

Paris, September 23, 2019

## **Natixis rolls out its Green Weighting Factor and becomes the first bank to actively manage its balance sheet's climate impact**

***All financing by Natixis' Corporate & Investment Banking (CIB) arm now receives a positive adjustment when classified as green and a negative adjustment when classified as brown. Natixis' aim is to set its financing on a trajectory consistent with the objectives of the Paris Agreement on climate change, for which it will set out precise targets within the coming year.***

**Natixis' Green Weighting Factor, an unprecedented mechanism that allocates capital to financing deals based on their climate impact, is now up and running. It applies to Natixis' financing across all business sectors worldwide with the exception of the financial sector. Under the mechanism, analytical risk-weighted assets (RWA) are reduced by up to 50% for green deals, while facilities that have a negative environmental and climate impact see their analytical RWA increased by up to 24%.**

The adjustment of the expected rate of return of each financing deal based on its environmental and climate impact provides a strong incentive for Natixis' teams to favor green financing when assessing deals with equivalent credit risk. Through this initiative, they thus actively contribute to achieving the United Nation's Sustainable Development Goals related to climate change and the environment.

This initiative was initially announced at the Climate Finance Day in Paris on December 11, 2017. After 18 months of intense methodological development, Natixis has now become the first bank in the world to adopt such a tool to actively manage the climate impact of its balance sheet, going beyond mere reporting. The aim is to align Natixis' financing over time with the goals set out in the Paris Agreement on climate change. Targets for this transition will be set out within the coming year.

The Green Weighting Factor was successfully implemented into the bank's existing credit approval process and systems on September 16. It is based on a highly detailed sector-based methodology whereby each financing transaction is assigned an environmental rating on a seven-level color scale ranging from dark brown to dark green. This rating is derived from an assessment of the deal's climate impact and factors in any significant non-climate-related environmental externalities including water, pollution, waste and biodiversity. The rating applies to either the asset or project being financed, or to the borrower for general purpose financings, whether a corporate or public sector client. Each color corresponds to an adjustment factor that is applied to the risk-weighted assets of each transaction and is used to assess its expected profitability.

The Green Weighting Factor applies to €127bn of Natixis' CIB balance sheet, of which 70% has already been assigned a color rating. In nominal exposure terms, brown represents 38%, green represents 43% and neutral 19%. By risk weighted assets, half of the portfolio is classified as brown, one quarter as green and one quarter as neutral. The Green Weighting Factor's ambitious adjustment factors will allow Natixis to effectively support its clients in their ecological transition and to commit with them to a sustainable trajectory.

The Green Weighting Factor is a replicable tool that could be adopted by other banks committed to transitioning their portfolios. Natixis will progressively share details of its approach with its peers in

2020, including with the banks collectively committed to climate action amongst the signatories of the Principles for Responsible Banking (PRB) developed by the United Nations Environment Programme Finance Initiative (UNEP FI).

Natixis built the Green Weighting Factor methodology by drawing on the skills of its full range of sector and sustainable finance experts. Consultants Groupe Carbone 4, I Care & Consult and Quantis also contributed through technical advice. The Green Weighting Factor mechanism will be independently verified by KPMG in 2020.

François Riahi, Chief Executive Officer of Natixis said: *“Climate change is one of the greatest challenges of our time. Natixis has just signed the Principles for Responsible Banking, and the Green Weighting Factor is an illustration of our determination to make a positive and practical contribution to the ecological transition and to set our business on a trajectory that is consistent with the Paris Agreement on climate change. Our Green Weighting Factor is a major innovation for our banking operations that will allow us to further support our clients in their own ecological transition, and which follows the commitments we have already made in our insurance and asset management businesses”.*

#### **About Natixis**

Natixis is a French multinational financial services firm specialized in asset & wealth management, corporate & investment banking, insurance and payments. A subsidiary of Groupe BPCE, the second-largest banking group in France through its two retail banking networks, Banque Populaire and Caisse d'Epargne, Natixis counts nearly 16,000 employees across 38 countries. Its clients include corporations, financial institutions, sovereign and supranational organizations, as well as the customers of Groupe BPCE's networks. Listed on the Paris stock exchange, Natixis has a solid financial base with a CET1 capital under Basel 3<sup>(1)</sup> of €11.1 billion, a Basel 3 CET1 Ratio<sup>(1)</sup> of 11.5% and quality long-term ratings (Standard & Poor's: A+ / Moody's: A1 / Fitch Ratings: A+).

<sup>(1)</sup> Based on CRR-CRD4 rules as reported on June 26, 2013, including the Danish compromise - without phase-in. See note on methodology in the 2Q19 earnings material.  
Figures as at 30 June 2019

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