' incomes. Three levers are being mobilized: adapting our financing and products to address new challenges, activating territorial and sectoral synergies, and training bank advisors to support farmers' projects in a sustainable manner.

II- A widening of the scope of its objectives in three sectors: automotive, steel and cement

In addition to the publication of new targets, Group BPCE is expanding the scope of its objectives for the automotive, steel, and cement sectors.

6- Automotive

Groupe BPCE is expanding its objective, initially led by Natixis CIB, to include its leasing activities. The target is to be less than 100 g CO₂e/km by 2030 (vs 166 g CO₂e/km as at 31/12/2022). The scope covers the entire group for financing automobile manufacturers and BPCE Lease for leasing activities.

7- Steel

In this sector, Groupe BPCE is expanding its objectives, initially led by Natixis CIB, to the entire Group, with a carbon intensity target of less than 1.4 t CO₂e /tonne of steel by 2030. The scope of this target covers Groupe BPCE steel producers (scope 1 & 2).

8- Cement

In this sector, Groupe BPCE is expanding its targets, initially led by Natixis CIB, to the entire Group, with a target of 525 kg CO₂e/ton of cement by 2030. Groupe BPCE's cement and clinker producers (scope 1 & 2) have been included in the scope.

III- Reminder of commitments made on electricity production, oil and gas

9- Electricity production

Groupe BPCE is continuing to reduce the carbon intensity of its financing linked to electricity production. With this in mind, it has decided to increase its financing of low-CO₂-emitting sources of electricity generation, with an emphasis on financing renewable energies and prioritizing innovative projects characterized by their local impact. In France, Groupe BPCE is a forerunner in the financing of floating offshore wind farms, and plays a full part in strengthening Europe's energy sovereignty.

At the beginning of 2024, the Group reinforced its ambition to reduce carbon intensity to below 90 g CO₂e/kWh by 2030 (vs 138 g CO₂e/kWh with reference to the IEA's NZE 2050 scenario published in 2021).

10- Oil and gas

At the beginning of 2024, Groupe BPCE strengthened its ambition to reduce absolute financed carbon emissions linked to financing the end use of oil and gas extraction and production⁶. The goal is now to reduce its financed emissions between 2020 and 2030 accounted for on the balance sheet by at least 70%, or - 50% including off-balance sheet as well (compared with 30% previously with reference to the target of the IEA's NZE 2050 scenario published in 2021).

IV- Particular case

11- Shipping

Lastly, given the insignificant amount of dedicated financing for freight and passenger ships provided by Natixis CIB, Groupe BPCE does not publish a target for this sector.

Methodology et disclaimer

The methodology used by Groupe BPCE to establish the measures and forecasts announced is based on market standards that continue to evolve. It relies on the work of the French Banking Federation (FBF) and the NZBA, and utilizes international and national scientific reference scenarios on Net Zero trajectories (International Energy Agency, Carbon Risk Real Estate Monitor).

The information presented in this press release has not been externally verified.

The data used regarding our clients are derived primarily from data providers or publications of companies funded by Groupe BPCE. Differences may exist in the measurements of greenhouse gases from data providers (for example, in terms of geography and scope) 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.

Expanding the scope of our analyses to other activities of the group depends on available and recognized methodologies. Furthermore, the objectives targeted by Groupe BPCE are conditioned by the commitments of our clients and their ability to maintain them over time. These objectives also depend on current government policies and the development of low-carbon technologies, which are critical for long-term horizons.

For the residential real estate sector, due to the dependence on regulatory and governmental actions (uncertainty about the application of renovation policies & construction plans), Groupe BPCE has not set a specific carbon target for 2030.

For the agricultural sector, in the absence of precise non-financial data from our clients as well as economic and social obstacles, Groupe BPCE has not published specific targets for 2030.

Any significant modification to the methodology or data used to establish our commitments to reducing financed emissions corresponding to the above objectives will be clearly communicated.

1. <https://www.iea.org/energy-system/industry/aluminium>
2. <https://www.iea.org/energy-system/transport/aviation>
3. Revenue Tonne kilometers (RTK) corresponding to the actual mass transported (paid) over a distance of one kilometer
4. <https://www.architecture2030.org/why-the-built-environment/>
5. Emissions related to building use, scope 1 & 2
6. This commitment relates to scope 3 - as defined by the GHG protocol - of all amounts incurred by Groupe BPCE in connection with oil and gas extraction (excluding the trading portfolio - market activities and derivatives)

About Groupe BPCE

Groupe BPCE is the second-largest banking group in France. Through its 100,000 staff, the group serves 35 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 credit rating agencies with the following senior preferred LT ratings: Moody's (A1, stable outlook), Standard & Poor's (A, stable outlook), Fitch (A+, stable outlook) and R&I (A+, stable outlook).

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