



La Banque Postale
Sustainability Department
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France

ShareAction

To the attention of Jeanne Martin

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London, EC1N 8LE

United Kindom

11 August 2021

Dear Ms. Martin,

La Banque Postale acknowledges receipt of the letter sent by ShareAction on the behalf of 115 investors. La Banque Postale has always supported the Paris Agreement, and welcomes this request for climate transparency and this call for banks to take significant steps in favour of climate action.

Regarding the very specific issues addressed in the letter, please find below the position of La Banque Postale and the detailed actions the bank has already undertaken:

1. Publish short-term (5-10 years) climate-related targets covering all relevant financial services ahead of your 2022 AGM.

Please note that La Banque Postale does not hold AGM, as the bank is a 100% subsidiary of Le Groupe La Poste, the French national postal services company, which is a state-owned company.

However, La Banque Postale has already taken strong climate-related targets covering all relevant financial services, and communicates widely to its stakeholders:

Net-zero:

La Banque Postale fully supports the ambition of the Paris Agreement to reach global peaking of greenhouse gas emissions as soon as possible to achieve a climate neutral world by mid-century. The bank publicly announced in September 2020 its ambition to be net-zero by 2040. This commitment,



which will be the final step of an overall strategy to reduce as much as possible CO₂ emissions, will include the bank's Scope 3 investments emissions.

Science-based targets:

In 2017, La Banque Postale committed to setting a science based target (SBT) for its CO₂ emissions. La Banque Postale has been an active member of the working groups which defined the methodologies. The bank also participated to the methodologies road-test in June-July 2019.

Since the methodologies have been available publicly in October 2020, the bank has worked on defining trajectories:

- Scope 1 and 2: the bank commits to reducing its GHG emissions by 46.2% by 2030 from a 2019 base year.
- Mortgages: the bank commits to reducing its real estate portfolio GHG emissions by 36% per square meter within its mortgages portfolio by 2030 from a 2020 base year. Please note that this asset class is considered as optional by the SBT initiative. However, considering that mortgages represented 60% of its outstanding of loans at year-end 2020, the bank decided to include them within the scope of its commitment.
- Commercial Real Estate: La Banque Postale commits to reducing its real estate portfolio GHG emissions by 36% per square meter within its commercial real estate portfolio by 2030 from a 2020 base year.
- Equity and bonds: La Banque Postale commits to aligning 100% of its scope 1 + 2 portfolio temperature score by invested value within the Equity and Bonds from 3.14°C in 2020 to 2.19°C by 2025, and 100% of its scope 1 + 2 + 3 portfolio temperature score by invested value from 3.18°C in 2020 to 1.88°C by 2025.
- Corporate loans: La Banque Postale commits to aligning 67.2% of its scope 1 + 2 portfolio temperature score by invested value within the Long term Loans from 3.05°C in 2020 to 2.32°C by 2025, and 67.2% of its scope 1 + 2 + 3 portfolio temperature score - by invested value from 3.11°C in 2020 to 2.11°C by 2025.
- Electricity generation project finance: as La Banque Postale only finances renewable energy based projects, its electricity generation project finance portfolio Scope 1+2 emissions are equal to 0, meaning that the portfolio is already aligned with a 1.5°C trajectory.

La Banque Postale has submitted these trajectories to the SBTi, and it is currently waiting for the SBTi to complete its analysis.

Regarding other asset classes, when methodologies (e.g. sovereign) and data (e.g. small companies) are available, La Banque Postale will extend the coverage of its analysis and trajectories. As a matter of fact, being able to measure its overall Scope 3 Investment emissions is the cornerstone of the bank's commitment to being net-zero by 2040.

Other climate commitments:

In addition to the commitment of defining a science-based target, La Banque Postale is part of other major climate-related initiatives that also work on defining new methodologies to cover more asset classes, or strengthening existing methodologies:



- The Principles for Responsible Banking (PRB): La Banque Postale joined the PRB in September 2019 as founding member. As a signatory of the Principles, the bank commits to aligning its business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.
- The Collective Commitment to Climate Action (CCCA): La Banque Postale joined as a founding member the CCCA in September 2019. The members committed to aligning their portfolios to reflect and finance the low-carbon, climate-resilient economy required to limit global warming to well-below 2, striving for 1.5 degrees Celsius.
- The Net Zero Banking Alliance (NBZA): in April 2021, La Banque Postale became a founding member of the Net Zero Banking Alliance. The members of this alliance commit to being net-zero by 2050 or sooner. In particular, they commit to setting intermediate targets. Please note that La Banque Postale has been elected member of the Steering Group to represent within the Alliance, with three other banks, the banks from Europe.

2. Integrate the findings of the IEA Net-Zero scenario and/or another 1.5C scenario with low overshoot and minimal reliance on Negative Emission Technologies into your climate strategy.

La Banque Postale has already started to use the last scientific findings to inform its strategy in a way to contribute to limit global warming to well below 2, preferably to 1.5 degrees Celsius, compared to pre-industrial levels.

No new fossil fuels:

La Banque Postale is aligned with the publication of the International Energy Agency's (IEA) Net Zero by 2050 Roadmap (May 2021), especially with the fact that "there is no need for new oil, gas and coal development, which includes no need for oil and gas exploration investments."

La Banque Postale has never financed the coal industry. To formalize this already long-time practice, the bank communicated publicly a coal policy (available on the bank's website), which is to date considered as the most robust by NGOs (please refer to the Coal Policy Tool developed by Reclaim Finance). The bank confirms in its policy that it will keep on never financing coal-fired power plants and mines, and infrastructure related to the sector, such as railroads or coal import and export terminals. The policy also states that the bank commits to not financing or providing financial services to companies planning to develop new coal-related projects development of new coal projects, including those listed on the Global Coal Exit List, nor to those that would purchase coal assets without a credible public commitment to exit coal by 2030.

In addition to the coal policy, the bank is currently working on an oil and gas policy, which will only cover the bank's financing and investment activities in a first step and will not include the subsidiaries. This policy will be aligned with the IEA recommendation regarding the fact that "there is no need for new oil, gas and coal development, which includes no need for oil and gas exploration investments". The policy will rely on the Urgewald's Global Oil and Gas Exit List (GOGEL). Please note that La Banque Postale is not exposed to unconventional oil and gas. With this policy, the bank will go one step further and exclude all fossils from its business activity by 2040 the latest, to be consistent with its net-zero by 2040 commitment.



A rapid decarbonisation of the power sector:

Since its establishment, La Banque Postale has never financed any fossil fuel based energy project, and has only financed renewable energy projects.

In December 2019, the portfolio of energy projects was made up of 94 projects located mainly in France, and exclusively focused on the production of electricity from renewable sources (mainly photovoltaic and onshore wind power). The project portfolio contributed to help avoiding 63,991 tCO_{2e} in 2019, and will grow with an additional 17,968 tCO_{2e} of emissions from projects still under construction in 2019.

Please note that the data on projects are not entirely available until S2 of the following year. Therefore, La Banque Postale cannot capture 2020 data from this project portfolio until late 2021.

In addition to the fact that La Banque Postale has always financed renewable energy projects, the bank committed in 2019 to strengthening its support to renewable energy by doubling its outstanding to €3 billion by 2023.

Use of 1.5°C scenario:

Within the framework of its science-based targets and of its net-zero by 2040 commitments, La Banque Postale will rely on 1.5°C scenario to inform its strategy.

To date, the bank used the IEA B2DS to analyse its power generation and real estate portfolio. Combined with the methodology used to measure the portfolio carbon intensity (SDA), this scenario enabled quantify the effort to be aligned with a well below 2 degree world. The result of using the IEA B2DS to inform the SDA methodology confirmed that La Banque Postale's portfolio are less carbo-intensive than the IEA B2DS pathway, with the commercial real estate portfolio 63% less carbo-intensive than the pathway, the mortgage portfolio 2.3% less carbo-intensive and the electricity generation project finance portfolio already aligned with a 1.5°C scenario.

In addition to the fossil-related policies, the bank will progressively communicate on other sectoral policies, which will be based on the latest scientific founding and which will include NGO's recommendations.

3. Phase out from coal by 2030 in OECD countries and by 2040 in non-OECD countries at the latest.

As mentioned in "point 2 – No new fossil fuels", La Banque Postale has never financed the coal industry.

In its policy, the bank clearly states that it will fully phase out from coal by 2030. With that policy, the bank also

- Confirms that it will keep on never financing coal-fired power plants and mines, and infrastructure related to the sector, such as railroads or coal import and export terminals.
- Commits to not financing or providing financial services to companies planning to develop new coal-related projects, including those listed on the Global Coal Exit List, nor to those that would purchase coal assets without a credible public commitment to exit coal by 2030.
- Undertakes to manage in run-off its outstanding of corporate loans to companies exposed to coal until 2030 and not to renew its financing beyond 2021, except in cases where companies have committed to a credible and detailed public strategy by asset to exit coal before 2030.



La Banque Postale has also established very ambitious exclusion thresholds:

- No investment in companies that have more than 5GW of installed coal-fired power generation capacity and divestment from these companies from 2022.
- No investment in and divestment from companies that derive more than 10% of their revenues or more than 10% of their electricity generation from coal, except for companies that have adopted a credible and detailed public coal exit strategy consistent with the ambitions of the Paris Agreement.

4. Ensure your financial statements are drawn up in alignment with a 1.5C-pathway.

Through its involvement in numerous UN-convened initiatives over the past years (SBT, PRB, CCCA, NZBA) and its ambitious financing and investment policies, La Banque Postale is unambiguously aligned with the Paris Agreement.

The bank will strengthen its communication and ensure its financial statement will include a 1.5°C pathway alignment. As a matter of fact, the bank plans to publish an integrated report, to better reflect both its positive contribution and its exposure to climate change.

5. Commit to protect and restore biodiversity

La Banque Postale commits to developing and disclosing a strategy to protect and restore biodiversity, and to address the systemic risk posed by biodiversity loss. La Banque Postale is in the process of joining the Finance for Biodiversity Pledge initiative, as well as choosing a biodiversity impact measuring tool, which will enable us to define our biodiversity strategy, and disclose publicly and annually our impacts and progresses.

In addition to this upcoming initiative, La Banque Postale has already started to integrate biodiversity-related stakes in its business operations:

- Financing and investment: La Banque Postale relies on a Responsible Financing and Investing Charter. This charter sets the rules that the bank must follow in its financing and investment activities. The charter addresses biodiversity issues, such as deforestation. The bank plans to develop further sectoral policies, related to water, oceans, agriculture, etc. ... In addition to the charter, the Sustainability Department can provide additional analysis in case of doubts related to the environmental and biodiversity impacts of a potential client.
- Asset Management: La Banque Postale Asset Management, which is a subsidiary of La Banque Postale, has developed a methodology to drive its SRI strategy, called GREaT. GREaT evaluates companies and their impacts, with indicators dedicated to biodiversity. This methodology is also used by the bank's CIB division to assess potential counterparts. La Banque Postale Asset Management has also developed an exclusion list, which includes deforestation as a reason for exclusion. Some 15 companies are listed for this reason. This exclusion list also applies to the bank's financing and investment activities.
- Creation of products and services: before being launched, all offers of products and services sold by La Banque Postale have to go through an internal ESG assessment. This assessment relies on an ESG Checklist, which is currently being updated and will include more detailed criteria on impacts, including impacts on biodiversity. With this checklist, La Banque Postale will ensure its offers preserve biodiversity.



Finally, within the framework of its carbon fund, La Banque Postale finances two kinds of projects with positive impacts on biodiversity:

- Since 2018, the Carbon Fund has financed two carbon offsetting projects in line with international certification standards including the “Verified Carbon Standard”. One of them, Madre de Dios, is intended to preserve the biodiversity and more specifically the natural habitats of plant and animal species of the Amazon forest by preventing deforestation and raising awareness of sustainable forestry in Peru.
- Since 2015, along with the Mail-Parcels-Services Branch of Le Groupe La Poste, La Banque Postale participates to the “Climat + Territoires” programme in France. Under this programme, La Banque Postale has funded four forest projects for forestation, reforestation and coppicing in the Massif Central region, in partnership with the Massif Central public interest group and the CNPF (National Forestry Centre). Of these four projects, three received the Bas Carbone label in November 2019 and January 2020 for a 30-year period. In this way, La Banque Postale is helping to introduce local sustainable forestry management and new practices, which create jobs and protect biodiversity.

We hope that these elements are useful and will contribute to answer your questions, as well as those from the investors who signed the letter.

Should you need any further explanations or clarifications on the current and future actions of La Banque Postale in favour of climate and biodiversity, please do not hesitate to contact the Sustainability Department.

Kind regards,

The Sustainability Department of La Banque Postale.