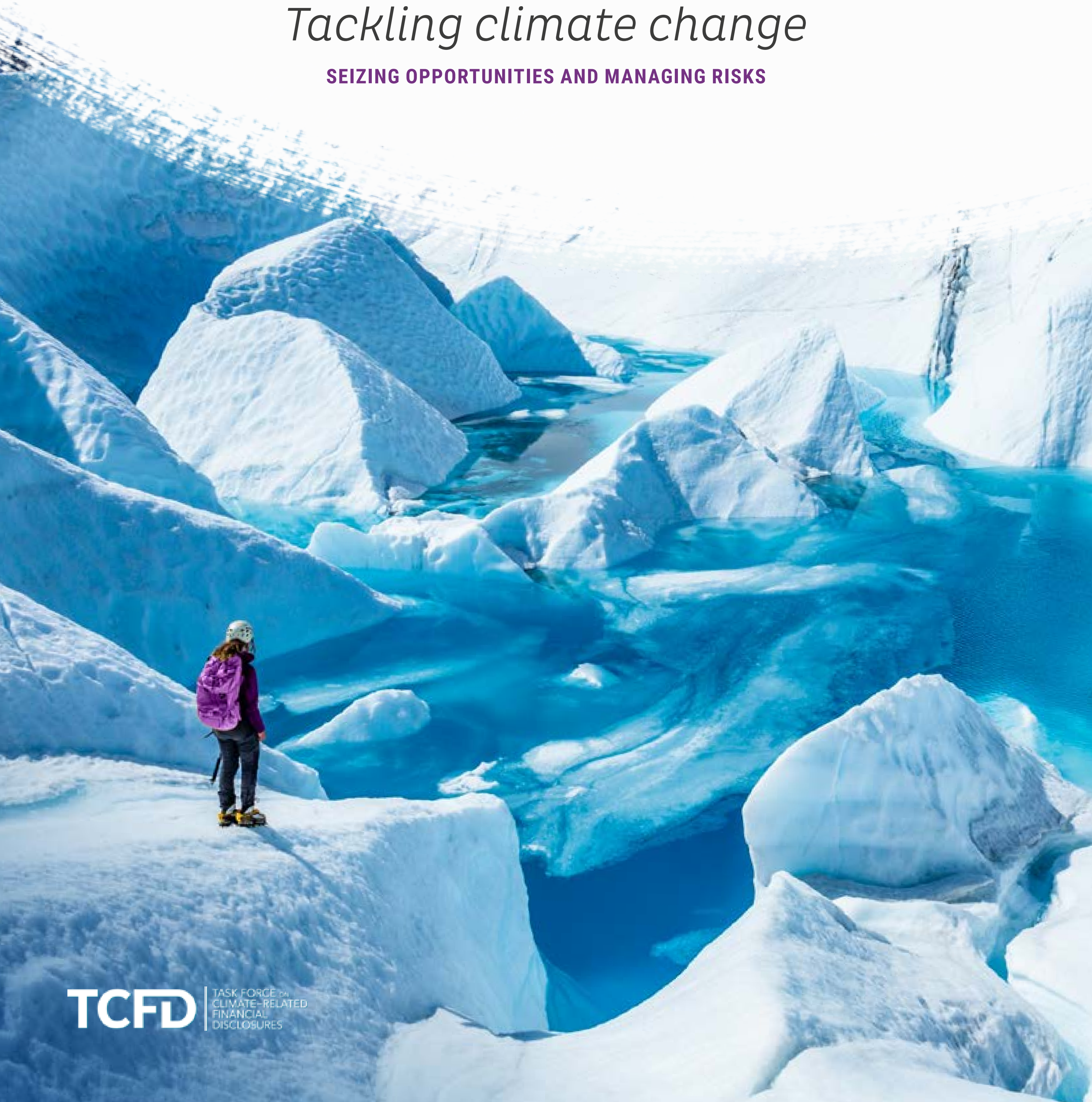
TCFD REPORT 2021

Tackling climate change

SEIZING OPPORTUNITIES AND MANAGING RISKS



EDITORIAL

Nicolas Namias
Chief Executive Officer, Natixis

Natixis strongly believes in the importance of managing risks and opportunities linked to climate change. Hence, for several years, the Company has made the climate and energy transition one of its strategic priorities.

For Natixis, climate challenges also represent an excellent opportunity. We aspire to be our clients' leading partner in accelerating their energy transition. We are convinced that a financial firm such as ours can contribute its expertise to financing the large-scale efforts to build major renewable energy infrastructures, but also to support our clients in their energy transition in all areas of the economy and not just high-profile "green" sectors, across all our business lines and geographies. In each of our business lines, we have built expert ESG-topic teams to define sustainable solutions for all of our activities. This strategic commitment is part of the BPCE Group's plan to place the fight against climate change at the center of its development strategy for 2024.

I am very proud that Natixis is the first bank to have a granular tool to analyze the climate impact of transitioning its financing activities with its Green Weighting Factor. It enables us to actively monitor the climate trajectory of our Corporate & Investment Banking activities for which we have set specific targets of 2.5°C by 2024, 2°C by 2030 and 1.5°C by 2050.

EDITORIAL

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In the third-party asset management business, we are one of the first groups to apply such a far-reaching assessment of carbon intensity to our investment portfolios. Meanwhile, in our insurance business, we committed very early on to aligning our portfolio and are accelerating these efforts at present to reach a trajectory of 1.5°C by 2030.

These changes are the result of taking full account of the climate impacts in all of our business management processes: beyond ESG analysis of our portfolios, climate impacts are fully integrated into our credit granting processes as well as our liquidity buffer investment policies and company director compensation procedure. These efforts are the result of Company-wide collective efforts. We also work with our clients, NGOs, public authorities and the scientific world and our stakeholders to consider better tools and better practices to succeed in the ambitious transformation of our society in line with the targets of the Paris Agreement.

We believe that managing climate challenges means acting transparently in the governance of climate themes and explaining our overall strategy on such themes. This is based on analysis of climate risks and opportunities and is reflected in an ability to measure the climate impact of our portfolios and monitor them to ensure alignment with the temperature scenario of the Paris Agreement. This is why we support the TCFD which offers a highly relevant framework to mainstream subject-specific communications.

On a personal level, I am committed to this transformation. I believe that our company can rise to the challenge, making an expert, efficient and fair contribution.

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GOVERNANCE OF CLIMATE CHALLENGES

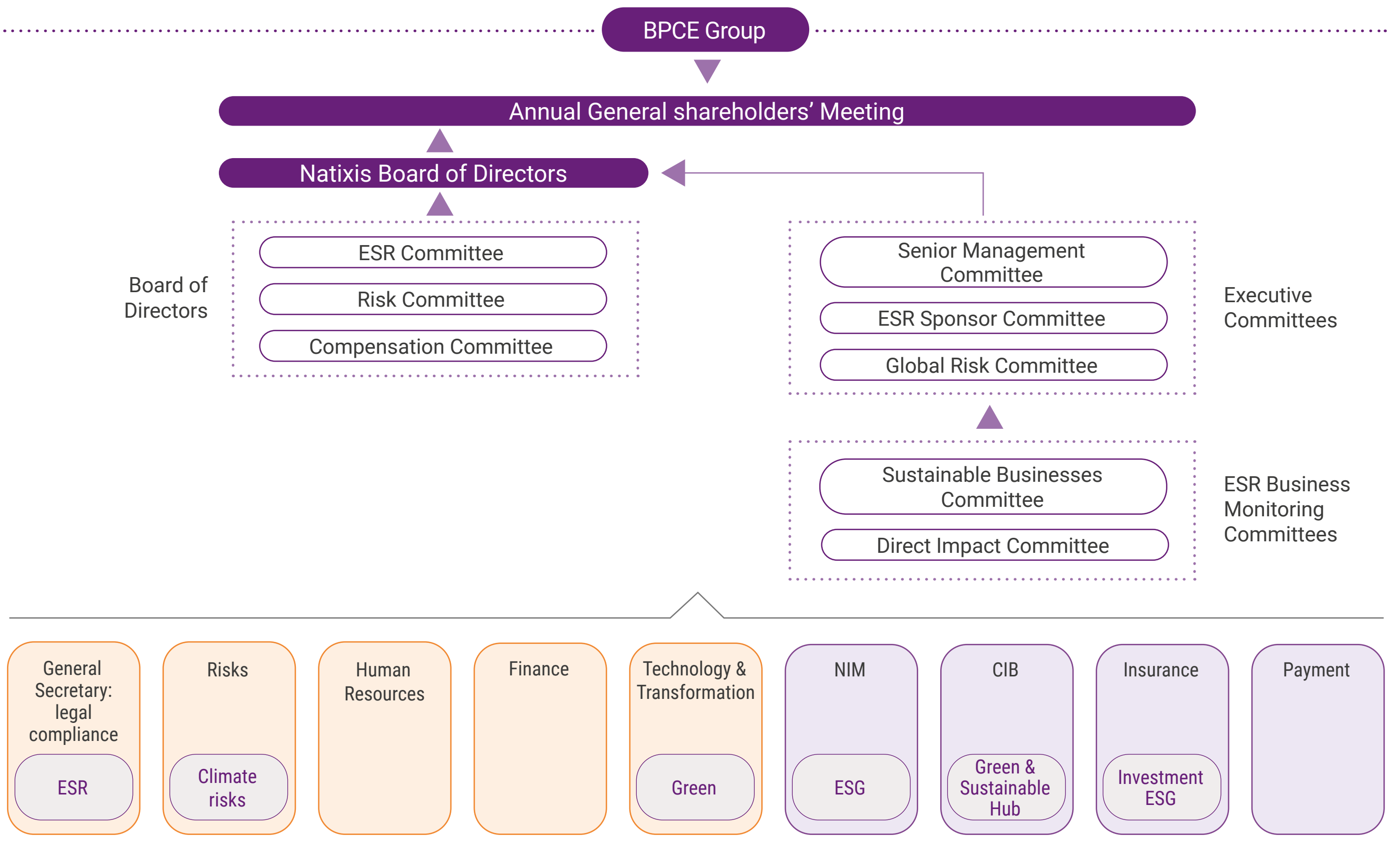
For several years, Natixis has been adopting an ESR strategy which has incorporated a climate dimension in monitoring activities. It is based on specialist governance involving all business lines and functions in the transition. This organization enabled us to develop expertise and build innovative tools, notably in the analysis of ESG risks and the monitoring of our balance sheet climate trajectory. The strategic plan published in July further integrates climate in our development strategy as we support our clients in their transition through all of our business lines.

André-Jean Olivier
General Secretary and Senior Management Committee member, Natixis

As a major player in financing the economy, Natixis aims to play its part in the transition to a sustainable economy and, with its businesses, to create value for all internal and external stakeholders.

The Company has made Environmental and Social Responsibility (ESR) one of the major drivers of its strategic plan and defines sustainable impact research as one of the three constituent pillars of its corporate culture, along with entrepreneurial spirit and collective intelligence.

Natixis is strongly committed to fighting climate change and determining the appropriate governance to meet climate challenges.



1 Supervision by the Board of Directors

The Board of Directors discusses, approves and monitors the climate strategy presented by Natixis Senior Management.

Monitoring of climate challenges is organized with three specialist committees

To guarantee effective monitoring of climate challenges, the Board of Directors is advised by three separate committees: the Risk Committee, the ESR Committee and the Compensation Committee. The latter approves the integration of non-financial criteria and climate concerns in company director compensation.

The ESR Committee of the Board of Directors was created at end-2020 with the following mandate:

- reviewing Group strategy and commitments to ESR and climate strategy;
- monitoring the actions carried out by Natixis to reduce its own footprint and that of its financing and investment activities;
- spearheading awareness-raising actions with employees, particularly climate issues;
- observing the integration of non-financial criteria, including climate challenges, into company director compensation;
- examining ESR risk related to investment, business performance and reputation;
- overseeing reporting on these challenges through the Non-Financial Performance Statement (NFPS);
- analyzing the Group's non-financial performance ratings.

The Chair of this Committee is an independent director. The Committee has four members including two independent directors and two directors from the shareholder network, one Banque Populaire company director and one Caisse d'Epargne company director. The Natixis General Secretary (to whom the ESR department reports) also participates in Committee meetings. Moreover, one of the independent directors chairs the Risk Committee of the Board of Directors to guarantee consistency in the actions undertaken by these two Committees.

The Chair of the Committee is an expert in environment and climate concerns thanks to her participation in other companies' ESR Committees. The director representing the Caisse D'Epargne network is also a member of the BPCE Group strategic working group covering environmental challenges.

Training is provided to directors on a halfyearly basis

Training on environmental and climate themes is also provided to directors on a halfyearly basis as part of overall training programs for directors working for the ESR department and Risk division as well as for specialist teams in the relevant business lines.

The Chairman of the Natixis Board of Directors is also Chief Executive Officer of BPCE Group and reports to the BPCE Group Supervisory Board on climate themes.

As social organizations, companies have a major role to play in supporting more sustainable societal development which is more respectful of our planet. Working through its ESR Committee, Natixis ensures that ESG criteria are taken into consideration in the development of its business lines as well as in overall company management.
We are pleased that Natixis can transparently share its climate strategy thanks to this TCFD report.

Anne Lalou
Chair of the Board ESR Committee, Natixis

2 Climate strategy monitoring by Senior Management

EXECUTIVE COMMITTEES

Senior Management is directly involved in implementing climate strategy

The Natixis Senior Management Committee is directly involved in implementing climate strategy via several Executive Committees set up to define and monitor strategy related to climate opportunities and risks.

An ESR Sponsor Committee regroups ESR sponsors from all of the various Natixis business lines and functions, with members of the Senior Management Committee. It is chaired by the Chief Executive Officer and is tasked with approving and monitoring ESR strategy.

The Natixis Global Risk Committee is chaired by the Chief Executive Officer, and is responsible for overseeing the analysis, measurement and management of climate risks. The Committee is tasked with monitoring measurement tools for physical and transition risks. It also determines climate risk appetite and oversees analytical testing and climate stress tests.

Coordination with BPCE Group
The Chief Executive Officer of Natixis, Global Head of Risk Management and Global Head of Environmental & Social Responsibility are also members of the BPCE Group's Climate Risk Committee which defines climate risk strategy at the BPCE Group level.

ESG risks, in particular climate risks, are also taken into consideration in the analysis and decisions made by the main Executive Committees which approve the financial commitments of Natixis, particularly the Natixis Credit Committee, which approves financing transactions and uses climate risk assessment tools (Green Weighting Factor, ESR Screening tool) and the Natixis Investment Managers (NIM) Committee which approves seed money invested in creation funds.

OPERATIONAL COMMITTEES

The various business lines and functions are mobilized

At the operating level, ESR hinges on two Steering Committees to fuel reflection and monitor the implementation of strategy: one is dedicated to internal ESR impacts and employee mobilization, while the other focuses on sustainable business development and ESG risk management, specifically climate risks for all of our business lines.

These Committees are made up of representatives ("ESR pilot") of the different Natixis business lines and functions to ensure the broadest overview of ESR strategy implementation.

As regards the Natixis Investment Managers and Natixis Assurances subsidiaries, the ESG Committees—in which Senior Management of these entities participate—are also responsible for monitoring actions within their scope.

3 Role and organization of the ESR department

The Environmental and Social Responsibility (ESR) department reports directly to the General Secretary and is a member of the Senior Management Committee.

With 10 permanent members, this Committee monitors and coordinates integration of ESR policy in Natixis' operations and activities. In this way, it supports increasing demand from clients, investors and corporates, to integrate ESR considerations into their own development models. It is also responsible for regulatory and strategic reporting and relations with internal and external stakeholders who refer to Natixis on ESR policy (clients, employees, non-financial rating agencies, NGOs, etc.).

A network of around 200 ESR Correspondents

The ESR department is backed by a network of 200 ESR correspondents from all business lines and functions. These officers from Natixis' various business lines (Corporate & Investment Banking, Asset & Wealth Management, Insurance, Payments) participate in forums aimed at developing ESR within business lines, while correspondents in support functions (Workplace, human resources, compliance, etc.) and business lines (for their "operational management" aspects) are involved in projects linked to integrating sustainable development in Group operations.

- **As part of this structure, Corporate & Investment Banking introduced the Green & Sustainable Hub (GSH). Comprising a global team of experts, this operating hub supports issuer clients and investors by offering them expert advice for green and sustainable finance.** These skill sets are applied to asset classes across the board: structured financing and origination, investment solutions, in partnership with the business lines where the "Green Captains" are mobilized and in cooperation with the ESR department. The GSH provides year-round training in an endeavor to upskill Green Captains on sustainable finance topics.
- **In the asset & wealth management business, a centralized ESG team coordinates the ESG criteria integration policy into approaches to affiliate management.** Several affiliates have created dedicated ESG teams to monitor ESG operational integration.

Strengthened training actions for all of our employees

- **In the Insurance business, the investment team of the life insurance network includes ESG experts who define and implement investment policy for the general-purpose fund.**

For several years, ESR officers have also focused their work on asset & wealth management (Mirova, Ostrum Asset Management, AEW Europe), as well as the different Insurance business lines (BPCE Assurances: BPCE Life and Non-Life).

Furthermore, ESR officers identified in 2018 via multiple global platforms roll out the worldwide ESR strategy.

Lastly, in recent years, Natixis has ramped up its training programs and awareness-raising sessions on sustainable development and climate to foster greater mobilization. This year, such efforts were consolidated with the rollout of a mandatory training module for all employees.

The ESR team works closely with the BPCE Group ESR department, both in defining and monitoring strategic actions and disseminating consolidated ESR data on a Group-wide basis.

4 Organization of the climate risk supervisory framework

The climate risk supervisory framework within Natixis is based mainly on links between the ESR department teams and the Risk division.

— **THE ESR DEPARTMENT** is responsible for drafting ESG policies and the list of exceptions which apply to Natixis' business lines. It is also the main specialist division on climate risk. In this respect, the ESR department plays a central role in implementing several strategic projects to identify and monitor climate risk (notably the Green Weighting Factor methodology and the ESR screening tool). In Corporate & Investment Banking, the ESR department is also involved in supporting the process of granting and reviewing financing transactions by contributing its ESG expertise and reputational risk on high-stakes business and ensures compliance with ESR policies.

— In the Risk division, the **CREDIT RISK** department is in charge of integrating ESG policies within sector credit policies and integrating climate risk within the framework of the granting process and reviewing Corporate & Investment Banking transactions, while ensuring the operational implementation of tools to identify climate risks. It relies on the expertise of the ESR department for the most sensitive transactions.

— The **ENTERPRISE RISK MANAGEMENT DEPARTMENT** is tasked with developing methodologies capable of measuring risk and conducts quantitative analysis linked to risk measurement. As such, it is responsible for carrying out resistance tests as part of the ACPR exercise, in coordination with other Risk division departments.

— The **OPERATIONAL RISK DEPARTMENT** integrates situational modeling of physical climate risk scenarios to which Natixis is exposed.

Creation of a climate risk department

— **Natixis' Risk division will soon strengthen these measures by establishing a department in charge of climate risks with the mandate of coordinating the rollout of the framework applicable to climate risk.** This department will work alongside the other risk departments and other internal stakeholders with a view to introducing consistent and exhaustive monitoring of such risks. Further out, it will also review high-stakes transactions from the climate risk appetite perspective as well as monitoring asset portfolio exposure to climate risks and internal and external reporting of these risks.

— **With respect to Natixis Investment Managers and Natixis Assurances,** the climate risk supervisory framework is largely based on taking account of ESG criteria in the investment and engagement process. Departments responsible for ESG topics within each of the entities support implementation of these mechanisms and ensure consistency with the overall Natixis ESG policy.

5 Compensation policy

Since 2019, compensation of Senior Management Committee members includes a Long Term Incentive plan indexed to meeting ESR criteria (10% indexed).

Granting of this long-term inventive is conditional on improvements in Natixis' non-financial rating with three external and independent rating agencies (Vigeo-Eiris, ISS Oekom and Sustainalytics). Moreover, Natixis' ESR strategy is also used to determine the annual variable compensation of the Chief Executive Officer.

Apart from Senior Management, several compensation mechanisms also include ESR criteria:

- a Natixis share ownership agreement includes ESR criteria (paper and energy consumption);
- additional specific ESR targets are included in certain profit-sharing agreements at Natixis subsidiaries;
- lastly, all of the employee savings plans (PES and PERCO) are SRI-labeled for new subscriptions since April 2021.

PUTTING CLIMATE AT THE HEART OF OUR **BUSINESS STRATEGY**

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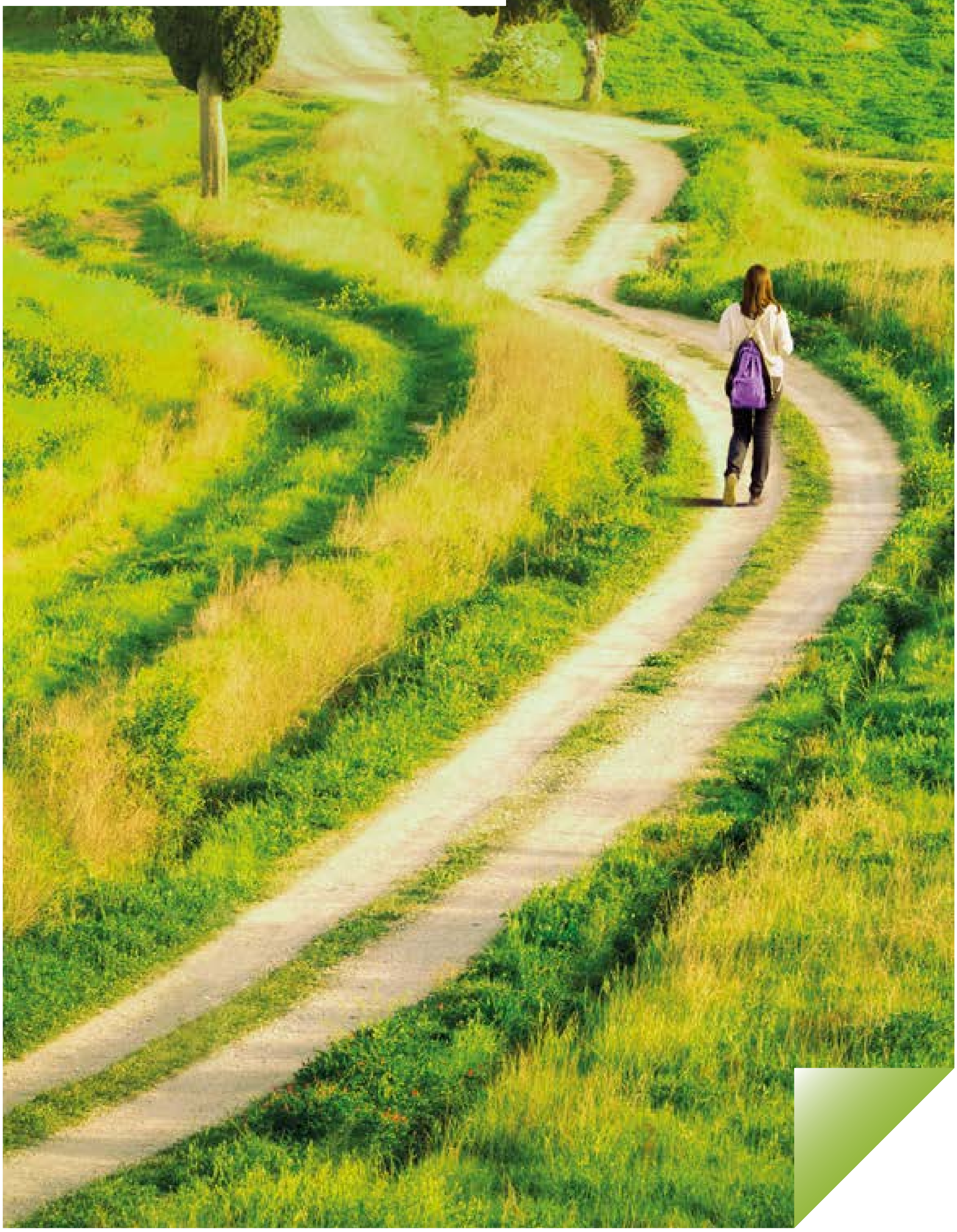


We know that to avert the worst impacts of climate change, we must keep global temperatures to within 1.5 °C of the pre-industrial baseline. That means reducing global greenhouse gas emissions by 45 per cent from 2010 levels by 2030 and reaching net zero emissions by 2050. The global mean temperature for 2020 was around 1.2 °C warmer than pre-industrial times, meaning that time is fast running out to meet the goals of the Paris Agreement. We need to do more, and faster, now.

António Guterres
Secretary-General of the United Nations

1 Identify climate-related opportunities

Natixis seeks to be in a position to offer all of its clients, in all locations, products and services to support their transition to a low-carbon climate resilient economy and in adapting to the impacts of climate change.

As a result, for each of its business lines, Natixis has identified multiple opportunities linked to climate change and the related transition and adaptation needs:

Scope	Business activity	Business opportunity	Climate risk mitigation	Current level of development	Level of impact
CORPORATE & INVESTMENT BANKING	Financing	Strong growth of sustainable financing activity: • dedicated use-of-proceeds green loans (including renewable energy, transport, infrastructure) • sustainability-linked loans (with climate-related KPIs) • sustainable capital calls financing • sustainable trade finance (supply chain, commodities)	Transition risk	***	***
		• Financing of dedicated adaptation activities • Sustainability linked-loans with adaptation KPIs	Physical risk	*	**
	Advisory	• Client engagement and advisory on climate transition • Sustainable business M&A advisory	Transition risk	***	***
		Client advisory on climate adaptation related issues	Physical risk	*	**
	Capital markets	Strong growth of sustainable bond structuring: • dedicated use-of-proceeds green bonds • transition bonds (with climate-related KPIs)	Transition risk	***	***
		Sustainable bonds targeting adaptation activities	Physical risk	*	*
		• Green investment product structuring • Sustainable fixed income product offer	Transition risk	**	**
		Green securitization / CMBS	Transition risk	*	**
		Development of sustainable equity indices targeting issuers active in climate change mitigation and/or adaptation	Physical risk	**	**
		Sustainable foreign exchange offering	Physical risk	*	*

Scope	Business activity	Business opportunity	Climate risk mitigation	Current level of development	Level of impact
ASSET AND WEALTH MANAGEMENT	Third party asset management	Outperformance of investment strategies: • Responsible investment (including climate in risk analysis) • Sustainable investment (exclusions, best-in-class/universe) • Specific climate-themed strategies • Seed money investment in green/climate funds	Transition and physical risk	***	***
		Growing revenues from developing climate-related strategies in line with client demand: • climate theme investment strategies • real asset investments (renewable energy, sustainable transport, real estate, other transition/adaptation infrastructure) • growing asset sustainable certification (for real estate in particular)	Transition and physical risk	**	***
	Engagement	Client engagement and advisory on climate transition	Transition risk	**	***
		• Issuer engagement on climate transition • Voting policy in line with climate mitigation issues	Physical risk	*	**
	Wealth management	Distribution of climate-related investment products in line with client demand (sustainable, thematic, impact, real asset investments)	Transition and physical risk	*	*
INSURANCE	Life insurance	Outperformance of general fund due to sustainable investment policy: exclusions, 1.5°C alignment target by 2030, climate-themed investments.	Transition risk	***	***
		Increased revenues from the development of green/climate-related insurance products in line with client demand: • sustainable unit trust offering • responsible retirement savings plan (PERI) • green life insurance contracts	Transition risk	**	**
		New clients from increased engagement on climate transition/adaptation issues with: • Issuers: voting policy taking into account climate challenges • Asset managers • Client advisory related to green/climate theme investments.	Transition and physical risk	*	**
	Non-life insurance	• Client advisory on transition • Development of home/car insurance products with incentive for energy savings and carbon footprint reduction	Transition risk	*	*
		Growing client advisory on climate theme issues (prevention actions including weather alerts, advice on adaptation needs, resilient claims management)	Physical risk	*	***
NATIXIS CORPORATE	Treasury	Outperformance of liquidity investment thanks to the implementation of sustainable investment criteria	Transition risk	*	**
	Direct impacts	• Actions to improve energy efficiency of office buildings and reduce corresponding energy cost in all locations (renovation, relocation) • Long-term renewable power purchase agreements (PPA) in all locations • Continued development of home office and remote working solutions	Transition risk	**	*
	Direct impacts	Actions to improve resilience of office buildings in all locations (renovation, relocation)	Physical risk/ Operational risk	***	*
	Staff onboarding	Training of staff on environmental issues (climate, energy, waste, water, biodiversity)	All climate risks	***	*

2 Including the climate challenge at the heart of our strategy

Climate change and the destruction of natural ecosystems are among the most critical challenges faced by society.

Net Zero Banking Alliance (NZBA) commitment: reaching carbon neutrality by 2050 with intermediate targets at 2.5°C in 2024

RACE TO ZERO

Conscious of the urgent need to decarbonize the global economy, and regognizing its responsibility as a financial player, **Natixis commits all of its business lines to the fight against climate change and the protection of natural capital.** Our teams work tirelessly to develop products and services to support their clients' ecological transition, helping them to achieve carbon neutrality.

Regarding its banking activities

In 2019, Natixis became a founding signatory of the Collective Commitment to Climate Action (CCCA) as part of its commitment to the Principles for Responsible Banking (PRB). At the same time, Natixis became the first bank to actively monitor the climate impact of its banking portfolio thanks to the Green Weighting Factor, committing to align its balance sheet with the objective of the Paris Agreement, i.e. limiting the temperature rise induced by its financing activities to well below 2°C compared to pre-industrial levels. **This strategic ambition is today strengthened with an alignment commitment of the full banking portofolio with a 1.5°C trajectory by 2050, with intermediate targets at 2.5°C in 2024 and 2.2°C in 2030**. The climate impact of the banking portfolio is now monitored on a quarterly basis for all sectorial exposures and geographies through the granular analysis of the Green Weighting Factor (GWF) tool.

Thanks to the strenghthened commitment of its Corporate & Investment Banking arm, where the bulk of financed carbon emissions lie, Groupe BPCE signed up in July 2021 to the Net Zero Banking Alliance (NZBA), which is part of the Glasgow Financial Alliance for Net Zero (GFANZ), a global initiative of the entire financial sector committed to reach carbon neutrality by 2050.

50% of sustainable and impact investment target

Regarding third-party asset management

Each Natixis Investment Managers (NIM) affiliate is responsible for integrating climate risks and opportunities, in line with NIM's multi-brand business model. These approaches can vary depending on asset management strategies, asset classes, geographical positioning of asset managers and client needs, but all affiliates integrate ESG criteria into their investment analysis to cover climate impacts, i.e., more than 80% of the €1,136bn in assets under management. NIM is committed to **measuring and monitoring the carbon footprint of its aggregated portfolio of liquid assets,** i.e., €815bn at end-2020, with the very first measurements presented in this report. Between now and the 2024 timeframe for the current strategic plan, NIM has also committed to ensuring that all of its affiliates sign up to the United Nations Principles of Responsible Investment (UN-PRI) and that one-half of its assets under management are focused on sustainable or impact investments, i.e., integrating climate challenges as part of asset management.

Regarding insurance activities

Investments aligned to the 1.5°C trajectory by 2030

Natixis Assurances proactively and concretely made a commitment as early as 2018 in the fight against climate change by measuring the impact of its investments on climate. Natixis Assurances is committed to aligning investments with the 2°C scenario by 2030. Faced with the climate emergency decried by scientists, Natixis Assurances is committed to accelerating the alignment of its investment portfolio to within the 2°C trajectory by 2024 and to within 1.5°C by 2030. In its non-life insurance activities, Natixis Assurances aims to develop prevention policy to positively impact the fight against climate change.

SECTOR POLICIES

Integrating ESG risk management in financing and investment business lines is part of an overarching approach involving all of its business lines, the ESR department and control functions.

This approach involves defining and implementing ESG policies in the most sensitive sectors, defining excluded areas of business, assessing and monitoring ESG risks related to transactions and counterparties via various tools and processes.

Climate risks are fully integrated thanks to the following policies:

Coal industry

From October 2015, Natixis committed to withdrawing from the financing of coal-fired power plants and thermal coal mining worldwide. Natixis also committed to no longer providing general-purpose corporate financing to companies whose activities focus more than 50% on operating coal-fired power plants and/or thermal coal mining. This commitment which has become the subject of sector policy applicable to financing, advisory, capital markets and other products and services was strengthened in June 2019. To this end, Natixis extended its scope to all infrastructure projects related to ports, railways and any thermal coal infrastructure. Furthermore, the above exception threshold of 50% coal activities in financing and investment activities has since been reduced to 25%.

Zero thermal coal target by 2030/2040

In May 2020, Natixis announced its accelerated full withdrawal from coal, withdrawing its support for companies developing new thermal coal capacity or thermal coal mining. **Natixis plans to have fully withdrawn from thermal coal by 2030 in European Union (EU) and Organisation for Economic Co-operation and Development (OECD) countries and by 2040 in the rest of the world. A new detailed policy was published in October 2020.**

The sector policy is also based on investment carried out by Ostrum, for all of the directly-managed portfolios, and at Natixis Assurances, for all general-purpose funds. Both firms no longer invest in industrial companies that generate 25% of their business or more from activities related to coal-fired power plants and/or thermal coal mining. Mirova has withdrawn from all investment in the fossil fuel sector.

It should be noted that Natixis' exposure to the coal industry at end-2020 was zero in terms of financing thermal coal mines and is minimal for financing coal-fired plants and additional thermal coal infrastructure.

Oil and gas industry

In December 2017, Natixis committed to withdrawing from financing oil operations and production produced from ***tar sands*** and ***oil from the Arctic.***

In November 2018, Natixis published an oil and gas sector policy setting out the terms of its commitment, namely to:

Exclusion of high-emission activities: oil sands, extra-heavy oil, Artic projects, shale oil & gas production.

- discontinue the financing of worldwide projects involving the exploration, production, transportation and storage of **extra-heavy oil** and **oil produced from tar sands,** and related export terminals;
- no longer provide general-purpose corporate financing for, and no longer invest in,[1] any company of which the aforementioned activities (see above) account for 25% or more of total operations;
- discontinue financing for onshore or offshore oil exploration and production projects in the **Arctic.**

This commitment to protect the Arctic upholds the position already adopted by Ostrum and Mirova. Since 2016, the two firms have headed a group of investors who 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.

In May 2020, Natixis complemented its policy by committing to no longer finance any shale oil and gas exploration and production projects worldwide. In addition, Natixis will no longer finance companies whose business is more than 25% based on the exploration and production of **shale oil and gas.**

3 Climate-related strategic initiatives by scope

DIRECT CORPORATE OPERATIONS

Direct environmental impacts

Improvement in direct impacts for more than 10 years

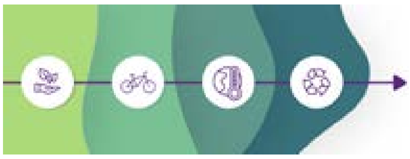
In line with its policy of recognizing ESR in its businesses, for over ten years, Natixis has actively reduced its direct impact on the environment related to its internal operations.

This policy is broken down into seven themes:

- **Sustainable real estate:** implement and apply environmental certification, reduce consumption, and ensure a carbon-free energy supply for buildings and their accessibility;
- **Responsible digital technology:** reduce the impact of digital technology by limiting the number of IT devices, integrate eco-design into each IT solution, and use digital technology to achieve sustainable development goals;
- **Promotion of sustainable mobility:** support the use of bicycles, encourage teleworking and remote working to reduce travel, facilitate the use of electric vehicles, support the use

1. This applies to all Natixis Assurances investments of public transport and sustainable transportation, prioritize electric and hybrid vehicles in company car fleets, and encourage train rather than air travel depending on journey times;

- **Resource management:** ensure optimal resource management with careful monitoring of energy, water and paper consumption;
- **Responsible purchasing:** promote the most environmentally friendly products and services, providing guarantees and added social and societal value;
- **Waste management:** rreduce generated waste by applying the 5R principle: Refuse, Reduce, Reuse, Repurpose and Recycle;
- **Replanting:** develop replanting and urban agriculture projects in the operation of buildings and promote eco-friendly replanting with pesticide-free maintenance that also uses water sparingly.



Natixis' upcoming strategic plan will center on improving its environmental footprint. In this spirit, the Company will seek to reduce its carbon footprint by developing the following **three priority areas:**

- **Sustainable workplace:** reduction in building energy consumption, renewable energy supply;
- **Sustainable IT:** reduction in computer system carbon footprint;
- **Mobility:** promotion of alternatives to air travel.

Investment policy and liquidity reserves

Liquidity buffer sustainable investments

Natixis will develop a liquidity buffer by 2024, composed of three strategic pillars:

- Material increase in sustainable green investment by 2024, with a focus on green, sustainable and social bonds;
- Investment strategy integration of a climate-impact measure (liquidity reserve "temperature" measure) in an effort to monitor its Paris Agreement alignment by 2024. Work is underway to define an alignment method that is consistent with the Green Weighting Factor tool deployed by Corporate & Investment Banking (see below);
- ESG risk management includes the application of Natixis' exclusion policies—coal, oil and gas, defense and tobacco—coupled with the exclusion of negative ESG scores. By 2024, Natixis is working towards zero exposure to controversial activities and negative ESG profiles.

Sustainable investment in liquidity reserves

Investment policy on seed money in asset management

Since 2020, Natixis Investment Managers has supported its affiliates in seed money, which is allocated as a priority to strategies integrating ESG issues. As of 12/31/2021, 28% of seed money is invested in ESG strategies (27 ESG funds), with more than 70% achieving the SRI label.

CORPORATE & INVESTMENT BANKING

Green Weighting Factor approach

The Green Weighting Factor (GWF) is a unique proprietary tool developed by Natixis for several purposes: accelerating its transition to sustainable finance, systematically integrating climate transition risk into its financing activities, monitoring its climate alignment, and preparing for future climate regulation.

GREEN WEIGHTING FACTOR by Natixis

A powerful tool for innovation and steering our climate impacts

This internal granular tool has enabled Natixis to set climate impact targets for each of its activities over the 2021-2024 period of its strategic plan, ultimately meeting its commitment to align its balance sheet with the Paris Agreement's 1.5°C scenario by 2050 with intermediate targets in 2024 and 2030 (see Indicators & Targets section).

The tool includes both (i) a **comprehensive methodology** to assess the climate impact and climate transition risk of each financing (rated on a 7-level color scale from brown to green), and (ii) an **internal capital allocation mechanism** that links the amount of internal capital being allocated of each transaction to its level of positive or negative impact on climate change and other environmental impacts when material (biodiversity, water, pollution, waste). By using a favorable or adverse adjustment to risk-weighted assets (Credit Risk-Weighted Assets), the GWF adapts the expected return of each transaction

> *The twentieth century was built on fossil fuels. Most of our modern-day activities depend on them in some way or another. Economically, fossil fuel abandonment will not just shift investment from coal to renewable energy. Far from it. All sectors will be weakened or disrupted. In order to navigate through this new scenario and identify both high-risk and well-positioned players, it is imperative that we carefully assess all counterparties from a climate perspective. Exclusion policy is not the only answer. We are pleased to support the Green Weighting Factor mechanism implemented by Natixis CIB. This methodology is part of a broad and relevant approach to the issue and we hope there is more to come.*

Jean-Marc Jancovici
Associate at Carbone 4, Chairman of the Shift Project,
Professor at Mines ParisTech

depending on the environmental impact of the financed object (project, asset, general-purpose financing). As such, it encourages financing solutions with the most positive impact ("green" transactions) and penalizes negative impacts ("brown" transactions).

The GWF rating methodology was finalized in 2019 for all sectors financed by the bank, with the exception of the financial sector. After the methodological development and a proof of concept phase, the GWF was implemented in the bank's IT systems and incorporated in the bank's processes along the lending, credit granting and portfolio management value chain.

This methodology is gradually being deployed and can be integrated into European taxonomy criteria, in line with the European Commission's progress on the "Sustainable Finance Platform."

The Green Weighting Factor is an effective tool for decision-making, fostering strategic dialog with our clients and encouraging "green" operations. Since its integration into Natixis' credit granting process two years ago, GWF has actively influenced our teams' performance in the development of sustainable finance. Today, GWF forms the cornerstone of our banking activities' climate strategy.

Karen Degouve
Head of Sustainable Business Development & Green Weighting Factor Project Manager, Natixis

The GWF tool applies to all sectors, geographies and banking products

GWF use has increased since it was introduced in 2019:

- **credit process** and lending decision-making;
- **credit risk assessment:** the GWF is used to monitor the bank's overall climate transition risk as well as for projecting the balance sheet until 2050 as requested by French banking regulator, the French Prudential Control Authority (ACPR), for an inaugural climate stress test exercise completed in early 2021;
- **strategic dialog with clients** and the resulting sustainable financial product structuring;
- **active portfolio management,** including distribution and securitization;
- **commercial strategic planning,** including client tiering, priority setting and identification of sustainable finance opportunities. In 2020, an extensive screening exercise was completed to assess both the transition potential of existing clients' business models as well as the opportunity to develop sustainable finance solutions for clients with exposures rated " brown." This resulted in a differentiated client tiering and adapted commercial activity in order to accelerate the development of sustainable finance. It was also decided to exit some client relationships with no transition potential.

In the context of the BPCE 2024 strategic plan, GWF has made it possible to measure climate impact and set targets for all the activities within the scope of Corporate & Investment Banking. GWF has also helped to apply these targets to each of the large key sectors (8 industries) and geographical platforms (EMEA, Asia and the Americas) using two indicators: the GWF score mix and a temperature gauge. The GWF also calculates financing footprint in absolute terms and carbon intensity on a line-by-line basis within the same scope.

Green and sustainable product development

87%of renewable energy projects financed in 2020

Renewable energy financing

Renewable energy production is a central component of the solutions used to tackle climate change. In this respect, Natixis plays an active role in Europe and Latin America. In particular, the infrastructure financing teams of the Corporate & Investment Banking (CIB) division financed 19 new transactions in 2020. This represented an installed capacity of 6,510MW for an amount of €1.5bn arranged by Natixis. In 2020, renewable energy accounted for 87% of CIB's financing in the power generation sector.

NATIXIS: SOLE COORDINATOR OF THE GREEN LOAN FOR THE LARGEST FLOATING OFFSHORE WIND FARM IN THE WORLD

As part of the "Kincardine" project providing for the construction of a floating wind farm in the south-east of Aberdeen (Scotland), with an installed capacity of 50MW, Natixis acted as the sole coordinator of the green loan to finance the project amounting to £380m. Kincardine is composed of six turbines installed on semi-submersible platforms and will be the world's largest floating offshore wind farm. Thanks to the certification process carried out by Natixis, the project's financing obtained the "Certified Climate Bond" label from the Climate Bonds Initiative (CBI).

Supporting all low carbon emission mobility solutions

Sustainable mobility financing

Mobility is crucial to human development. It allows access to housing, employment, healthcare, education and culture. However, travel has an impact on climate change, air quality, the use of fossil fuels, biodiversity, and health. Transport growth projections expect the number of air passengers to double by 2040 and that there will be nearly two billion vehicles in circulation by 2050. In its Special Report, the International Energy Agency (IEA) (see footnote) found that 2050 carbon neutrality can only be achieved if, among other things, no more combustion engine cars are sold worldwide after 2035 and long-haul air travel does not exceed its 2019 level. Natixis is committed to supporting the sustainable mobility solutions required for this transition through its financing and investment activities[1].

1. Publication de l'AIE (mai 2021), Net Zero by 2050 A Roadmap for the Global Energy Sector https://iea.blob.core.windows.net/assets/beceb956-0dcf-4d73-89fe-1310e304

ITALO NUOVO TRASPORTO VIAGGIATORI: INNOVATIVE FINANCING SOLUTION THAT MEETS ITS SUSTAINABLE DEVELOPMENT GOALS

Natixis supported Italo – Nuovo Trasporto Viaggiatori, the leading private rail operator in Italy, by providing an innovative financing solution. This is the largest green loan ever made in the transport sector and the first to include Sustainable Development Goals (SDGs) in line with the Sustainability-Linked Loan Principles.

As global coordinator, bookrunner and green coordinator, Natixis has structured a complete financing solution comprising:

- **a syndicated sustainability-linked loan of €1.1bn, whose interest margin is indexed to sustainable development indicators, in particular the number of passengers per km and CO_2 emissions (including €900m dedicated to the financing and refinancing of low-carbon rolling stock);**
- **a sustainability-linked interest rate swap with its own incentive mechanism.**

19% of green bonds arranged in 2020

Green bonds

Green bond issuers are committed to using the funds raised to finance positive-impact environmental projects, specifically to fight climate change (energy efficiency, renewable energy, sustainable transport, etc.).

In 2020, Natixis arranged 34 green bond issue transactions, totaling €15.9bn, confirming a solid position in this market, particularly in Europe.

ENGIE TESTIMONIAL: SUPPORTING OUR CLIENTS' GREEN BOND ISSUES

Natixis acted as Sole Green Structuring Advisor and Joint Bookrunner for the Engie green bond, in the amount of €2.5bn. This transaction was oversubscribed, with an order book of €9.5bn at its close. This bond will contribute to Engie's ambition to become the world leader in helping companies and local authorities achieve carbon neutrality. The funds will be used for the production of renewable energy, energy storage, transmission and distribution infrastructures, energy efficiency, and carbon capture.

NRG pioneered the first Sustainability-Linked Bond (SLB) in North America, and the first issued by any energy company outside of Europe. In concert with our Direct Energy acquisition, the SLB will support NRG's efforts to pursue growth, provide more clean energy options to our customers, and bring increasing value to our stakeholders. Our comprehensive sustainability framework is foundational to our company strategy. We have a legacy of leading our sector in sustainability, transparency and disclosure, and the issuance of this Sustainability-Linked Bond is another example of our dedication to lead in the energy transition to net-zero. Natixis, who acted as our sole sustainability-linked bond structurer and coordinator provided invaluable expertise and guidance in ensuring a successful issuance, and an alignment with best market practice.

Gaëtan Frotté
Senior Vice President and Treasurer, NRG

Green loans

In addition to green bond issues, since 2018, Natixis has developed green or sustainable financing (green loans or sustainable loans), in two forms: loans earmarked for the financing of environment-related projects, specifically climate impact initiatives (in the form of term loans called "green loans"), and syndicated loans backed by ESG criteria (in the form of "Revolving Credit Facilities," or Green RCF, called "sustainability-linked loans" or "ESG-linked loans"). The green and sustainable loans market is growing: 31 transactions have been closed in 2020.

STRUCTURING A FIRST "LOW-CARBON ALUMINUM" TYPE FINANCING PLATFORM

Natixis is committed to extending the scope of sustainable finance to all financing instruments, including trading activities. Thus, Natixis supported Trafigura in the design and structuring of a first "Low-Carbon Aluminum" type financing platform of up to $500m. This platform was designed to meet the growing demand from downstream manufacturers for low-carbon aluminum and to help upstream producers accelerate their transition to low-carbon technologies.

The environmental transition of many industries will largely rely on the creation of a low-carbon aluminum value chain from extraction to end-use. This financing is the first step in this process, notably by mobilizing the key players in this value chain.

Extending sustainable finance to international commodity trade

Low-carbon structured products

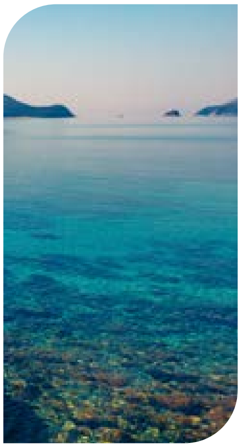
Natixis has developed structured solutions based on the climate indices developed since 2015[2]. Such solutions have been provided in innovative formats—structured notes, green bonds and equity-linked bonds—to meet the need for investment in sectors contributing to the energy and ecological transition with solutions designed for both retail and institutional investors in various geographies.

2.Euronext ECO5E index launched in 2018 and the Climate Orientation, Solactive Climate and Energy Transitions indices

"DEVELOPMENT OF TERRITORIES": FIRST STRUCTURED PRODUCT COMBINING SOCIAL BONDS AND CLIMATE INDICATORS

As environmental and social issues are increasingly closely linked, financial products must take into account this growing holistic vision. This structured product thus combines a social bond dedicated to local economic development (financing of VSEs and SMEs in economically and socially disadvantaged areas in mainland France) and an underlying climate-themed index. The climate-themed index, Euronext Climate Objective Euro Decrement 5%, focuses on companies seeking to improve their carbon performance and their ability to offer products and services that are compatible with an economy reducing their carbon footprint.

This product is offered in partnership with the insurer Groupama, with Natixis acting as issuer and the social bonds being distributed by Groupama. For this product, Natixis was awarded Investment Bank of the Year in the "Equity products" category at the Banker Awards 2020.



"SUSTAINABLE AMBITION": A RETAIL SAVINGS PRODUCT COMBINING CLIMATE AND NATURAL RESOURCES

In order to fully recognize environmental challenges and considering that climate challenges and biodiversity are closely linked, Natixis developed the "Sustainable Ambition" product, combining a green bond and the Water & Ocean index:

- **The Green Bond aims to finance green buildings. It is directed towards loans originated by Groupe BPCE entities (development of new buildings or acquisition of existing buildings, renovation or improvement of energy efficiency).**
- **The Euronext Water & Ocean Europe Index 40 is composed of 40 European companies selected for their contribution to the preservation of water resources and the oceans.**

ASSET MANAGEMENT

A strategy to integrate environment, social and governance (ESG) criteria

21 affiliates have signed the UN-PRI, the goal is to reach 100% by 2024

In 2020, Natixis Investment Managers (NIM) implemented an ESG policy consistent with its multi-affiliate model. This provided all 23 affiliates with full autonomy as regards their investment strategy. This policy aligns with the United Nations Principles for Responsible Investment (UN-PRI). More specifically, it states that NIM expects affiliates to integrate ESG issues into their investment processes.

Group-wide ESG integration policy is adapted to each affiliate given that they each have a unique strategy and investment philosophy. Moreover, policy is adapted to particular beliefs, asset class and affiliate-specific client preferences.

NIM affiliates provide a range of solutions based on the conviction that ESG criteria can play an important role in identifying potential risks, seizing opportunities and generating returns for investors.

Affiliates' investment activities can be classified into different categories. The following internal classification applies:

- **Responsible investment:** ESG integration (inclusion of material ESG issues in research and decision-making) and implementation of an active shareholding policy (engagement and voting policy);
- **Sustainable investment:** investment strategy structured into ESG issues, which aims to align values, financial outperformance, and societal impact through investment;
- **Impact investment:** strategy to address societal challenges, such as those defined by the United Nations Sustainable Development Goals (SDGs).

In a period of climate-driven economic and social transition, the TCFD is designed to increase transparency and resilience across the financial markets. Its recommendations provide a common international framework for investors to mainstream information regarding exposure to climate risks and opportunities. This allows investors to make informed decisions on transactions and capital allocation. With this analysis, NIM's listed and unlisted asset managers gain better insight into their portfolios' climate change impact. TCFD is also a support tool, aligning their clients' asset allocation with a 1.5°C scenario.

Nathalie Wallace
Global Head Sustainable Investment, Natixis Investment Managers

Sector policies

Affiliates may decide to exclude specific investments. Exclusion may apply to entire sectors, companies or individual issuers. In line with Natixis' sector policies, funds may exclude the following industries: thermal coal, tobacco and controversial weapons.

Affiliates adopt these policies as a risk management approach. Such sectors are regarded as more vulnerable to regulatory restrictions, fines and changes in client behavior, which can reduce long-term investment returns. The decision to apply exclusions is made at the affiliate level, consistent with NIM's multi-affiliate model.

Engagement and voting policy

Active engagement and voting policy on ESG topics

Within the framework of its ESG policy, Natixis Investment Managers expects its affiliates to actively make investments.

This involves:

- **engaging** with the companies in which they invest, identifying risks and opportunities, and contributing to improving performance (through direct, third-party or collaborative engagement);
- **voting** at Shareholders' Meetings and supporting their investment strategies. In recent years, the number of resolutions addressing environmental and social issues has increased. In particular, this applies to the mining and energy sectors which are the most impacted by climate change.

Global initiatives

Contribution to global climate change initiatives

NIM participates in various international forums and initiatives focusing on climate change from the standpoint of asset managers and investors. These include: UN-PRI, Ceres Investor Network, Investor Leadership Network (ILN), Focusing Capital on the Long Term (FCLT) and One Planet Sovereign Wealth Funds (One Planet SWF) as well as the Institutional Investors' Group on Climate Change (IIGCC) which ensures NIM's participation in three additional institutional investor networks: Global Investor Coalition on Climate Change, Climate Action 100+ (Mirova is also a live member) and The Investor Agenda. Through its participation in the above forums, NIM contributes to furthering discussion on all ESG challenges, climate risks and financing the transition to a low-carbon economy.

Ceres

Both Natixis Investment Managers and **Mirova** Mirovaare members of the Ceres Investor Network. The latter includes more than 175 institutional investors, managing over $29tn in assets. Ceres focuses on a set of ESG challenges. These include climate risks, deforestation, human rights and governance.

Institutional Investors' Group on Climate Change (IIGCC)

The IIGCC has more than 230 members who manage over $30tn in assets. In respect to this group, Natixis Investment Managers is represented by its subsidiary, Ostrum AM. IIGCC works closely with companies and policymakers on climate change issues. In particular, the body focuses on building climate resilience and driving new investment in the transition to a lowcarbon economy.

One Planet Sovereign Wealth Funds

In 2019, **Natixis Investment Managers** joined One Planet Asset Managers, a component of the One Planet SWF initiative. One Planet Asset Managers seeks to integrate climate considerations into sovereign wealth fund asset management. Launched at the Paris One Planet Summit in 2017, the initiative was established by a group of six sovereign wealth funds: Saudi Arabia, Abu Dhabi, Kuwait, Norway, New Zealand and Qatar.

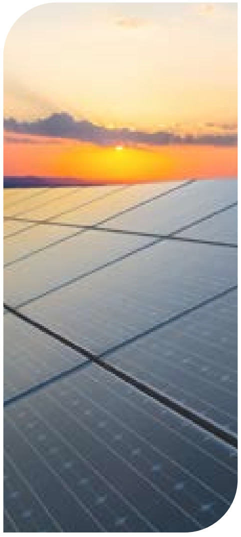
14 of the 23 NIM affiliates already steer their carbon footprint and/or the temperature of their managed portfolios

NIM affiliates' inclusion of climate challenges

Affiliates have focused their efforts on climate challenges for a number of years. Furthermore, NIM supports them in taking better account of such challenges in their strategies by introducing specific working groups to exchange best practices. Multiple affiliates have integrated climate into their investment strategies and engagement processes.

The integration of climate challenges is a top priority for **Ostrum AM** (€448bn in assets under management as of 12/31/2020). Since 2019, the NIM affiliate has reviewed the carbon measurement of portfolios and developed a new alignment methodology with the IPCC temperature scenarios. As such, Ostrum AM can report to its clients on the impact of their investment portfolio. Dedicated training courses have been set up, and the climate theme is systematically integrated into discussions with issuer management.

DNCA (€26bn in assets under management as of 12/31/2020) recognizes the importance and urgency of climate challenges. To this end, the firm has integrated such challenges into its investment approach by systematically analyzing of issuer risks and opportunities. This analysis is based on a company-specific proprietary model. Through this approach, DNCA assesses (i) companies' exposure to physical climate and transition risks according to their sector and geographic footprint and (ii) their strategy to transition and adapt to climate change. DNCA also develops climate theme funds.



DNCA INVEST BEYOND CLIMATE

Launched in April 2020, this DNCA SRI fund places climate challenges at the heart of its investment strategy based on a two-level analysis:

- **an analysis of Transition conducted on the way in which the Company decarbonizes its own activities to achieve a minimum trajectory of 2°C (carbon footprint on scopes 1, 2 and 3, revenue from carbon-intensive activities, alignment of 2°C according to Science-Based Targets initiative (SBTi) scenarios);**
- **an analysis of Contribution to measure the positive contribution made by the Company's products and services (revenue from ecological transition activities, R&D spending or green capex, CO_2 emissions avoided).**

DNCA Invest Beyond Climate meets the requirements of the Paris Agreement by excluding companies with a negative green contribution and limiting the share of companies without contribution to 30% ("neutral" activities).

mirova
Investing in sustainability

As an affiliate specializing in sustainable asset management, **Mirova** (€20bn in assets under management as of 12/31/2020) has developed a method for measuring the carbon footprint (scopes 1, 2 and 3) of issuers in different business sectors since 2015. In doing so, the firm is able to focus its investment strategy and manage the global footprint of its asset management portfolios. Since 2018, the methodology has been enhanced to integrate portfolio "temperature" assessment and alignment with the climate scenarios set in the Paris Agreement. To achieve this, Mirova uses climate scenarios from the Intergovernmental Panel on Climate Change (IPCC) and investment projections from the International Energy Agency (IEA).

ossiam
smart • sustainable • solutions

Since 2019, **Ossiam** (€4bn in assets under management as of 12/31/2020) established a framework for measuring its asset management portfolios' transition risk and comparing it with their benchmark. In 2020, the asset manager launched the first low-carbon sovereign bond fund to promote investment in countries that emit less carbon per capita. In parallel, Ossiam rolled out a new ESG voting policy which applies to all assets under management and systematically includes a climate component. This makes it possible to vote against members of the Board of Directors or approve the financial statements of issuers whose inclusion of climate challenges is deemed insufficient. Work on portfolios' temperature trajectory is underway.

AEW CILOGER

Real estate asset management specialists, **AEW CILOGER** (€34bn in assets under management as of 12/31/2020) and **AEW Capital Management** (€21bn in assets under management as of 12/31/2020), integrate transition risks throughout the investment lifecycle. The climate impact of portfolio buildings is systematically assessed and managed on an annual basis by measuring their energy use (an increasing proportion of the real estate portfolio is equipped with remote reading meters) and share of energy used from renewable sources as well as water use and waste management.

VAUBAN INFRASTRUCTURE PARTNERS

Specialist infrastructure asset manager, **Vauban Infrastructures Partners** (€5bn in assets under management as of 12/31/2020), integrates the growing need for decarbonization and adaptation to climate change into its investment strategy to develop resilient infrastructure. Vauban IP excludes the entire fossil fuel sector from its investment scope while the carbon footprint of the assets (scopes 1, 2 and 3) is annually assessed. The firm is committed to offsetting its own carbon emissions.

naxicap PARTNERS

Since 2016, French private equity player, **Naxicap Partners** (€4bn in assets under management as of 12/31/2020) has committed to the French Initiative Climat International (iCi) program, which in turn, has been backed by the United Nations Principles for Responsible Investment (UN-PRI) since 2019. The iCi network brings together international private equity players committed to the fight against climate change and alignment with the Paris Agreement targets. As a signatory, Naxicap is committed to (i) taking into account climate challenges throughout the investment period, (ii) progressively measuring the carbon footprint of the portfolio for companies for which this issue is material, and (iii) defining an action plan in conjunction with company top management to reduce emissions and adapt to climate change.

LOOMIS | SAYLES®

Loomis Sayles (€284bn in assets under management as of 12/31/2020) has integrated climate-related challenges into its asset management strategy since 2020 with a focus on two guiding principles. First, any material challenge is a key component in investment decisions for all asset classes. Second, the climate theme is addressed through direct issuer engagement. Loomis Sayles has also worked on integrating climate scenario analysis into its asset management.

HARRIS ASSOCIATES

Harris Associates (€85bn in assets under management as of 12/31/2020) considers each individual asset management climate risk in the context of sectorand company-specific material exposure. The company conducts issuer analyses by factoring in the impact of current and future climate regulations in addition to growth opportunities in specific sectors such as clean energy.

NIM Solutions: new client services focused on climate challenges

The purpose of **NIM Solutions** (€59bn in assets under management as of 12/31/2020) is to deliver tailored solutions to its clients which are selected from NIM affiliates' palette of asset management products and strategies. As of end- 2020, NIM Solutions has leveraged S&P Trucost's climate data to offer holistic support to clients in their efforts to measure and integrate climate criteria into their investment decision-making. This has resulted in the rollout of multiple services:

- **portfolio analysis** to assess the status of client portfolios (carbon intensity, Paris Agreement alignment, physical risk, transition risk);
- climate criteria integration to develop **investment solutions:** strategic allocation, investment vehicle selection as well as multi-asset class, structured and/or carbon offsetting products;
- **non-financial reporting:** carbon emission measures, carbon intensity and portfolio temperatures, ensuring client investment transparency from a client perspective;;
- **methodological R&D** in a sector where convergence between standards and practices is vital. In collaboration with S&P Trucost, NIM Solutions plans to publish a white paper to promote a common analytical framework to analyze Paris Agreement alignment with respect to multi-asset class portfolios.

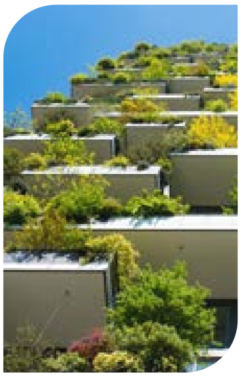
Climate-theme investments: renewable energy, sustainable mobility, sustainable real estate, and natural capital

Renewable energy

Several NIM affiliates use their investment funds to finance renewable energy.

In 2018, **Mirova** launched Mirova Eurofideme 4, its fourth renewable energy infrastructure fund. At end-November 2019, Mirova completed fundraising for an amount of €857m. This figure far exceeded its initial target, closing the largest renewable energy fund dedicated to the European market. In 2020, Mirova forged a strategic partnership with Engie in biogas. This ensured a faster than expected fund launch. The Mirova Eurofideme 4 fund acquired a 50% stake in Dana Gaz, a company owning 9 operating biogas plants (17.5MW installed capacity) which are developed and owned by Engie. Biogas will be key to building a circular economy through waste recovery as well as creating local jobs and supporting agriculture.

Boosted by the success of its Fideme (2002), Eurofideme 2 (2009), Mirova Eurofideme 3 (2014) and Mirova Eurofideme 4 (2018) funds, Mirova is focused on the launch of a next-generation fund dedicated to financing energy transition infrastructure. The Fund will continue the strategy deployed by its predecessors. Investors will be handed Europe-based renewable energy projects, using proven technologies (wind, solar, hydraulic, biomass and heating networks), investing in minority or majority partnerships with industrial companies and acquiring a direct stake in their capital. Moreover, the Fund will invest in storage capacity which equates to that of renewable energy facilities and low-carbon mobility.



Sustainable real estate

In 2020, AEW CILOGER stepped up its efforts to obtain certification for its portfolio assets. As a result, the asset manager certified buildings under construction or in operation: BREEAM, LEED existing building, HQE operating and Breeam In-Use, BBCA (low-carbon building) and BEPOS (positive-energy building). Since January 12020, AEW CILOGER has implemented a 100% renewable electricity and gas supply for buildings located in France. Within this scope, AEW CILOGER manages energy contracts which will help to reduce the carbon footprint of assets under management.

The Innov 2019 project, launched in 2019 and rolled out until 2021, aims to test innovative solutions at around forty pilot sites, based on seven themes: photovoltaic electricity, electric vehicle charging, stations, biodiversity, the circular economy, the fight against food waste, waste management and resilience to climate change. Some projects have already been completed and have been extended to other buildings, particularly biodiversity and the circular economy.

Sustainable mobility

Mirova factors in sustainable mobility by encouraging investments in securities issued by vehicle manufacturers and equipment suppliers that propose technical solutions to solve the challenge of offering more and more people mobility solutions while reducing the environmental and social impacts linked to transport.

As part of the Eurofideme 4 fund, the MEF4 mobility package was launched, which provides the option of investing up to 10% of the fund in low-carbon mobility. At end-2020, MEF4 had invested €11m through two transactions. The first consisted in financing a fleet of electric car-sharing vehicles during a call for tenders by the City of Paris for the retrofit and operation of former Autolib terminals. The second concerned the minority stake of MEF4 in a company specializing in the installation and operation of charging infrastructures for electric vehicles.

€2bn natural capital investment target by 2023

Natural capital

The preservation of natural capital is a pivotal step in the process of fighting climate change. This is particularly the case for carbon capture through carbon sinks.

Since 2017, Mirova has had a platform specializing in investment for biodiversity conservation and natural capital. Mirova develops innovative investment solutions to mitigate and adapt to climate change, and to protect local regions, biodiversity, soil and marine resources. At end-2020, the firm invested €510bn in natural capital.

In response to the depletion of natural capital and land degradation as global issues (relating to food security, human life and ecosystems), the **Land Degradation Neutrality (LDN) Fund** is an example of the type of innovative public-private partnerships needed to finance the Sustainable Development Goals (SDGs). The Fund was created by the United Nations3 and Mirova as a source of transformative capital bringing together public and private investors to fund triple bottom line (economic, social and financial) projects that contribute to Land Degradation Neutrality. The LDN Fund will invest in sustainable land use: agroforestry, regenerative and sustainable agriculture and sustainable forestry on degraded land.

Numerical and time-targeted commitments thanks to:

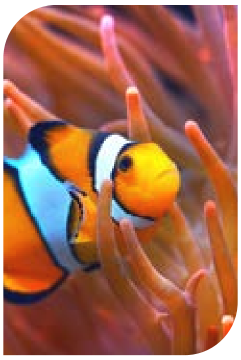
act4nature international

The LDN Fund aims to generate positive environmental and socioeconomic impacts alongside financial returns. By addressing land degradation, the LDN Fund aims to deliver the following benefits:

- land degradation neutrality;
- climate change mitigation and adaptation;
- improved livelihoods;
- improved biodiversity.

In June 2021, Mirova finalized a land degradation fund for $208m.

Investment strategy to protect natural ecosystems



The LDN Fund will use its investments to apply sustainable land management practices on 500,000 hectares of land around the world, to reduce CO_2 by 35 Mt, and to create or improve jobs for over 100,000 people.

The **Althelia Sustainable Ocean Fund** (SOF) managed by Mirova, invests in companies that harness the ocean's natural capital sustainably, build resilience in coastal ecosystems and create sustainable economic growth. SOF holds a mixed portfolio of assets in the sustainable marine products sector, the circular economy and conservation. The fund focuses on emerging markets and small island nations.

Launched in 2018, Mirova finalized the $132m fundraising in 2020.

Recent partnerships were established with Eunomia and KFW to promote a study on the circular economy in the Caribbean, where the recycling rate of plastics is currently among the lowest in the world. This collaboration will also enable the launch of a "blue carbon" project to support the development of mangroves, a strategic natural solution to mitigate climate change.

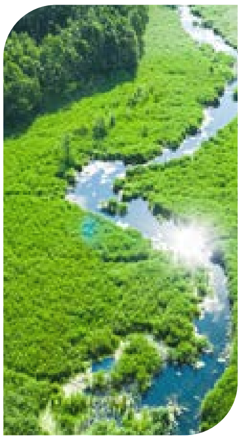
3. United Nations Convention to Combat Desertification (UNCCD).

The fund has set specific climate impact goals, with the protection of over 17,500 hectares of mangrove forest from deforestation and degradation (over 9 million tons of CO_2e captured), production of 177,000 tons of fish protein (which has a smaller carbon footprint than beef).

INSURANCE

General-purpose fund: strategy to integrate ESG issues and Paris Agreement alignment commitment

15% annual green investment target



Sector-based risk/ opportunity analysis of the most material challenges

Withdrawal from negative ESG-rated issuers

Natixis Assurances' sustainable investment strategy seeks to identify, measure and take account of sustainability challenges in its investment policy. Natixis Assurances uses Mirova's non-financial rating to establish an analysis grid examining the sustainability risks and negative impacts of the portfolio on sustainability factors. This analysis is structured into two areas:

- a global approach (ESG) to social, environmental and governance issues;
- a strategic approach linked to climate challenges.

The ESG rating methodology is based on a qualitative analysis of companies' contribution to the United Nations Sustainable Development Goals (SDGs) using the following criteria:

- opportunity analysis linked to product and service offering to meet sustainability challenges;
- identification of a company's environmental and social risks throughout its area of responsibility.

Companies are assessed on ESG criteria divided into eight main themes: energy, mobility, buildings and cities, natural resource management, consumption, health, information and communications technology and finance. Exposure to these challenges depends on the company's business activities.

This risk/opportunity analysis focuses on the challenges most likely to materially impact outstandings considered, and more generally, the company. Sustainability challenges can significantly differ between and within sectors. As an example, analysis for the textile sector focuses on social practices adopted in the supply chain. Conversely, analysis for the automotive sector focuses on energy consumption and greenhouse gas (GHG) emissions during end product use.

In 2018, **Natixis Assurances** made a proactive and concrete commitment to combat climate change by aligning its investment policy with the targets of the 2°C trajectory set by the Paris Agreement. Against this background, Natixis Assurances set an annual target to devote nearly 10% of its new investments to green assets[4] with a target of 10% of its total investments focused on green assets by 2030.

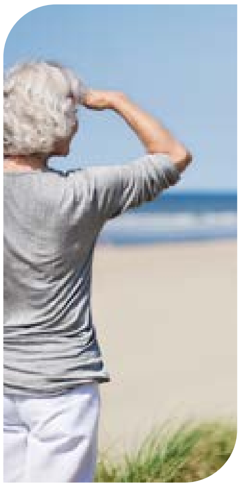
Natixis Assurances intends to accelerate its transition. In July 2021, the Natixis subsidiary announced alignment with the 1.5°C trajectory from 2030 by doubling its green assets and withdrawing from "negative-rated" liquid assets based on ESG[5] criteria.

Its commitment concerns all of its investment portfolios (excluding unit trusts).

4. Green assets: Green bonds, Greenfin, climate funds, ecoactivities
5. Based on Natixis Assurances methodology

Unit trusts: integration of ESG criteria and climate challenges

Natixis Assurances systematically includes unit trust products with a SRI or Greenfin label in all new life insurance policies. The latter is a French label which aims to direct a portion of savings for the benefit of the energy and ecological transition. Greenfin excludes the nuclear and fossil fuel sectors.



INTEGRATION OF CLIMATE CHALLENGES INTO PERSONAL RETIREMENT SAVINGS

In 2020, Natixis Assurances introduced a new personal retirement savings plan (PERI) with an ESG approach that integrates SRI-labeled funds. This plan is composed of three positive impact assets:

- **a Euro fund that undertakes to invest at least 10% of new payments in assets with a positive impact for the climate;**
- **two unit trust products that integrate ESG criteria:**
  - environment: CO_2 emissions, electricity consumption, waste recycling;
  - social: quality of employer-employee communications, employment of people with disabilities, employee training;
  - governance: transparency of executive compensation, anti-corruption policy, increasing the gender balance on Boards of Directors.

Development of sustainable insurance products

Natixis Assurances aspires to meet new societal challenges through its multi-risk home and automotive insurance products. The Natixis subsidiary supports individual clients in their transition through two priority areas:

- developing an impactful prevention policy to combat climate change.
- strengthening the sustainability of claims management for clients and service providers by prioritizing the circular economy and the use of more eco-friendly products and equipment.

DEVELOPMENT OF AWARENESS-RAISING SUSTAINABLE MOBILITY OFFERINGS

Natixis Assurances includes pricing benefits for individuals with vehicles traveling less than 8,000 km (4,970 miles) per year. What's more, electric vehicle owners benefit from savings of up to 30%. The home insurance range provides optional coverage for new sustainable urban travel modes including electric bicycles and scooters as well as gyropodes. Natixis Assurances also offers eco-driving lessons to its clients.

3

CLIMATE-RELATED RISK MANAGEMENT

As a financial institution operating across four business lines, Natixis is exposed in many ways to climate change related risks. Due to their distinctive characteristics, physical and transition risks are particularly complex to understand. They imply forecasting over much longer time horizons than those we are used to consider, and collection of new datasets on our counterparties and financed assets.

For the Risk division, improving understanding and oversight over our exposure to climate risks is one of the key stakes in our 2024 strategic plan. As a result, we have planned to expand our existing set-up over the coming years by investing in the development of methodologies and climate risk scenario simulation tools, and by strengthening our transaction analysis and portfolio monitoring processes. A dedicated center of expertise will coordinate this effort which will involve all Risk teams, in close cooperation with Business Lines and ESR department.

Olivier Vigneron
Chief Risk Officer and Senior Management Committee member, Natixis

1 Mapping the impact of climate risks

Climate risk is increasingly considered one of the main risks to the current financial system.

A strengthened climate risk identification process

In 2020, the European banking supervision authorities have again identified climate risks as one of the main risk factors for banks in the Eurozone[6].

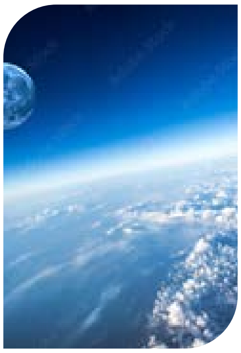
Natixis recognizes the challenges posed by climate change on the planet and society as well as its customers and business model. As such, Natixis decided to strengthen its climate risk identification framework. This review relies on quantitative and qualitative data and is supported by a long-term outlook. It aims to influence Natixis' operational strategy.

CLIMATE RISKS TERMINOLOGY

Natixis is directly or indirectly exposed to several climate risk factors. To define these risks, Natixis has adopted the risk terminology suggested by the Task Force on Climate- Related Financial Disclosures (TCFD).

- **Acute physical** risks refer to direct losses that are driven by extreme weather events, including the damage they may cause in the destruction of physical assets (real estate and/or production), the decline in local economic activity and, potentially, disruption of value chains.

6. https://www.bankingsupervision.europa.eu/banking/priorities/risk_assessment/html/index.fr.html



- **Chronic physical** risks refer to direct losses driven by longer-term shifts in climate patterns (rising sea levels, chronic heatwaves, changes in precipitation patterns and increased variability, unavailability / disappearance of specific resources) which may gradually hamper productivity in a given sector.
- **Transition** risks refer to the economic and financial impacts of implementing low-carbon business models (impossibility of exploiting more oil reserves, shift in consumer preferences from high-carbon products, sharp increase in production costs with the introduction of carbon pricing and energy taxes, technological improvements or innovations that support the fight against climate change, etc.).

Note that Natixis considers **liability risks** — corresponding to the damages and interests a legal entity would incur in the event of being held liable for the consequences of climate change — as a sub-category of physical and transition risks.

CLIMATE RISK MAPPING

Direct and indirect impacts mapping

Natixis conducted a systematic identification and materiality assessment of climate risk impacts. This exercise leveraged existing Natixis' risk mapping and relied on a qualitative analysis of the materiality of impacts by ESR and risk experts in the short/medium-term (< 5 years) and long-term (5-30 years).

The analysis led to distinguish between indirect impacts, resulting from Natixis exposure to other entities (clients, assets, etc.) exposed to climate risks, and direct impacts to which Natixis is exposed through its own activities.

Indirect impacts

Counterparty credit quality and collateral valuation

Physical and transition risks may lead to a deterioration in the ability of borrowers to repay their debt and a deterioration in collection rates (higher probability of default and higher losses resulting from default). The level of exposure to these risks depends heavily on the activity sector of the counterparty and the geographic location of its activities.

While certain counterparties are exposed across some or all of their activities, Natixis benefits from the diversification impact at the financing portfolio level, which limits the impact of these risks. Long-term, this impact could become significant in a scenario of a rapid deterioration in the climate situation or in the event of an accelerated transition.

Financial assets valuation

Extreme or repeated weather events or an accelerated energy transition could lead to a sharp correction in the valuation of financial assets (equities, commodities).

In the long run, Natixis' Global Markets business, specifically its commodities business line, could be exposed to significant loss risk linked to market events caused by climate change related risks.

Furthermore, Natixis could also be impacted by its exposure to financial assets sensitive to climate risk held via the euro fund of Natixis Assurances or via seed money invested by Natixis Investment Managers. Given the size and the diversification of its own investment portfolio, the potential impact of climate risk from this area appears limited.

Insurance risks and reinsurance access

The increased frequency and intensity of extreme weather events could lead to an increase in the claims ratio for the Property & Casualty (P&C) insurance business.

Considering Natixis Assurances' diversified business portfolio and exposure concentration on France, the impact remains limited in the short/ medium-term but could become significant in the event of a major deterioration in the climate situation.

In such a scenario, the ability to obtain reinsurance of certain climate risks could be hampered, which would translate to greater risk exposure for Natixis.

Asset management fund relative performance

The impact of climate risks on the valuation of financial assets exposed to extreme weather events or an acceleration in the energy transition could lead to underperformance of an investment fund versus its benchmark and indirectly result in a loss of income.

Natixis is exposed to this risk via the activities of Natixis Investment Managers and its affiliates. Nevertheless, the wide range of activities and asset management strategies of the funds managed by the affiliates of Natixis Investment Managers limits the potential impact of this risk.

Direct impacts

Liquidity and structural balance sheet risks

Impairments of financial instruments linked to extreme weather events can have an impact on quality liquid assets held as a liquidity buffer. More generally, such adjustments can impact the main balance sheet aggregates, resulting in losses for Natixis.

A downgrade in Natixis' extra-financial rating could also adversely affect the access to and cost of financing its activities.

Strategic risks

The transition linked to climate change is already influencing the behavior of market players and Natixis clients. As a result, the medium-term viability of certain business lines and business models could be called into question if the necessary adaptation and/or diversification do not occur.

Faced with this risk which is already significant, Natixis has placed energy transition concerns at the heart of its 2024 strategic plan in terms of developing products to meet clients' new expectations and managing its exposure to climate risks.

Natixis' capacity to execute its strategy and keep pace with the energy transition will remain essential to maintaining its competitive position in the medium/long-term.

Changes to the regulatory and legal framework

Regulatory and tax risks caused by the energy transition could lead to additional costs or Natixis, or an inability to continue certain activities, or even sanctions in the event of non-compliance with its obligations.

Faced with increased involvement from legislators and supervisory authorities in the financial system globally with respect to climate change, Natixis is exposed to significant risk over the timeframe of its next strategic plan. This could increase further in a scenario of longer-term accelerated transition.

Operational risk

The increased frequency and intensity of extreme weather events is reflected in increased risk of damages caused to property assets and infrastructure (e.g., data centers).

As its overall real estate footprint is limited and concentrated in zones with relatively limited exposure to physical risk, Natixis is exposed to limited short-term risk which could nevertheless increase longer-term in the event of a considerably deteriorated climate scenario.

Reputational risk

Civil society and external stakeholders place increasing importance on the environmental impact of players in the financial system. This can spark controversy and even action that can negatively impact the reputations of the targeted institutions.

As a leading player in the financial sector, Natixis already has significant exposure to this risk, particularly if its energy transition commitments turn out to be inappropriate or insufficient or if there is a perceived inconsistency between its commitments and its activities.

Summary of the assessment of climate risk impact on Natixis' businesses

	IMPACTS	SCOPE CONCERNED	TRANSITION RISK		ACUTE/CHRONIC PHYSICAL RISK	
			Short/ medium-term	Long/very long-term	Short/ medium-term	Long/very long-term
INDIRECT IMPACTS Resulting from Natixis exposure to other entities (clients, assets, etc.)	**Counterparty credit quality and collateral valuation**	Corporate & Investment Banking	Low	Medium	Low	Medium
	Financial assets valuation	Corporate & Investment Banking	Low	Medium	Low	Medium
		Natixis Assurances, Natixis Investment Managers	Low	Low	Low	Low
	Insurance risks and reinsurance access	Natixis Assurances			Low	Medium
	Asset management fund relative performance	Natixis Investment Managers	Low	Low	Low	Low
DIRECT IMPACTS	**Liquidity and structural balance sheet risks**	Natixis	Low	Medium	Low	Medium
	Strategic risks	Natixis	Medium	High		
	Changes to the regulatory and legal framework	Natixis	Medium	High		
	Reputational risk	Natixis	Medium	High		
	Operational risk	Natixis			Low	Medium

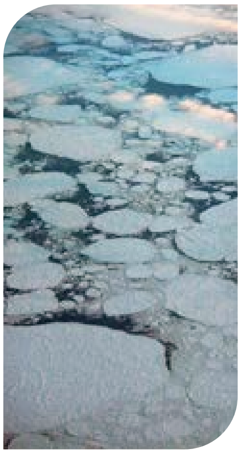
2 Integration of climate risk into the risk appetite framework

Climate risks are directly integrated into the main transversal processes for risk identification and monitoring at Natixis.

An indicator included in the risk appetite framework

The "climate risk/transition risk" and "climate risk/physical risk" categories were added to Natixis' risk inventory.

At this stage, the materiality assessment of these risk categories was expert-based and supported by above mentioned climate risk mapping exercise. The transition risk was considered to be material, including on the short-term given potential impacts resulting from exposure to reputational risk, changes in legal and regulatory framework, and strategic risk related to market evolutions as a response to climate change. The physical risk was also considered material, notably to take into account the expected increase of impacts on the longer term. As part of the risk appetite framework and risk identification process, the materiality assessment of these risks will be reviewed on a yearly basis and will be refined based on new methodologies when available.



In order to monitor transition risk, an indicator reflecting the share of Risk-Weighted Assets (RWA) rated "dark brown" by the Green Weighting Factor (GWF) has been introduced within the risk appetite framework.

This indicator is currently included in Natixis' risk appetite dashboard and is not subject to a quantitative limit. Work is currently on-going to strengthen this framework, in particular by setting a limit.

To date, transition risk is implicitly integrated in Natixis' Internal Capital Adequacy Assessment Process (ICAAP). Internal rating models for counterparties already integrate possible changes to the economic environment within a reasonable timeframe (1-3 years), thereby covering potential climate transition impacts even if they cannot currently be disassociated. Discussions are ongoing to better integrate the potential long-term impact of transition risk by using a stress test approach.

3 Climate risks identification, measurement, and management processes

Considering their materiality and the increasing need to assess exposure to climate risks, Natixis has implemented tools and processes to identify, assess their significance, and manage them.

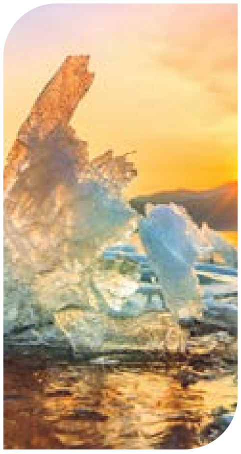
Overview of climate risk identification, measurement, and management processes

CLIMATE RISK	RISK FACTOR	SCOPE CONCERNED	IDENTIFICATION AND MEASUREMENT OF RISKS	RISK MANAGEMENT
TRANSITION RISK	**Counterparty credit quality and collateral valuation**	Corporate & Investment Banking	• Assessment of transaction impact on climate as part of approval/review process • Climate sensitivity analysis (part of 2020 APCR pilot climate exercise)	• Definition of sectoral ESR policies and exclusion lists (coal, oil & gas) • Integration of climate impact exposure into internal capital allocation using the GWF • Definition of a climate transition risk appetite being considered (indicator based on monitored GWF)
	Financial assets valuation	Corporate & Investment Banking	Climate sensitivity analysis exercise (part of APCR pilot climate exercise)	Definition of sectoral ESR policies and exclusion lists (coal, oil & gas)
		Natixis Assurances Natixis Investment Managers	• Issuer ESG performance measure • Portfolio carbon footprint measure	• Alignment policy of Natixis Assurances euro fund • ESG criteria integration into Seed Money investment decisions
	Liquidity and structural balance sheet risks	Natixis	Regular investor surveys	• ESG policy implementation for liquidity buffers • Natixis ESR strategy
	Asset management funds relative performance	Natixis Investment Managers	Issuer ESG performance measure	Climate challenge integration into strategy
	Strategic risks	Natixis	• Client surveys • Competitive intelligence	Climate change stakes taken into account in strategic plan
	Changes to the regulatory and legal framework	Natixis	Regulatory watch	Sustainable finance integration into the regulatory framework and regulator discussions
	Reputational risk	Natixis	• Regular stakeholders dialog • Controversies monitoring	• ESR strategy at Natixis • Definition of sectoral ESR policies and exclusion lists (coal, oil & gas)
PHYSICAL RISK	**Counterparty credit quality and collateral valuation**	Corporate & Investment Banking	• Due diligence on project/asset financing • Qualitative integration of ESG analysis of corporates • Ongoing discussions to define a quantitative assessment tool	Insurance coverage of projects/ counterparties
	Financial assets valuation	Corporate & Investment Banking	Ongoing discussions to define a quantitative assessment tool	Diversification strategy
		Natixis Assurances Natixis Investment Managers	Issuer ESG performance measure	• General hedging policy • Diversification strategy
	Liquidity and structural balance sheet risks	Natixis	Ongoing discussions to define a quantitative assessment tool	Diversification strategy
	Asset management fund relative performance	Natixis Investment Managers	Issuer ESG performance measure	ESG Criteria integration into investment and engagement processes
	Insurance claims and reinsurance access	Natixis Assurances	Integrated into contract origination	Reinsurance policy
	Operational risk	Natixis	Integration into operational risk management framework	• Real estate roadmap review • Business continuity plan

DIRECT CORPORATE OPERATIONS

As part of its operational risk management framework, on an annual basis, Natixis measures its resilience to extreme weather events (example scenarios include: storms, heatwaves, River Seine flooding, etc.) for its activities in France and abroad. The impacts of these scenarios lead to a Value at Risk (VaR) measurement which factors in external data, the quality of the Business Continuity Plan (BCP) and insurance coverage.

Several tools deployed to assess and monitor climate risk exposure



CORPORATE & INVESTMENT BANKING

A range of deployed climate risk management tools

Within Corporate & Investment Banking, Natixis has gradually rolled out several tools to assess and monitor its exposure. This approach will be strengthened in the years ahead, with improved risk quantification approaches and physical risk monitoring tools.

ESR sectoral policy

With regard to its financing and investment activities, Natixis decided to exclude sub-sectors or specific borrowers which do not fit in its climate related risk appetite. Exclusion lists have been implemented for the coal and oil & gas sectors. These lists, which are updated annually with support from external data providers, are notably applicable to general-purpose financing and Global Market activities. As for dedicated-purpose financing, a more in-depth analysis is conducted to determine whether a transaction is allowed or not.

The Green Weighting Factor (GWF)

Natixis assesses the impacts of its climate transactions by assigning a climate rating either to the asset or financed project, or to the borrower in the case of general-purpose financing. This rating (or Green Weighting Factor color rating) results from an assessment of the impact of the transaction on climate and takes account of all important environmental externalities such as water use, pollution, waste and biodiversity. This proprietary tool enables systematic integration of transition risk in Natixis' financing activities.

The “Equator Principles” process

Since October 2020, Natixis has implemented the fourth version of the Equator Principles (Amended EP IV) which strengthens the integration of climate change in the environmental impact analysis framework for large scale projects. As a result, borrowers are required to: 1) make an assessment of physical risk related to climate change for most projects, 2) conduct climate transition risk assessments and an analysis of alternatives with lower greenhouse gas emissions, for projects with projected total CO_2 equivalent emissions above 100,000 tons per year. Based on the identified risks and the type of related impacts, mitigation measures can be required from clients. These are subject to specific covenants in the related financial documentation.

The ESR Screening tool

In 2020/2021 Natixis introduced its complementary ESR Screening tool to identify, assess and monitor environmental, social and governance (ESG) risks of its corporate clients. This tool allows to identify the clients most at risk and to perform an in-depth analysis of those. Climate transition and physical risks are fully integrated in this tool.

The Energy Transition & Natural Resources industrial group supports the bank's clients in their own energy transition. To achieve this, we systematically integrate climate risk in our due diligences and assess our financing operations in the natural resources sector in the light of industry best practices and standards. Furthermore, in our global portfolio, we promote financing for corporates who integrate these issues by reducing the carbon footprint of their activities or by focusing growth on more virtuous activities from a climate perspective.

Frank Pluta
Global Head of Energy Transition & Natural Resources Industry Group, Natixis

A continuous improvement approach

Tools and methodologies are regularly reviewed and updated to ensure they remain fit for purpose to take into account the changes in climate risks related scientific knowledge as well as internal and external data availability. Tools such as the Green Weighting Factor (GWF) and the ESR Screening are incorporated in the Natixis risk governance model.

To strengthen its climate, physical and transition risk assessment approach, in 2020, Natixis kick-started work on quantitative methodologies to measure its exposure to climate, physical and transition risks. Such efforts are expected to continue over the next few years.

Tools integration in decision making processes

The "Know Your Customer" (KYC) process

As part of its ESR Screening tool, a specific questionnaire was integrated in KYC processes worldwide. The questionnaire is answered by front officers for corporate clients. It allows to rank client according to the level of vigilance required based on the context in which they do business, the maturity of their ESR risk management system, any controversies to which they may be exposed and the type of business relationship they maintain with Natixis.

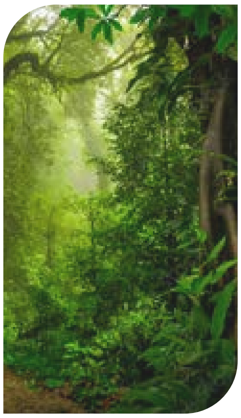
Credit decision-making process

During the credit approval and annual review process, all files are subject to a specific assessment, which includes the following:

- **Systematic application of the Green Weighting Factor[7] (assessment of transactions' climate impact).**

7. À l'exception du secteur financier pour lequel la méthodologie n'a pas été développée

Integrating climate risk into the credit approval process



For general-purpose financing, an external data provider conducts an analysis of each borrower (companies and public sector entities). It is revised/approved by the Green Weighting Factor project team before being included in Corporate & Investment Banking's client referential.

For "dedicated-purpose" financing, front officers conduct an analysis governed by sector-based decision-making trees, the audit trail is then approved by the Risk division, and a Green Weighting Factor rating is assigned at transaction level.

- **The ratings assigned to each transaction are updated as part of periodical file review and presented to the Credit Committee.**
- **Analysis of compliance with commitments (compliance with applicable ESR policies and related exclusion lists in the coal and oil & gas sectors).**

  The applicable ESR criteria are presented in the risk policies. If a significant deviation with the ESR criteria is identified for a particular file, the file is transmitted to the teams in charge of risk policy as well as the ESR team for analysis before any decision is made.
- **Application of the ESR Screening process (extensive analysis of ESG risks for clients identified as most at-risk during KYC process).**

  Front officers conduct a qualitative analysis of clients' most material ESG risks. The Credit Risk department checks for consistency and, if necessary, submits the most sensitive files to the ESR department for an in-depth analysis and opinion. This analysis is sometimes supported by direct client discussions.
- **Equator Principles' analysis for the financing of projects (including financing of project acquisitions, financing of projects with corporate guarantees, etc.). This due diligence is based on the involvement of both the business lines and the ESR department.**

These due diligence processes are integrated into the bank's IT systems. They are documented in the files of the Credit Committee. They provide a qualitative analysis to the Credit Committee supporting the expression of opinion on the way that climate risk impacts the borrower's risk profile. They can lead to a positive opinion, a conditional opinion (contractual conditions, action plans, restrictions) or a negative opinion. The primary goal is to engage in constructive dialog with the counterparties most at-risk.

Internal capital allocation mechanism

Based on the Green Weighting Factor, an internal capital allocation mechanism links the amount of internal capital allocated to the transaction (analytical credit Risk-Weighted Assets (RWA)) to its positive or negative impact on climate and the environment. "Green" financing transactions receives a reduction of analytical RWA reaching up to 50% while financing transactions with a negative climate impact are penalized by as much as 24%. This adjustment mechanism is fully integrated into the bank's systems. It is regularly monitored by Senior Management.

ASSET MANAGEMENT ACTIVITIES

Natixis Investment Managers has identified climate risks as a key challenge and seeks to ensure better understanding to support sectors and companies working towards the transition and impact investing.

A working group was arranged, including the representatives of the federation and affiliates. It meets on a monthly basis and promotes shared best practices.

Most affiliates integrate ESG criteria into their investment and engagement processes (see Section 2. Strategy). This practice is supported by a number of actions: rolling out training programs, defining methodologies, climate data improvement and measuring portfolio carbon footprint.

Examples of such practices include:

- **Ossiam** uses a quantitative model based on machine learning (ESG Machine Learning). The goal is to find links in the data, such as recurring impacts, and use this information to identify risks.
- **DNCA** has developed a proprietary Above & Beyond Analysis (ABA) model. The tool is designed to identify companies facing risks and opportunities in terms of sustainable development and ESR.
- **Ostrum Asset Management** implemented in 2019 a new materiality assessment tool available to all investment personnel on an internal platform. This assessment is systematically supported by a qualitative analysis of each ESG dimension, which is outlined in a dedicated reports written by analysts, on an issuer by issuer basis. In 2020, training on climate issues and carbon accounting was offered to asset managers.
- **Loomis Sayles** which, in 2020, focused on climate concerns by publishing guidelines on climate change as well as introducing training initiatives and working with climate data.

In 2019, AEW co-developed an audit framework allowing to assess projected climate risks impact on a building and propose impact reduction measures. Over 2019-2020, we have conducted a pilot study on climate risk financial impact on a sample of ten buildings with varied characteristics located across Europe. A climate expert, building design engineers, and a technical expertise firm were involved in this study. From 2021 onwards, acting on our proposal, our main investors have approved the integration of climate risk in portfolio management processes across the following key steps: acquisition, construction, renovation, and existing building management.

Thierry Laquitaine
Director and Head of SRI, AEW

INSURANCE

Life insurance

The sustainable investment strategy of Natixis Assurances includes, by nature, sustainability risk management (see Section 2. Strategy). Natixis Assurances recognizes that climate change risks can considerably impact investments and aims to manage these risks appropriately. **The management of sustainability risks and their potential negative impacts on Natixis Assurances' portfolio is conducted using approaches focused on normative and best-in-class sector exclusions, which form the basis of its ESG commitment (tobacco, coal, controversial weapons, tar sands and companies with negative sustainable development ratings)[8].**

Aside from risk management, Natixis Assurances is also committed to contributing positively to Sustainable Development Goals (SDGs). This commitment is reflected in its selective ESG policy: based on Mirova's ESG analysis, Natixis Assurances aims to improve the ESG profile of investments under discretionary mandates and in dedicated funds.

This policy, which mirrors the "negative" exclusions approach, aims to increase the share of sustainable assets in the portfolio, composed by "positive" issuers (positively contributing to SDGs) and "committed" issuers (very positively contributing to SDGs).

Property & Casualty Insurance

The Property & Casualty (P&C) insurance portfolio for private individuals and professionals via home, automotive and professional multi-risk coverage is exposed to claims linked to weather events.

An analysis of existing contract portfolio is carried out regularly to identify and measure risks, in particular those related to weather events (flooding, drought, storms, etc.), as well as qualifying their geographical spread and adjusting subscription policy.

In 2020, Natixis Assurances participated in climate stress tests organized by the supervisory authorities to identify long-term portfolio climate risk.

In a drive to reduce the balance sheet impact of climate disasters, Natixis Assurances transfers part of the risk, including climate risk, to global reinsurers using various reinsurance arrangements.

To support its clients and limit the consequences of weather events, Natixis Assurances sends text messages to clients likely to be affected by a climate risk event to alert them, so that they can protect themselves and their assets. When claims are made, in an effort to speed up processing, Natixis Assurances has strengthened its specialist teams for the filing and management of claims and to quickly mobilize expert networks.

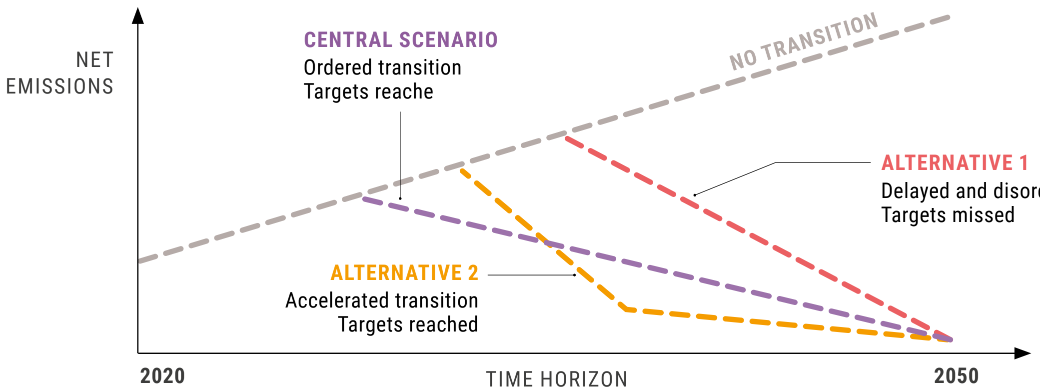
8. See https://www.assurances.natixis.com/upload/docs/application/pdf/2021-03/natixis_rapport-investissement_esg_2020_vdef.pdf

4 Presentation of stress tests completed by BPCE Group to assess the impact of climate risks

ACPR climate risk pilot exercise

BPCE Group and Natixis took part in the French prudential control authority (ACPR) climate risk pilot exercise. The exercise started in May 2020 with the publication of draft scenarios and assumptions for consultation as well as of the analytical framework developed by Banque de France.

VISUAL REPRESENTATION OF TRANSITION AND PHYSICAL RISKS SCENARIOS INCLUDED IN ACPR PILOT EXERCISE



It covers insurance and banking, for credit and market risk, **for transition and physical risks,** but does not cover the solvency of financial institutions.

The exercise uses a dynamic balance sheet projection at sector level (20 sectors with high-stakes climate challenges) out to 2030, 2035, 2040 and 2050 in four geographies. This exercise has the benefit offering a first methodology framework and inspiring reflection on climate change impacts so that, further out, they can be better integrated into risk measurement.

Key take-aways from ACPR climate risk pilot exercise

Regarding **credit risk,** this methodology led to considerations related to the methodological framework and to the identification of required preparatory work on these exercises to overcome several difficulties. The latter were linked to the difference between sector classifications used by the ACPR and for internal classifications and to the fact that internal portfolio projection methodologies were in part not adapted for long time horizons.

Moreover, this exercise allowed to identify the limits of the proposed scenarios which would warrant a review with regards to their severity and the scope of economic sectors covered in light of the urgent need for action to limit climate change, owing to the wide-scale impact it can have on society and the overall economy. As a result, **the impact in terms of credit risk is negligible** over the considered timeframes. As such, there is a need to upgrade them further out to make them more suitable to this type of exercise. In particular, it would be appropriate to carry out a fundamental review of assumptions on the economic impacts of the ecological transition, to provide other measurement indicators better reflecting those used by the banks, and to carry out further work on the models and projection mechanisms to better manage long-term impacts.

For the market risk component, overall, the impact of climate stress remains limited across the entire portfolio. Stress is largely attributable to balance sheet projection as opposed to stress related to risk parameters. Factoring in the low impact recorded in the stress tests, there will be no directly related management action. Nevertheless, the introduction of limits on investments in sectors with a highly negative climate impact will be reviewed as part of the integration of climate risk.

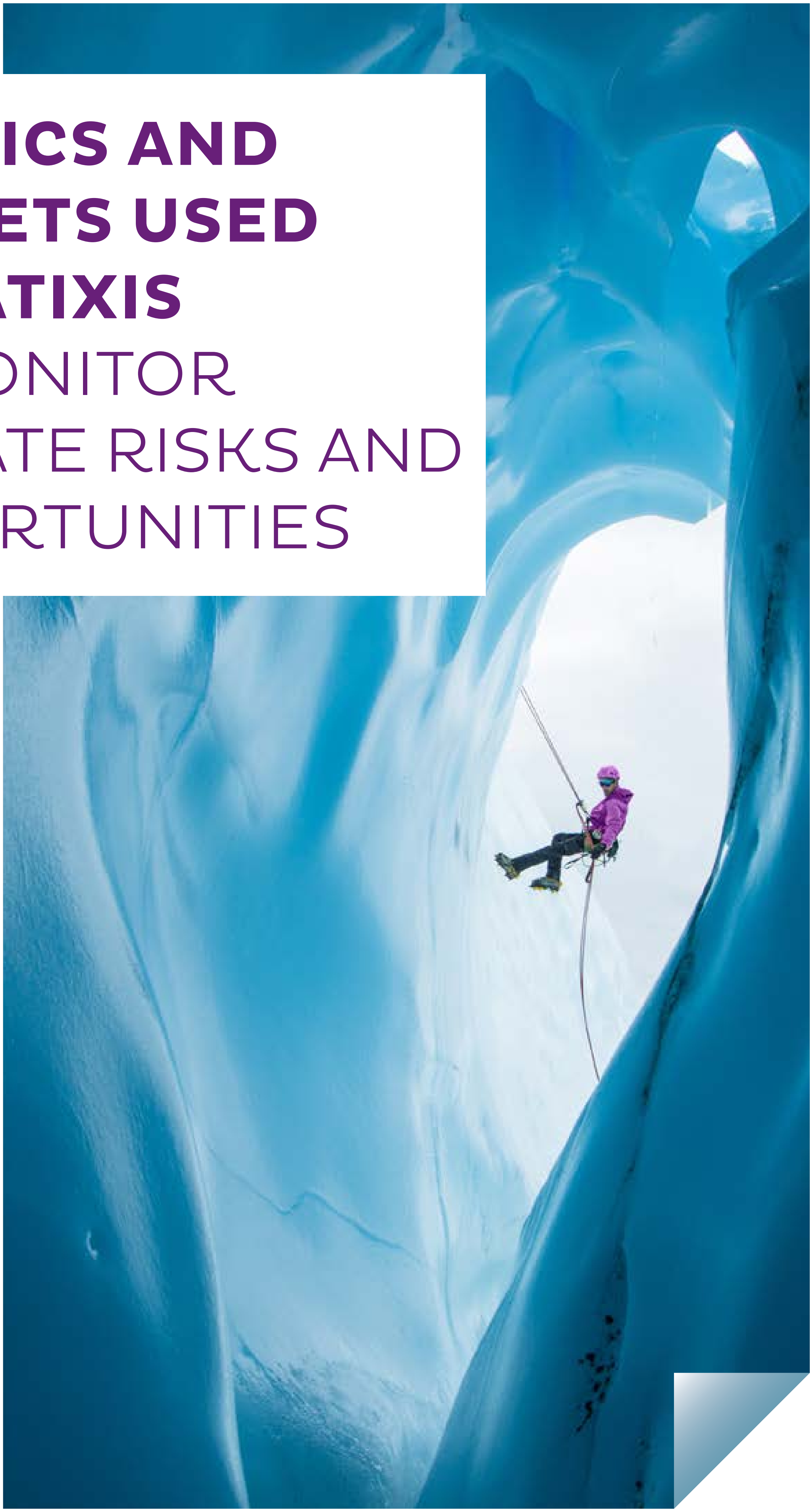
European Banking Authority sensitivity exercise

As part of a regular assessment of bank risk exposure within the European Union (EU), an analysis of climate risk sensitivity was conducted in second-half 2020 with a sample of **volunteer banks.** The initiative was managed by the European Banking Authority (EBA). The sensitivity analysis aims at providing better insight into banks' vulnerabilities to climate risk and calculating an initial estimate of the amount of green exposure held by banks in line with the European taxonomy.

BPCE Group and Natixis volunteered to complete this exercise and individually reviewed several clients based on publicly available data (Extra-Financial Performance Declaration) and by comparing client practices to European taxonomy expectations to calculate their share of green activities. The Green Weighting Factor developed by Natixis was also applied to the entire balance sheet that was shared with the EBA for additional information.

METRICS AND TARGETS USED BY NATIXIS TO MONITOR CLIMATE RISKS AND OPPORTUNITIES

4



In all its business lines, BPCE Group is committed to tackling climate change and supporting all of its clients in their transition. The Group's strategic commitment is reflected in the introduction of **measurement indicators**[9] for climate impacts, risks and opportunities and the **definition of targets**[10] for the activities and businesses of Natixis: Company operational scope, Corporate & Investment Banking (CIB), Asset Management (NIM), Insurance (NA).

1 Direct corporate operations

Every year since 2015, Natixis has measured and published its own actions for the scope of its businesses in France, i.e., 67% of its 16,943 employees at end-2020 (fulltime equivalent employee, (FTE)) using the following five indicators:

Scopes 1 & 2 carbon footprint publication in France since 2015

Direct impact indicators:

- **carbon intensity** (measured in tons of CO_2 emissions per full-time equivalent employee, tCO_2e/FTE): carbon footprint divided by the number of FTE employees;
- **carbon footprint** (measured in tons of CO_2 emissions, tCO_2e): greenhouse gas emissions of buildings, employee professional travel, IT equipment and telephony;
- **building energy consumption** (measured in MWh);
- **share of energy consumption covered by renewable power** (en %) ;
- **carbon intensity of building energy consumption** (expressed in gCO_2e/kWh).

Direct corporate operations indicators (French locations)

2020 METRICS

Carbon intensity (per FTE)	**7 tCO_2e/ETP** in 2020 **7,92 tCO_2e/ETP** in 2019
Carbon footprint	**71 581 tCO_2e** in 2020 **81 957 tCO_2e** in 2019
Energy consumption	**34,556 MWh**
Share of renewable energy used	**100 %** in France
Carbon intensity of energy used	**62,25 gCO_2e/kWh**

9. All metrics listed are as of 12/31/2020 unless otherwise stated

10. All targets listed are as of end-2024 unless otherwise stated.

-20% in carbon intensity per FTE by 2024

Natixis has set a target of reducing its operational carbon footprint by 20% globally with a sub-target for the carbon footprint of its computer system and professional travel. The benchmark year for this target is 2019 in light of the unprecedented 2020 performance, owing to the Covid-19 health crisis.

As part of its 2024 strategic plan, Natixis also plans to extend the measurement of its climate impact to all of its geographies outside France. The Company has pledged to use renewable power for all of its buildings worldwide.

Direct corporate operations targets

2024 TARGETS

Carbon intensity reduction (per FTE)	**-20 %** (2019 benchmark year, France)
Carbon footprint reduction	**-10 %** computers and telephony **-40 %** energy used (France)
Share of renewable energy used	**100 %** in all Natixis locations

2 Banking activities: Corporate & Investment Banking (CIB)

Granular management of bank balance sheet climate impact using the GWF tool

In 2019, with the implementation of its Green Weighting Factor (GWF), Natixis became the first global bank to actively measure and monitor the climate impact of its balance sheet using an impact indicator that is expressed using a color.

The GWF methodological work has continued. In early 2021, this led to its translation in both carbon intensity and temperature trajectory.

These new indicators round out the approach that Corporate & Investment Banking has adopted for climate risks and opportunities via: (i) its sustainable finance activities, notably renewable energy financing and green bond arrangements, and (ii) its activities exposed to transition risk, specifically balance sheet exposure to coal, and, more generally fossil fuels.

Natixis monitors the climate impact of its balance sheet (€234bn in outstandings as of 12/31/2020), using the following seven indicators:

Green Weighting Factor Color Rating

(measured as a % of bank outstandings) This is a granular measurement that applies to each balance sheet exposure for all banking products, regardless of maturity (loans, guarantees, collateral, documentary credit, capital markets) across all geographies, and in all sectors of activity, excluding finance.

Coverage of entire bank balance sheet excluding finance sector exposure

The GWF Color Rating for each transaction is assigned using a scale with seven levels, consistent with the climate impact of the underlying and other environmental concerns when they are considered material based on lifecycle analysis. Related greenhouse gas (GHG) emissions cover scope 3 upstream and downstream for all high-impact sectors. For all general-purpose corporate and sovereign exposure (when the object of the transaction is not specified), data is sourced from the Carbon4Finance firm, which assesses past and present GHG emissions and calculates companies' future trajectories from specific operational data (using a bottom-up approach). For all dedicated-purpose financing (projects, assets, products and commodities), the GWF is identified through a sector-specific decision tree. To date, the methodology includes 49 decision trees which were designed with external consulting firms, ICare & Consult and Quantis. The GWF Color Rating is assigned when each credit is granted and reviewed annually for financing and quarterly for all other balance sheet items (particularly trading transactions and capital markets). As of 12/31/2020, the GWF tool was applied to all of the bank balance sheet excluding the finance sector, i.e., €154bn in outstandings, with more than 70% rated. Natixis manages its balance sheet mix using the tool's seven color shades, and provides external reporting on an aggregated three-tiered system: brown, neutral, green. The published indicator covers GWF scope excluding sovereign exposure, i.e., €115bn in outstandings at end-2020.

ITR calculated from IPCC and IEA scenarios

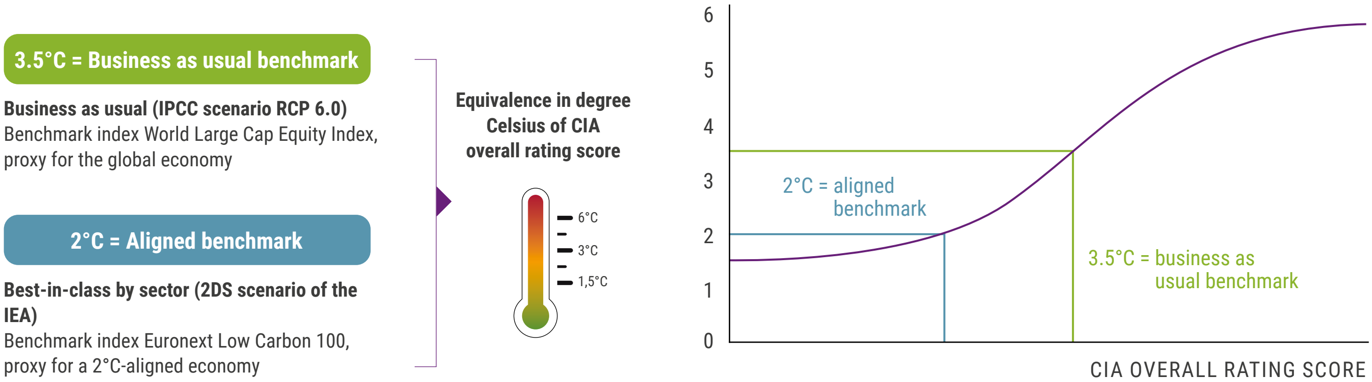
Implied Temperature Rise

(ITR, measured in degrees Celsius, °C) It estimates the balance sheet's aggregate potential temperature increase, i.e., the implied temperature rise versus pre-industrial levels for all balance sheet assets, excluding the finance sector and sovereign exposure (same scope as the GWF Color Rating).

Natixis combines two different methods to determine the ITR of its balance sheet:

(i) *General-purpose exposures use the Carbon Impact Analytics (CIA) method developed by Carbon4Finance. The CIA rating of each company is determined using the same GHG emission data as that processed by the GWF Color Rating for each corporate client. This method establishes a link between the CIA rating of the company and/ or a portfolio and its temperature trajectory of between 1.5°C and 6°C. The model is calibrated using two benchmark scenarios: the 2°C trajectory (scenario 2DS) from the International Energy Agency (IEA), as illustrated by the Euronext Low Carbon 100 index (mainly comprising active energy transition players); and the 3.5°C scenario of the Intergovernmental Panel on Climate Change's (IPCC) RCP6.0 scenario, as demonstrated by the World Large Cap Equity Index as a proxy for the global economy.*

CALIBRATION OF THE MODEL



Source: Carbone 4 Finance

Asset and project temperature calculated from their physical carbon intensity

(ii) *With respect to specific exposures, the Implied Temperature Rise indicator (ITR) calculation uses the Science-Based 2°C Alignment (SB2A)[11] method developed by ICare & Consult to assess alignment of sector-specific companies with the Paris Agreement climate targets. Inspired by the Science-Based Targets (SBTi) and Assessing low-Carbon Transition (ACT) initiatives, the method was adapted to factor in the specifics of transactions dedicated to project financing, assets and commodity trading. The method compares the climate impact of the financed object throughout its lifecycle and/or its financing (one year as is standard for transactions with a maturity of less than a year) with the corresponding business area's "carbon budget" in the context of Paris-aligned scenarios. The financed object's climate impact is measured through the physical carbon intensity of each individual asset, which is based on combined data from their Green Weighting Factor (GWF) color rating. Examples include gCO_2e/kWh for power generation, gCO_2e/per km for passenger transport and gCO_2/m²/per year for real estate. The ITR index is identified by calculating the difference between the asset's trajectory and its sector-specific 2°C reference trajectory. The International Energy Agency (IEA) and Science-Based Targets initiative (SBTi) reference trajectories are available and in use for the following sectors: electricity, oil & gas, real estate, transport, telecoms and heating networks. In sectors without an IEA or SBTi reference trajectory—mining & metals, petrochemicals, water & waste management and agricultural commodities—each individual asset's temperature is calibrated using sector-specific low-carbon and business-as-usual scenarios.*

ACTIVITY SECTOR	REFERENCE TRAJECTORY	SOURCE SCENARIO USED
Power	Yes	IEA - ETP 2020 & Sustainable Development Scenario
Oil & Gas	Yes	IEA - ETP 2020 & Sustainable Development Scenario
Real estate	Yes	IEA – ETP 2020 & Sustainable Development Scenario
Transport	Yes	SBTi Transport
Telecom	Yes	IEA – ETP 2020 & Sustainable Development Scenario
Environmental Services	No[12]	IEA – ETP 2020 & Sustainable Development Scenario
Metals & Mining	No[13]	USGS 2019[14] , Nuss and al. 2014[15]
Commodities	Yes[16]	IEA & ETP 2020, SBTi referential, FAO, Agribalyse

11. The Alignment cookbook: A Technical Review of Methodologies Assessing a Portfolio's Alignment with Low-Carbon Trajectories or Temperature Goal, 2020. https://www.louisbachelier.org/wp-content/uploads/2020/07/rapport-0607.pdf The SB2A methodology was transferred to Iceberg Data Lab in July 2020.

12. Except heating networks whose reference trajectory is the same as the electric sector.

13. Except for steel and aluminum whose reference trajectory is taken from the SBTi reference system.

14. USGS 2019 – Mineral commodity summaries

15. Nuss P, Eckelman MJ (2014) Life Cycle Assessment of Metals: A Scientific Synthesis.

16. Except coffee and cotton agricultural commodities.

Assessing the alignment of dedicated-purpose financing deals with Paris-aligned scenarios was a challenging assignment. We worked with Natixis to adapt our Science-Based 2°C Alignment methodology to the specificities of dedicated projects, assets and commodities. Inspired by the Science-Based Targets Initiative and ACT frameworks, and built upon IEA scenarios, this innovative methodology calculates an "Implied Temperature Rise" (ITR) by comparing the integrated carbon emissions of the financed asset over its financing duration with its sectorial carbon budget in the Paris-aligned scenario. It includes a strong forward-looking element based on the feasibility of the climate transition, on a sectoral and bottom-up basis. After implementing the Green Weighting Factor, this major new innovation by Natixis will allow the bank to monitor the climate trajectory of its entire loan portfolio.

Guillaume Neveux
Director-Partner, I Care & Consult

Line-by-line carbon intensity measure including scope 3 emissions

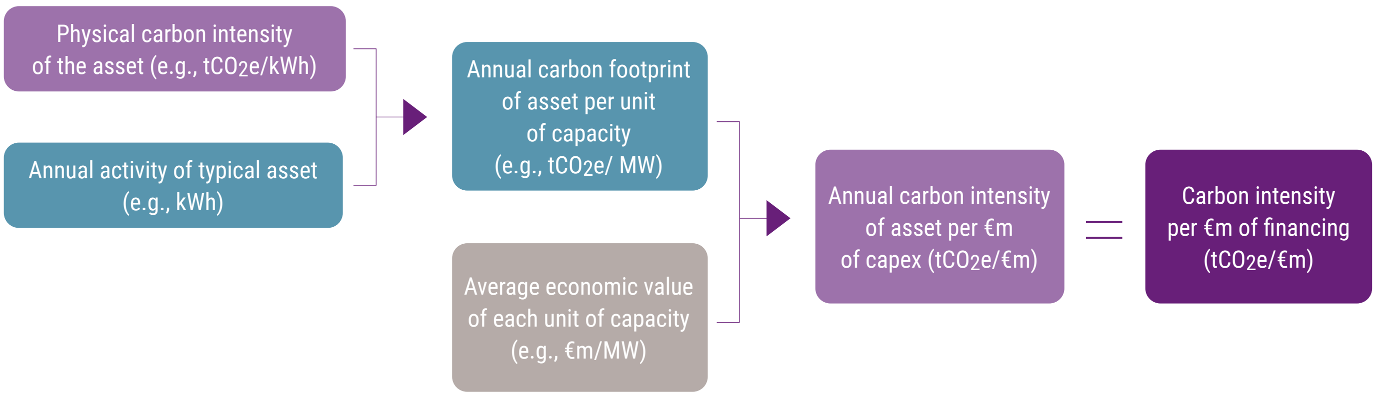
Financing carbon intensity

(measured in tons of equivalent CO_2 per million euros of outstandings, tCO_2e/€m)

The sum of the carbon footprint attributable to each financing divided by its amount of outstandings. This indicator covers all balance sheet assets excluding the financial sector and sovereign exposures (same scope as the GWF Color Rating mix and Implied Temperature Rise (ITR)), i.e., €115 bn in outstandings at end-2020. Financing carbon intensity is calculated using two defined scopes. On the one hand, general-purpose financing (approximately 70% of outstandings covered). On the other, dedicated-purpose financing (approximately 30% of outstandings covered).

(i) *As regards general-purpose financing, generated scope 1, 2 and 3 greenhouse gas (GHG) emissions for each company are sourced from Carbon4Finance, irrespective of "prevented" emissions. To calculate the carbon intensity of the financed company, emissions are then divided by a company's enterprise value (which equals equity plus financial debt), irrespective of the market value of the listed companies. Furthermore, a sector-specific average for carbon intensity is calculated across Carbon4Finance's entire coverage universe. For each sector, it is allocated to each non-specific exposure that is not covered by individual analysis by Carbone4Finance. Carbon intensity for sovereign exposures is calculated in €m of gross domestic product (GDP). Portfolio intensity is equal to the average intensity of each line, weighted against the amount of outstandings. Natixis applies a rule established by Carbon4 in order to prevent multiple counts of scope 3 portfolio emissions. The rule consists of dividing corporate emissions by three and allocating them between public and private sectors based on their average share of GDP (28% / 72%).*

(ii) *Regarding dedicated-purpose financing the economic carbon intensity (tCO_2e/€m) of individual financed objects is measured through the physical carbon intensity of each individual asset. This measurement is based on combined data from their GWF Color Rating. Examples include gCO_2e/kWh for power generation, gCO_2e/per km for passenger transport and gCO_2/m²/per year for real estate. Physical intensity is multiplied by an asset's average annual activity to obtain its average carbon footprint over a year in absolute terms. This data is then compared with the asset's economic value (capex) to calculate its intensity per million euro (€m) in terms of value and financing.*



Renewable energy financing

(as a % of amounts financed for electricity generation projects, in GW of financed installed capacity during the year, €bn arranged) Each year, Natixis publishes various renewable energy financing metrics in its annual report. These include: arranged amount (exclusive financing of renewable energy sector infrastructure and corporate projects), number of transactions, installed capacity financed by energy type and the share of renewable energy in projects financed over the year (flows before distribution) and within a portfolio (stock after distribution). Three indicators are used in this TCFD report.

Green and sustainable bonds arranged

(€bn and as a %) Natixis publishes various metrics on an annual basis for arranged green and sustainable bonds in its annual report. These include: number of arranged green/ sustainable bond issues, total arranged and Natixis' total share in issues. This last indicator is used, in addition to the share of green and/or sustainable issues in the total issues arranged by Natixis.

Bank balance sheet climate risk transition indicator using the GWF analysis

Share of banking assets exposed to climate transition risk

(as a % risk-weighted assets) Natixis uses the Green Weighting Factor (GWF) tool to measure and steer its share of balance sheet assets that are most exposed to transition risk. These are the worst rated assets ("dark brown rated") on the GWF's 7-level color scale. The indicator is calculated from the total number of risk-weighted assets (Credit Risk-Weighted Assets) within the GWF's scope of analysis, excluding the finance sector, i.e., €37 bn in Credit Risk-Weighted Assets. This climate transition risk measurement indicator has been integrated into Natixis' Risk Appetite Framework which has been monitored since 2019.

Fossil fuel sector financing

(in billions of euros of outstandings) Total aggregated gross portfolio financing in the fossil fuel sector, including dedicated-purpose financing (projects and assets) and general-purpose financing for corporate clients actively operating in the sector. The scope for this indicator is global on the entire banking balance sheet, i.e., €234 bn in outstandings as of 12/31/2020.

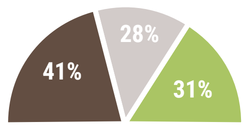
Natixis publishes two separate sub-indicators:

*1. **Thermal coal financing:** since 2019, Natixis has published a thermal coal sector financing indicator in its annual report. This indicator includes all corporate financing to clients whose thermal coal activity represents less than 25% of revenue. Any financing that is higher is excluded from Natixis' coal policy. The financing of clients operating in the coal sector is revenue-weighted. The data source used for this calculation is S&P Trucost.*

*2. **Oil & Gas financing:** Natixis reports the overall amount of its exposure to conventional and unconventional (upstream) oil & gas production activities. This amount is made up of the portion of financing allocated to exploration-production projects, as well as the percentage of the overall amount of non-general purpose financing granted to clients in the oil & gas sector which operate diversified businesses and for which this percentage is determined based on an estimate of the portion of exploration-production business relative to total revenues (based on reported data provided by the customer, or, by default set at 33% if this data is not available). Natixis also steers the impact of this financing in the oil & gas sector using its GWF tool to assess the 'brown-rated' portion of its sector exposure.*

Publication of amount of financing granted to conventional and unconventional (upstream) oil & gas exploration-production activities

Corporate & Investment Banking indicators

2020 METRICS	CLIMATE IMPACT	Distribution of Green Weighting Factor color rating mix (% of outstandings)	
		Implied Temperature Rise (ITR)	3,2°C
		Carbon intensity of financing activities	920 tCO_2e/M€
	SUSTAINABLE FINANCE	Renewable energy financing	• **87 %** of new power generation projects • **6,5 GW** of new installed capacity • **€1.9bn** new underwriting (arranged amount)
		Green/sustainable bonds arranged	• **€11.95 bn** • **19 %** of all bonds
	TRANSITION RISK	Share of assets exposed to transition risk	14,4 %
		Financing of carbon-intensive sectors: thermal coal and oil & gas	• Thermal coal: **€394m** • Upstream Oil & Gas: **€5.8bn**
		Share of Oil & Gas exposure rated "brown" with GWF methodology (% of oustandings)	76 %

2050 carbon neutrality target and intermediate 2024 and 2030 targets

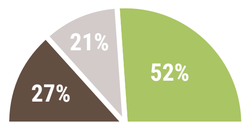
As part of the BPCE 2024 strategic plan, **the GWF has enabled the setting of targets for all Natixis activities. The GWF has also identified targets for each business line, sector and geography** using two main indicators: first, the mix of GWF ratings and second, the bank balance sheet temperature trajectory. Through the ambitious targets set by Corporate & Investment Banking, which accounts for the majority of the carbon emissions financed by BPCE Group, the Company has committed to achieving carbon neutrality by 2050. Natixis has also pledged to join the Net Zero Banking Alliance initiative, which brings together 63 global banks convened by the United Nations Environment Programme Finance Initiative (UNEP FI)[17].

In an effort to support its clients' transition and accelerate the decarbonization of its bank balance sheet, **Natixis is also committed to significantly increasing the financing of transition sectors, particularly renewable energy. Conversely, the Company has pledged to reduce the financing of carbon-intensive sectors - first, thermal coal, with a complete exit from the sector planned by 2040 - and oil and gas exploration and production activities.**

Corporate & Investment Banking targets

-15 % over 4 years
Financing of oil & gas exploration and production activities

+€9bn over 4 years
Financing of renewable energy

2024 TARGETS	**CLIMATE IMPACT**	Distribution of GWF color rating mix (% of oustandings)	
		Implied Temperature Rise (ITR)	• **2,5°C** in 2024 • **2,2°C** in 2030 • **1,5°C** in 2050
	SUSTAINABLE FINANCE	Renewable energy financing	• **Minimum 75 %** of new power generation projects financed • **€9bn** new underwriting over 2021-2024 period
	TRANSITION RISK	Financing of carbon-intensive sectors: thermal coal and oil & gas	• Thermal coal: **no more exposure by 2030/2040** • Upstream Oil & Gas: **-15 %** reduction
		Share of Oil & Gas exposure rated "brown" with GWF methodology (% of oustandings)	**66 %**

17. 63 banks in october 2021 – https://www.unepfi.org/net-zero-banking/

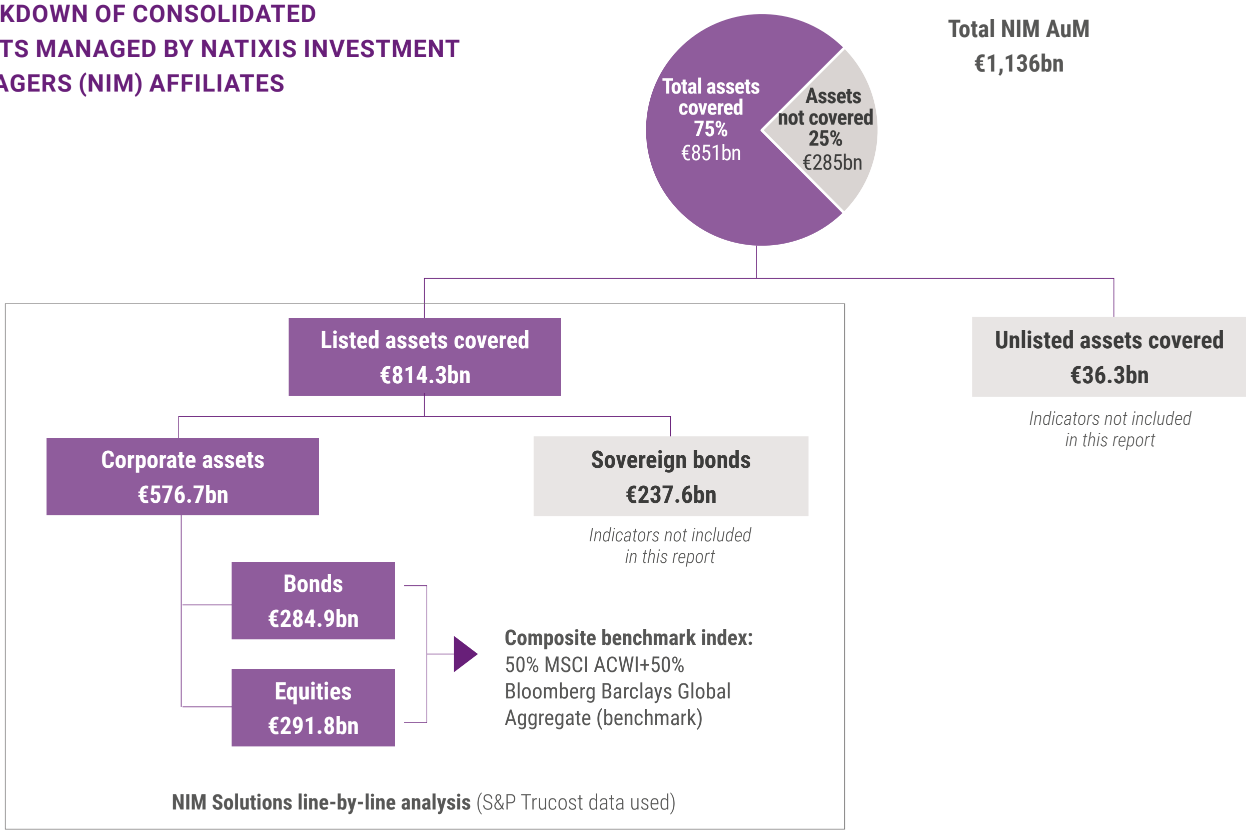
3 Third-party asset management: Natixis Investment Managers (NIM)

Climate impact analysis of €850bn in AuM, i.e., 75% of NIM's portfolio

With its multi-brand model, Natixis Investment Managers (NIM) uses a range of tools and indicators to measure and monitor the climate impact of its 23 affiliates' third-party asset management portfolios. In 2021, NIM completed extensive work to measure the consolidated impact of portfolio-linked climate risks for all of its affiliates. NIM focused on **75% of its assets under management (AuM), representing more than €850bn of the €1,136bn in assets managed by NIM.** The remaining 25% of AuM are not compatible with climate analysis because of their activities (cash, derivatives, synthetics and funds of funds).

In respect of liquid asset portfolios (managed by 15 affiliates), the S&P Trucost methods and data are used – see below for a short description of selected methods. Several methods and data sources, including Carbon Delta, Carbon4, PwC and EthiFinance, are used for illiquid asset portfolios managed by 8 of NIM's 23 affiliates. Illiquid portfolio indicators are not consolidated in this report because of methodological differences. The liquid assets covered by S&P Trucost account for **72% of total assets managed by NIM affiliates, i.e., €814bn,** of which approximately 70% is in listed company equities and bonds (corporate assets) and 30% in sovereign debt.

BREAKDOWN OF CONSOLIDATED ASSETS MANAGED BY NATIXIS INVESTMENT MANAGERS (NIM) AFFILIATES



For corporate assets, climate indicators have been calculated for NIM's aggregated portfolio on the one hand and for a composite benchmark index on the other. This enables a comparison of NIM's performance with that of the market. This benchmark index is composed of the MSCI All Country World Index (MSCI ACWI) (50%) and the Bloomberg Barclays Global Aggregate index (50%).

NIM uses the following four indicators to monitor the climate impact of its aggregated portfolios

Calculation of the consolidated carbon intensity of all liquid assets under management, i.e. €515bn in investments

Investment carbon intensity

(measured in tons of equivalent CO_2 per million euros invested, tCO_2e/€m)

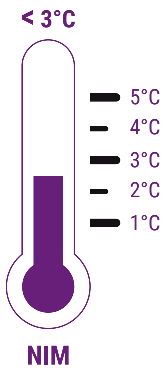
The carbon footprint of investment divided by the value of assets under management (AuM). The scope of this indicator is corporate assets, which include €515bn covered by S&P Trucost data. The method used to calculate the carbon footprint of investments is based on apportioning between (i) the share of the investment in the value of each issuer and (ii) the share of the issuer's scope 1, 2 and 3 carbon emissions attributable to the investor (apportioning). The method uses the larger of the enterprise value (EV) or market capitalization as a metric.

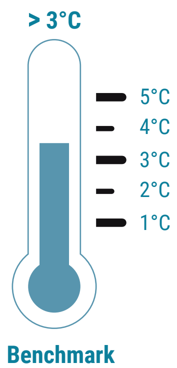
Implied Temperature Rise

(ITR, measured in degrees Celsius, °C) Calculates portfolio alignment with a given climate trajectory measured in degrees Celsius above preindustrial levels. The scope of this indicator covers corporate assets, which include €476bn covered by S&P Trucost data. S&P Trucost's suggested approach uses two methods introduced by the Science-Based Targets initiative (SBTi):

(i) *The **Sectoral Decarbonization Approach (SDA)** for issuers whose business is largely conducted in carbon-intensive sectors. This method is based on the carbon budgets of the scenarios outlined by the International Energy Agency (IEA) in the 2017 Energy Technology Perspectives (ETP) report, which provide SDA analysis parameters consistent with 1.75°C, 2°C and 2.7°C warming levels.*

(ii) ***Greenhouse gas Emissions per unit of Value Added (GEVA)** for issuers in diversified or low-carbon intensive sectors. This method is based on the Representative Concentration Pathway (RCP) scenarios used by the Intergovernmental Panel on Climate Change (IPCC) in its fifth Assessment Report (AR5). Such scenarios provide analysis parameters consistent with warming levels between 2°C and 5°C. S&P Trucost also uses a 1.5°C scenario aligned with recent SBTi recommendations and the European Union Paris-Aligned Benchmark requirements.*





Both methods conduct a transition pathway assessment of each portfolio issuer. Moreover, they review the adequacy of projected emission reductions compared against a carbon budget that is compatible with a range of temperature increase scenarios. Issuers' scope 3 emissions are not taken into account. The difference between issuer trajectory and target scenario is then converted into an equivalent temperature. Each issuer's trajectory assessment uses historic data collected over six years (business activity and carbon emissions) and forward-looking projections over a six-year timeframe. When applied to aggregated asset management portfolios, S&P Trucost's research method produces results measured in a temperature range: <1.5°C and 1.75°C, <2°C, <2.7°C and 3°C, >3°C.

KEY POINT

Methods that measure investment portfolio temperature trajectory are still relatively new and are being constantly updated. They are based on multiple hypothetical scenarios. The resulting Implied Temperature Rise (ITR) indicator may differ considerably depending on the method and data used as well as the scenarios retained.

Total investment in green and sustainable bonds

(€bn in assets under management - AuM) Total aggregated investment in liquid assets for all affiliates.

Fossil fuel sector exposure

(as a % and €bn in AuM) Share and total aggregated investment in corporate issuers exposed to the fossil fuel sector. The scope of this indicator is corporate assets, which include €522bn covered by S&P Trucost data. The sector exposure of each issuer is weighted by revenue generated.

Publication of all fossil fuel sector investments at each stage of the value chain

The sector includes all the following activities:

- Bituminous coal and lignite surface mining
- Bituminous coal underground mining
- Coal-fired power generation

Coal total

- Crude oil and natural gas production
- Tar sand extraction
- Liquid natural gas production
- Oil & gas industry services activities
- Oil & gas well drilling
- Oil & gas transportation through oil and gas pipelines
- Refineries
- Natural gas distribution
- Natural gas power generation
- Oil power generation

Oil & gas total

Fossil fuel total

Third-party asset management indicators

2020 METRICS

Carbon intensity of investments	**726 tCO_2e/M€ assets under management (AuM)** *Benchmark: 518 tCO_2e/€m*
Implied Temperature Rise (ITR)	**Below 3°C** *Benchmark: above 3°C*
Green and sustainable bond investments	**€18.5bn AuM**
Exposure to carbon-intensive sectors: thermal coal and fossil fuel	**Thermal coal: 0.2% of AuM (€1.04bn)** *Benchmark: 0.51% of the index* **Fossil fuel: 4.44% of AuM (€23.2bn)** *Benchmark: 6.43% of the index*

Third-party asset management targets

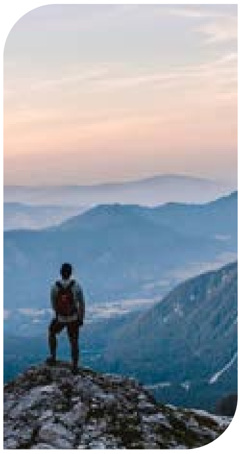
NIM undertakes to measure, monitor and publish these indicators on an annual basis.

In addition to the above NIM aggregated indicators, several affiliates measure and publish indicators used to monitor the impact and climate trajectory of their individual asset management portfolios. Please consult each specific affiliate's management report for further details.

Measure of climate impact indicators by the different NIM affiliates

This is the case for the following affiliates

- **Ostrum AM** (€448bn in assets under management (AuM) as of 12/31/2020) which has measured the carbon intensity of its asset management portfolios since 2019. In 2020, the affiliate introduced a methodology aligned with the IPCC temperature scenarios to deliver reporting to clients on the temperature impact of their investments. At end- 2020, the carbon intensity of open-ended funds managed by Ostrum amounted to **185.8 tCO_2e/€m in revenue** (S&P Trucost data).
- **DNCA** (€26bn in AuM as of 12/31/2020) which has fully integrated the climate challenge into its investment policy. The affiliate systematically assesses climate risk exposure and transition strategy for each issuer. Carbon intensity is calculated for 63% of AuM by MSCI, totaling **108 tCO_2e/€m in revenue.** Regarding its ESG funds (the Beyond range), DNCA calculates the temperature generated by all of its investment using data collected by the Carbon Disclosure Project (CDP), which is provided for close to 2,850 multinational corporations. DNCA has pledged to publish the temperature of its 2050 carbon neutralityfocused portfolios on an annual basis, starting in 2021.
- **Mirova** (€20bn in AuM as of 12/31/2020) which, since 2015, has developed a methodology aimed at measuring the carbon footprint for issuers across a range of sectors. In an effort to assess the alignment of managed portfolios with the Paris Agreement's climate trajectory, the methodology has been enhanced since 2018 using scope 1, 2 and 3 carbon footprint data provided by Carbon4Finance as well as the IPCC's climate scenarios and investment projections made by the International Energy Agency (IEA). By using this method, Mirova is able to calculate the trajectory for all of its equity, bond and infrastructure portfolios at an average of **1.5°C versus 3.5°C for the MSCI Europe and MSCI World benchmark indices.**
- **Ossiam** (€4bn in AuM as of 12/31/2020) which assesses and monitors the transition risk of its asset management portfolios using multiple indicators: upstream greenhouse gas (GHG) scope 1, 2 and 3 emissions, fossil fuel (coal, oil and gas) sector exposure and transition investment (green energy, impact). To date, 12 funds representing 74% of assets under management have a GHG reduction target compared against the benchmark integrated into investment strategy. Based on current calculations, carbon intensity for these funds is 528 tCO_2e/€m of revenue (S&P Trucost data) versus **532 tCO_2e/€m in revenue** for the benchmark.



- **AEW CILOGER** (real estate, €34bn in AuM as of 12/31/2020) which, since 2017, has calculated the energy consumption and carbon footprint of its portfolio of institutional assets in France - which equals 824 buildings - using the GHG Protocol method. The carbon intensity of this portfolio was calculated at **10.4 tCO_2e/€m invested and 28.3 kg CO_2e/m^2.** An increasing number of buildings are equipped with remote reading meters, which means that carbon intensity data is also published by building type (average recorded in 2019): logistics 5kg CO_2e/m^2, offices 12kg CO_2e/m^2, businesses 15kg CO_2e/ m^2. Since 2018, a number of investors have conducted reporting on climate risk and alignment with the target trajectory below 2°C, based on the recommendations of the Science-Based Targets initiative (SBTi).

- **AEW Capital Management** (real estate, €21bn in AuM as of 12/31/2020) which integrates climate risks throughout its investment and asset management cycle and monitors environmental impact indicators for approximately half of its US real estate portfolio. With respect to this portfolio, AEW has set an average target of a 1.5% year-on-year reduction in water and energy consumption, GHG emissions (scopes 1 and 2) and waste production by 2020. In 2019, GHG emissions for these portfolios declined 2.1% compared with the previous year. As of 2021, AEW plans to strengthen its **annual GHG reduction target to 2.5%,** in line with the SBTi targets for the real estate sector.
- **Vauban Infrastructures Partners** (infrastructure, €5bn in AuM as of 12/31/2020) which assesses carbon footprint for its scope 1, 2 and 3 portfolio assets on an annual basis. Based on this assessment, the affiliate identifies action drivers to reduce and prevent GHG emissions. Vauban Infrastructure Partners is also able to initiate dialog with contributing companies regarding actions and discuss offsetting solutions for unavoidable emissions.
- **Naxicap Partners** (private equity, €4bn in AuM as of 12/31/2020) which for the first time in 2020, published GHG emissions (including scope 3) for all of its portfolio companies (PwC model covering the entire value chain). The calculation was made for 88% of assets under management. Average carbon intensity for the portfolio totaled **250 tCO_2e/€m invested.**

Integration of climate risks and opportunities into US affiliates' asset management strategy

Spearheaded by a cross-functional climate working group created by NIM in 2019 with the goal of sensitizing, informing and developing affiliates' engagement in climate challenges, several US affiliates have kick-started efforts to measure the climate impact of their asset management portfolios. A case in point is **Loomis Sayles** (€284bn in AuM as of 12/31/2020) which has now integrated climate into its investment decision process and is planning to measure the carbon intensity and temperature trajectory of its asset management portfolios.

Another example is **Harris Associates** (€85bn in assets under management as of 12/31/2020) which already recognizes climate risk on a case-by-case basis depending on the materiality of the challenges for each of its investments.

4 Insurance activities: Natixis Assurances (NA)

In 2018, Natixis Assurances made a proactive and concrete commitment to combat climate change by aligning its investment policy with a 2°C trajectory, in line with Paris Agreement climate targets. Today, Natixis Assurances is going a step further by committing to a 1.5°C trajectory.

This commitment is supported by an annual "green" asset investment target of 10% to reach 10% of the target portfolio in 2030. Following the commitment made in 2018, targets are monitored on a quarterly basis.

EVOLUTION OF NATIXIS ASSURANCES CLIMATE INVESTMENT STRATEGY

UN-PRI signature	Coal policy	Trajectory 2°C	10% green investments goal	UN-PRI Climate Leaders' Group	2°C trajectory by 2024, 1.5°C by 2030
2016 Engagement	**2017** ESG integration	**2018** Climate strategy	**2019** Green investments	**2020** Action plan	**2021** Trajectory acceleration

Since 2018, Natixis Assurances has measured and published the climate impact of its investment portfolios - €59.9 bn at end-2020 of which €53.5 bn in assets held in the life insurance general-purpose fund (BPCE Life), using the five following indicators:

Carbon intensity calculation for investments in all asset classes

Investment carbon intensity

(measured in tons of equivalent CO_2 per million euros invested, $tCO_2e/€m$) The carbon footprint of investments divided by their value (market capitalization for listed assets). The carbon footprint of each portfolio line is calculated using Carbon Impact Analytics[18] (CIA) methodology as well as the data provided by Carbon4. The latter integrates both "generated" emissions by company activity, adopting a lifecycle approach (scope 1, 2 and 3 – direct emissions and those of suppliers and company products), and "prevented" emissions through performance initiatives and the company's rollout of low-carbon solutions. Natixis Assurances calculates and publishes the carbon intensity of its individual asset classes. This applies to equities, corporate and sovereign bonds, and illiquid assets (real estate and infrastructure).

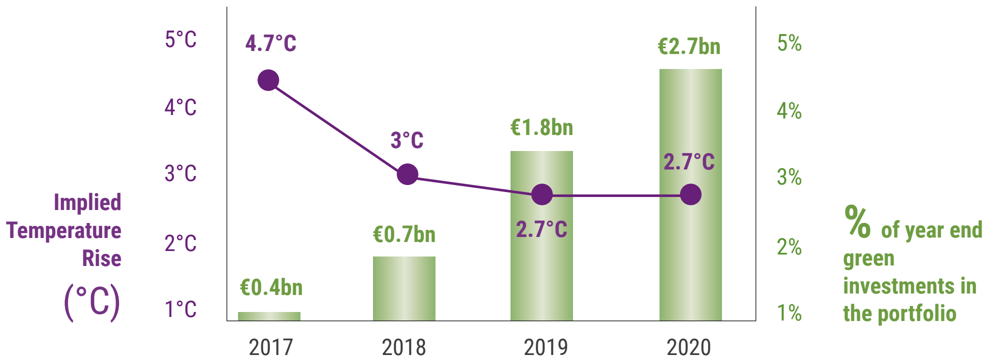
Implied Temperature Rise

(ITR, measured in degrees Celsius, °C) Calculates the aggregate warming potential of investments, i.e., the temperature increase on preindustrial levels generated by the assets in the portfolio. Natixis Assurances deploys methods developed by Mirova to align generated and prevented carbon emissions provided by Carbon4, which are aggregated at the level of investment portfolio and the portfolio's Implied Temperature Rise (ITR) using International Energy Agency scenarios.

Share of portfolio green assets

(as a % of total portfolio investment) Assets categorized as "green" constitute green bonds (green bonds, sustainable bonds, climate-related underlying investments) and bonds and equities of issuers eligible for GreenFin-labeled investment funds.

18. http://www.carbone4.com/wp-content/uploads/2016/08/CarbonImpactAnalytics.pdf



Total investment in green and sustainable bonds

(€bn in investment)

Publication of all fossil fuel sector investments at each stage of the value chain

Fossil fuel sector exposure

(as a % and €bn in investment) Share and total investment in corporate issuers exposed to the fossil fuel sector, including thermal coal and oil & gas. The percentage is calculated from assets' market value. Sector exposure is weighted against revenue for individual issuers with regard to issuers with diversified activities. All activities in the sector value chain are covered. The data source used is S&P Trucost.

Natixis Assurances indicators

2020 METRICS

Carbon intensity of investments	166 tCO_2e/M€
Implied Temperature Rise (ITR)	2.7°C *Benchmark (Barclays Euro Aggregate / MSCI EMU) : 3.7°C*
Share of "green" assets	4.5 %
Green and sustainable bond investments	€2.46bn
Exposure to carbon-intensive sectors: coal and fossil fuel	**Coal sector:** **0.07 % of assets (€41m)** **Fossil fuel:** **2.1 % of assets** (€1.25bn including 1.02bn held in the life insurance general-purpose fund)

Paris Agreement investment alignment from 2024

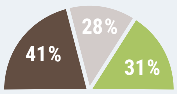
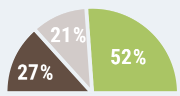
Natixis Assurances targets

As part of its 2024 strategic plan, Natixis Assurances is committed to accelerating the alignment of its investment portfolio with a carbon neutrality target, i.e., achieving a 2°C scenario as early as 2024, with a 1.5°C trajectory by 2030. Climate performance monitoring indicators are unchanged from those used since 2018.

Natixis Assurances has pledged to exclude all issuers exposed to the thermal coal sector by 2030 in terms of Organisation for Economic Co-operation and Development (OECD) companies and 2040 for non-OECD companies in all its investment mandates and dedicated-purpose funds. In reference to companies without a strongly presented plan to exit thermal coal, by end-2021, Natixis Assurances has also committed to no longer integrating issuers into its portfolio who exceed one of the following thresholds: (i) 10 % of revenue achieved through thermal coal (based on the latest published financial statements), (ii) 10 million tons of coal produced and (iii) 5 GW of coal-powered installed capacity.

2024 TARGETS		
	Implied Temperature Rise (ITR)	**2°C** in 2024 **1,5°C** in 2030
	Share of "green" assets	**10 %**
	Exposure to carbon-intensive sectors: thermal coal	**No more exposure by 2030/2040**

5 Summary of Indicators & Targets

Scope		Indicator	2020 metric	2024 target (or specified date)
CORPORATE & INVESTMENT BANKING	Climate impact	**Distribution of GWF color rating mix (% of oustandings)**		
		Implied Temperature Rise (ITR)	3.2°C	2,5°C in 2024 2,2°C in 2030 1,5°C in 2050
		Carbon intensity of financing activities	920 tCO_2e/M€	
	Sustainable finance	**Renewable energy financing**	• 87 % of new power generation projects • 6.5GW of new installed capacity • €1.9bn new underwriting (arranged amount)	• Minimum 75 % of new power generation projects financed • €9bn new underwriting over 2021-2024 period
		Green/sustainable bonds arranged	€11.95bn 19 % of all bonds	
	Transition risk	**Share of assets exposed to transition risk**	14.4 %	
		Thermal coal sector financing	€394m	No more exposure to coal sector by 2030/2040
		Upstream Oil & Gas sector financing	€5.8bn	- 15 % reduction
		Share of Oil & Gas exposure rated "brown" with GWF methodology (% of oustandings)	76 %	66 %

Scope		Indicator	2020 metric	2024 target (or specified date)
ASSET MANAGEMENT	Climate impact	Carbon intensity of investments	726 tCO_2e/M€ AuM	
		Implied Temperature Rise (ITR)	Below 3°C	
	Sustainable finance	Green/sustainable bond investments	€18.5bn AuM	
	Transition risk	Exposure to thermal coal sector	0.2 % of AuM (€1.04bn)	
		Exposure to fossil fuel sector	4.44 % of AuM (€23.2bn)	
INSURANCE	Climate impact	Carbon intensity of investments	166 tCO_2e/€M	
		Implied Temperature Rise (ITR)	2.7°C	2°C in 2024 1.5°C in 2030
	Sustainable finance	Share of "green" assets	4.5 %	10 %
		Green/sustainable bond investments	€2.46bn	
	Transition risk	Exposure to thermal coal sector	0.07 % of assets (€41m)	No more exposure to coal sector by 2030/2040
		Exposure to fossil fuel sector	2.1 % of assets (€1.25bn)	
NATIXIS Direct corporate operation	Climate impact	Carbon intensity	7 tCO_2e/FTE in 2020 7.92 tCO_2e/FTE in 2019	- 20 % reduction (2019 benchmark year, France)
		Carbon footprint	71,581 tCO_2e in 2020 81,957 tCO_2e in 2019	-10 % reduction in IT and telephony - 40 % reduction in energy consumption
		Energy consumption	34,556MWh	
		Share of renewable energy used	100 % in France	100 % in all of the geographical area
		Carbon intensity of power used	62,25 gCO_2e/kWh	

Louis Douady
Global Head of ESR, Natixis

Natixis actively operates in multiple finance sectors through its Corporate & Investment Banking, Asset Management, Insurance and Payments businesses. As such, Natixis is committed to the climate cause and has leveraged its full expertise for many years to actively contribute to collective sector initiatives in the fight against climate change.

Our first TCFD report outlines our climate strategy in detail and with transparency. It reflects our ambition to share our tools and practices and our commitment to measuring our progress. This report is also an engagement tool for our teams. Moreover, it provides an additional opportunity for interaction with our stakeholders who continue to respond to our analyses and strategy.

By integrating climate risks and opportunities into our overall strategy, we are absolutely convinced that we create sustainable value for our stakeholders and support our clients in their transition.

The task ahead of us is challenging. Against this background, Natixis seeks to take proactive action while remaining humble in its efforts. The Company recognizes the necessity of regular and in-depth reviews in an endeavor to improve its individual performance and collectively contribute to meeting this large-scale challenge, both for our generation and generations to come.

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