

CORPORATE SOCIAL RESPONSIBILITY

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NB: The whole of this chapter meets the regulatory reporting obligation under Article 225 of the Grenelle II law and decree no. 2012-557 of 24 April 2012 on the transparency obligations of corporate, social and environmental responsibility.

NB: The acronym CSR stands for Corporate Social Responsibility.

6.1 CSR GOVERNANCE AT LA BANQUE POSTALE

Since its creation, La Banque Postale, a public service bank serving the real economy, has chosen a unique, solid, responsible and sustainable business model. As a bank for everyone, it has always welcomed every person with respect and consideration, irrespective of their situation. A useful bank, it offers responsible, simple and innovative services along with quality advice. La Banque Postale maintains close relationships with all of its customers, individual and corporate, thanks to the post offices' unique network and its numerous interconnected and long-distance access services. Focused on regional development, La Banque Postale harnesses French people's savings for local development and energy transition projects in the country. A bank built on trust, it gives first priority to its customers' interests and to the management of both financial and extra-financial risks. As a bank that works in the best interest of the community at large, it shares and creates a new relationship with money and the bank along with its customers. This relationship of trust, acclaimed by its customers and stakeholders alike, is its greatest pride and its finest quality; it is built each day through respect for the men and women working in its organisation, and through respect for the environment.

The Banque Postale's Corporate Social Responsibility (CSR) governance is ensured by the Bank's **Management Committee**, which is chaired by the Chairman of the Executive Board and which meets twice a year. The Management Committee validates the selected projects, decides on the major strategic guidelines regarding CSR and ensures

that the proposed projects can produce results that will make CSR a factor of differentiation, performance and profitability for La Banque Postale. In 2017, the Management Committee was thus able, among other things, to validate the increase in the monetisation factor of La Banque Postale's carbon footprint from €8 to €10 per tonne of CO₂ emitted, confirm the new financial budget of the internal Carbon Fund (see the *Environmental commitment* section), and approve the action plans proposed following the results of the extra-financial tests.

The Banque Postale's **CSR policy** is centred on four economic, social, societal and environmental commitments. This policy consists of 12 missions and 25 priority projects, each one supported by follow-up indicators and qualitative and quantitative targets (see the "*La Banque Postale's CSR Policy*" section). At the end of 2017, the Executive Board, wishing to give new momentum to the approach, ordered a review of the CSR strategy, focused on its main stakeholders, which will be formalised in 2018.

La Banque Postale's **CSR framework**, developed in accordance with ISO 26000, was used as the basis for constructing a rating matrix for CSR issues. In 2015, this materiality analysis, which enabled to measure the importance of these issues in the eyes of internal and external stakeholders, was used to draw up a map of the most relevant issues for the Bank. At end-2017, an internal panel worked on updating the list of La Banque Postale's strategic stakeholders. This exercise will enable the materiality matrix to be updated in 2018.

Materiality analysis

The internal **materiality matrix** has shown that four out of five customer concerns are located in the first quartile of the matrix: responsible customer relations, the responsible offer, protection and confidentiality of customer data, and accessibility to products and services. The analysis underpins La Banque Postale's strategic plan and its focus on putting customers' interests first, at a time when banks are facing competition from FinTech and new entrants in the banking sector wishing to capitalise on the opportunities offered by Big Data and artificial intelligence.

The fifth topic, new consumer modes and practices, is close to the first quartile and can therefore be viewed as emerging. This positioning is in line with the improvement priorities identified by extra-financial ratings agencies and with the internal CSR assessment conducted in 2015, which found that CSR was not adequately taken into account in designing products and services.

A response was provided by the launch of the "Green Range" in the framework of COP21 (see the *Responsible Offering* section). La Banque Postale's range now includes products and services with environmental added value both in terms of the credit offer for corporate and individual customers, and insurance and saving offers. The launch of the digital banking inclusion plan in 2017 is another solution, in that it prevents people who are not comfortable with new digital practices from being left out.

Another issue that becomes clear from the materiality matrix is the importance of embedding CSR in governance bodies. La Banque Postale responded to this concern through its awareness-raising work

with the members of its Supervisory Board in the first half of 2016. Furthermore, the decision taken in 2015 to incorporate a CSR criterion (in this case the Bank's extra-financial ratings) into the calculation of employee profit-sharing was renewed in 2017. Finally, this awareness initiative is reflected by two separate and complimentary CSR training courses available in the catalogue of the corporate university of La Banque Postale and the Network, the *École de la Banque et du Réseau* (see the *Raising awareness* section below).

Another point that emerged from the materiality matrix as deserving of particular attention is the identification and management of extra-financial risks. Considered in light of Article 173 of the French "Energy Transition for Green Growth Act" (*loi pour la Transition Énergétique pour la Croissance Verte*), the risks associated with climate change have become a central issue. Thus, in 2017, La Banque Postale reinforced the approach initiated in 2015 of measuring the exposure to climate risk, initiated through the half-yearly analyses of the exposure of its trading room portfolios to extra-financial risks. By measuring the carbon intensity of its portfolios, La Banque Postale is now able to make its investment decisions based on the companies' carbon impact (see the section on *Management of extra-financial risks*).

In conclusion, a comparison between the results of La Banque Postale's materiality matrix and the action plans that emerged from the CSR assessment confirms that the decisions made are firmly within the established guidelines.

Raising awareness

The CSR Department and CSR correspondents in the various entities and establishments work throughout the year on raising employee awareness of CSR issues and projects. The teams are mobilised every year during the five weeks of nationwide events organised around the following themes: sustainable development, mobility, socially responsible investment, employment of disabled persons and waste reduction. For example, during the 2017 European Sustainable Development Week, employee awareness of the Bank's CSR policy was encouraged via a quiz and a nation-wide poster campaign promoting ecological actions.

The Internal CSR network, for its part, with about 140 employees, receives special attention as the main driver for the reporting and consolidation of extra-financial information. Conference calls are organised every two months to pass on information from the head office to the field and to share local best practices. The CSR Division held an information and discussion seminar on 23 November

2017 which brought together actors from all the Bank's departments, subsidiaries and sites, and illustrated the way in which each of the Bank's businesses (Retail Banking, corporate financing and asset management) incorporate CSR in their product and services offer. La Banque Postale also updated its **two CSR training modules** in 2017: the first tackles "The fundamentals of Sustainable Development and CSR" and the second focuses on "Becoming a participant and deploying La Banque Postale's CSR policy". The two modules form part of the training catalogue offered by the École de la Banque et du Réseau and may be taken by the 70,000 employees of the Bank, Financial Services and La Poste Network who are interested in Corporate Social Responsibility and its operational implications on the ground.

Lastly, the CSR challenges of La Banque Postale was presented in a strategic seminar for the members of the Supervisory Board held in 2016, and the exercise will be renewed in 2018.

6.2 LA BANQUE POSTALE'S CSR POLICY

La Banque Postale's CSR policy is designed around 12 missions and 25 flagship/priority projects. It will be reviewed in 2018 after the

reorganisation of the CSR Department. The table below shows where to find the results of this roadmap in the pages that follow.

Missions	Projects	Results
Help to maintain social links (teaching the use of banking services, budget management, proximity, etc.)	Assist financially-vulnerable youths in the management of their budgets and bank accounts	See chapter on Economic commitment > Banking accessibility > A partnership approach to contribute to the development of financial education
	Offer employees a programme which enables them to get involved on a voluntary basis in the teaching of budget and bank account management	See chapter on Economic commitment > Banking Accessibility > A partnership approach to contribute to the development of financial education
Promote access to financial products and services for all	Expand the offer dedicated to vulnerable customers	See chapter on Economic commitment > Banking accessibility > Promoting access to financial products and services for all
	Give advisors solutions to meet the expectations of disabled persons	See chapter on Societal commitment > Customer accessibility to premises and services
Identify and spread good customer relations practices, over and above regulatory requirements	Lay down a Responsible Customer Relations Charter	NA
	Assist vulnerable customers in their relationship with the Bank	See chapter on Economic commitment > Responsible customer relations > Listening to customers
Engage in responsible commercial management with bank advisors	Design and share a framework to measure the expected quality of service and that delivered to customers	N/A
	Set up variable remuneration partly based on the contribution to collective results and qualitative performance	See chapter on Economic commitment > Responsible customer relations > Appropriate and responsible counselling
Assist people undergoing financial difficulties	Use synergy with local players to expand the regional map of social assistance organisations	See chapter on Economic commitment > Responsible customer relations > Assistance to people experiencing financial difficulties
Put forward a transparent simple, clear and responsible offering focused on essentials	Take social and environmental responsibility criteria into account in the entire product/service offering	See chapter on Economic commitment > Responsible offering > ESG Checklist: integration of ESG criteria
Integrate Corporate Social Responsibility in a dedicated eco-responsible offering	Develop a range of eco-responsible products with social and/or environmental added value (savings products, credit products, insurance products, etc.)	See chapter on Economic commitment > Responsible offering > Products and services with added social and/or environmental value
	Involve all Asset Management subsidiaries in ESG integration	See chapter on Economic commitment > Responsible offering > Responsible asset management
	Extend the ESG integration process to the Insurance Division	See chapter on Economic commitment > Responsible offering > Responsible insurance
Systematically take into account extra-financial risks in the management of all projects conducted by La Banque Postale	Raise <i>risk managers'</i> awareness of the need to integrate ESG risks in their risk management	See chapter on Economic commitment > Management of extra-financial risks > Integrating extra-financial risks into operational risks
	Offer the business lines an opportunity study tool integrating Corporate Social Responsibility and suited to the Project Management Method	See chapter on Economic commitment > Management of extra-financial risks > Integrating extra-financial risks into operational risks
Provide the business lines concerned with appropriate extra-financial risk management tools	Lay down sector-specific policies or investment guidelines for higher-risk sectors covering asset management and the financing activities of corporate customers	See chapter on Economic commitment > Management of extra-financial risks > Measuring the level of exposure to extra-financial risks
	Analyse the extra-financial risk level -of the stock market portfolio at regular intervals	See chapter on Economic commitment > Management of extra-financial risks > Measuring the level of exposure to extra-financial risks
Be a responsible employer	Develop responsible management (respect for employees, giving meaning, managing change)	See chapter on Social commitment > Career development and employee support and Occupational health, safety and -well-being
	Integrate Corporate Social Responsibility criteria in the managers' variable remuneration	See chapter on Social commitment > Comprehensive and competitive compensation policy
	Promote equal opportunities	See chapter on Social commitment > Diversity, disability and equal opportunity

Missions	Projects	Results
Promote the societal values of the Bank with its internal and external stakeholders	Promote employees' civic commitment	See Societal Commitment chapter > Sponsorship and Partnership > Solidarity leave and skills based volunteering
	Deploy a responsible purchasing policy, both in-house and with the supply chain	See chapter on Societal commitment > A responsible purchasing process
Control the environmental impact of business activities	Control CO ₂ emissions	See chapter on Environmental commitment > Combating climate change
	Control paper consumption	See chapter on Environmental commitment > Paper Consumption
	Roll out the Green IT project	See chapter on Environmental commitment > Combating climate change > Greenhouse gas emissions related to computer equipment

6.2.1 Economic commitment

6.2.1.1 Banking accessibility

Originating from La Poste's Financial Services Division, La Banque Postale is the only bank having been given **the mission to ensure accessibility to banking** through the Economy Modernisation Act of 2008. Welcoming every person, irrespective of their situation, and offering them appropriate banking solutions – such is the Bank's commitment. Under the law of 9 February 2010, La Banque Postale must also endeavour to **prevent over-indebtedness** and **promote microcredit**.

In the new public service contract for 2018-2022, La Banque Postale has confirmed its commitment to develop civic banking products by supporting the development of the digital society and proximity-based services. It has confirmed its commitment to carry out informative and awareness-raising actions for the benefit of people in financial difficulty by offering them the most suitable products and services, notably in terms of modern and inexpensive means of payment. La Banque Postale has also committed to facilitating social home ownership through loans suited to the resources of low-income people. This contract thus highlights the civic commitment missions.

In addition to its banking accessibility mission and reasonable pricing policy, La Banque Postale thus plays an essential role in combating banking exclusion. Through its daily actions favouring access to quality banking services to the greatest number of people, and by providing guidance to financially vulnerable customers, notably to prevent over-indebtedness and **develop an original, comprehensive approach to banking inclusion**.

A partnership approach to contribute to the development of financial education and to combat banking exclusion

La Banque Postale's commitment to assisting customers in financial difficulty involves setting up several **banking education actions**.

For example, La Banque Postale, notably in partnership with the *Missions Locales* network, has offered **budget management workshops for young people** since 2012. These workshops, run by volunteer employees of the Le Groupe La Poste, cover budget management, how to use a bank account, how to use credit and how to save. Counting the volunteers who continued their commitment from previous years, almost 250 employees from the Bank and the Network take part in this volunteer skills-based programme. In 2017,

80 new employees volunteered to attend training sessions in Paris, Lyon, Bordeaux, Marseilles, and Nantes, where they were awarded a diploma as Ambassadors for the *Dilemme* personal finance and budget educational game created by the association Crésus. On average each employee runs one Mission Locale session per month for ten young people.

La Banque Postale and the La Poste Network have also encouraged their employees to support the *Entreprendre Pour Apprendre* ("Start a Business to Learn") initiative by becoming "sponsors of mini-businesses" created by students at middle and secondary schools. In 2017, 20 employees teamed up with the government association *La Finance Pour Tous* to help last year management sciences and technologies students at the Académie de Créteil with their baccalaureate case study.

These actions are complimentary to the **partnerships formed throughout France with non-profit associations which accompany vulnerable members of the public** at post offices in the La Poste Network. Thus, more than 150 partnerships with associations (e.g.: PIMMS, FACE, Unis-Cité, etc.) were active in 31 Regional departments across the entire national territory at the end of 2017 with interpreters or mediators in over 300 post offices in ZUPs (sensitive urban areas) and QPVs (priority urban neighbourhoods).

La Banque Postale and La Poste also provide training sessions to local associations, as well as a turnkey kit of instructive tools on the use of postal services, including banking services (the La Poste guide according to customers' real-life situations, "step-by-step" fact sheets on transactions carried out in an office/the internet/by phone, training materials, model bank letters).

Regarding instruction on budgeting and finance, La Banque Postale also supports the non-profit association **L'Institut pour l'éducation financière du public (IEFP)** ("Institute for the financial education of the public"), which is accredited by the French Ministry of Education. This public interest organisation, better known under the name *Finance pour tous*, was created to help citizens acquire basic knowledge of finance. Objective: for everyone to understand the economic challenges in the world in which we live so they can make informed decisions. Since 2014, La Banque Postale has sat on the Board of Directors of this non-profit association and has distributed educational and instructive documents on how to properly manage a budget to its advisors. The *Finance Pour Tous* team now also has an employee in the Bank under a skills-based sponsorship scheme.

La Banque Postale and La Poste Network also decided to support the plan to create the **magazine Debout**, aimed at the 8.6 million people living below the poverty line (14% of the population according to INSEE) as well as low-income households, students and social workers. This free educational magazine was, up until 2017, distributed to social and non-profit associations and offered advice, fact sheets, tips and instruction leaflets. Within the Le Groupe La Poste, it was notably sent to the Company's social workers, who are in charge of providing support to La Poste employees in need.

In 2017, La Banque Postale continued its actions with the non-profit association *Entreprendre pour apprendre* (EPA). In 2016, it strengthened its ties with EPA by hosting the jury for junior businesses in its premises and by becoming a member of the association's Board of Directors.

To expand its knowledge of the needs and practices of customers in a situation of financial vulnerability, La Banque Postale has, since 2012, undertaken a programme of exchange and cooperation with its stakeholders involved in combating banking exclusion. For example, La Banque Postale actively participates **in the public authorities' deliberations on banking inclusion**. In 2012, it was a member of the working group that led to the creation of an action plan to combat banking exclusion, part of the multi-year plan to combat poverty and promote social inclusion that was adopted in 2013.

In 2014, La Banque Postale thereby contributed to **the Caisse des dépôts report** to encourage the growth and promotion of microcredit in France, and to the **CCSF report** to develop education in banking and budget management.

In 2016, La Banque Postale supported the launch of the experimental "Budget Advice Points" (*Points Conseils Budgets* – PCB). An agreement was signed with the Crédit Municipal de Paris to experiment with a level 2 Budget Advice Point for Paris and Île de France, providing a physical reception point adapted to this region. La Banque Postale possesses remote PCB 2 expertise for the rest of France, via its partnership with Crésus.

Lastly, La Banque Postale sits, alongside government representatives, consumer and family non-profit associations, non-profit associations combating exclusion, and other lending institution representatives, on the **Observatoire de l'Inclusion Bancaire** (OIB), or "Observatory of Banking Inclusion". The creation of this observatory, provided for by the Banking Act of 26 July 2013, is one of the key measures of the multi-year plan to combat poverty and promote social inclusion. Its purpose is to monitor lending institutions' practices with regard to banking inclusion, especially towards populations in financial difficulties. The work of the Observatory provides public authorities and all the stakeholders with objective data, both quantitative and qualitative, to assess practices and changes in practices in order to identify potential improvements.

La Banque Postale has also initiated **direct exchanges and nurtured relations with public players in the social sector and non-profit associations combating exclusion** so as to promote "banking inclusion", i.e. the establishment of schemes facilitating access to and use of financial services for customers in a socially vulnerable situation.

Convinced that only active and organised cooperation will make it possible to meet the challenges of banking and financial exclusion, in October 2012 La Banque Postale founded a think tank tasked with developing new practices in response to the needs of customers in a situation of financial vulnerability. The goal of this think-tank, called **L'Initiative contre l'exclusion bancaire** ("action against banking exclusion"), is to:

- ▶ Promote mutual understanding among populations in financial difficulties and the other actors, banking and other, who interact with them;
- ▶ learn together in order to create and test products, services and practices that take into account the real expectations of these customers;

- ▶ promote and defend, especially vis-à-vis public authorities, the most appropriate solutions created collectively.

As an open organisation, this think tank welcomes all players in the social, non-profit association and banking world who share its goals and want to develop new initiatives to combat banking and financial exclusion. It includes, at present, the *Association pour le droit à l'initiative économique* (ADIE, "Association for the right to economic initiative"), ANDML, the Salvation Army, ATD Fourth World, La Banque Postale, the *Chambre Régionale du Surendettement Social* (CRESUS, the "Regional Chamber for Social Over-indebtedness"), the French Red Cross, Emmaus France, *Habitat et Humanisme*, *Restos du cœur*, the *Secours catholique*, the *Secours populaire*, *l'Union nationale des centres communaux d'action sociale* (UNCCAS, "National Union of Municipal Centres for Social Action"), the *Association Nationale des Directeurs de Mission Locale* (ANDML, the "National Association of Local Mission Directors"), the Soliha Federation, the *Union Nationale des PIMMS* (UNPIMMS, "National Union of the Multi-Service Mediation Points"), the *Fondation Agir Contre l'Exclusion* (FACE, "Foundation for the Fight Against Exclusion") and the *Union Nationale des Affaires Familiales* (UNAF, the "National Union of Family Affairs"). In 2017, four new players joined the organisation, Crédit Municipal de Paris, WeTechCare, Créa-Sol and *Solidarité Nouvelle pour le Logement* (SNL, "New Solidarity for Housing").

La Banque Postale also supports **Action Tank Entreprise et Pauvreté** ("Company and Poverty"), a non-profit association as defined by the 1901 law) that aims to promote the development of experimental entrepreneurial projects having an impact on the reduction of poverty and exclusion in France. The *Malin*, *Mobiliz* and *Optique Solidaire* programmes are promoted by the account managers of La Banque Postale's support platform (*L'Appui*). In 2017, La Banque Postale continued to offer car insurance as part of a "mobility flat rate" offer via its subsidiary La Banque Postale IARD, within the scope of *Action Tank Entreprise et Pauvreté*, as well as developing its work on comprehensive housing insurance for low income customers.

Promoting access to financial products and services for all

Under French law, everyone is entitled to open a deposit account and to basic banking services. Through the network of post offices, La Banque Postale undertakes to welcome any person, irrespective of their situation.

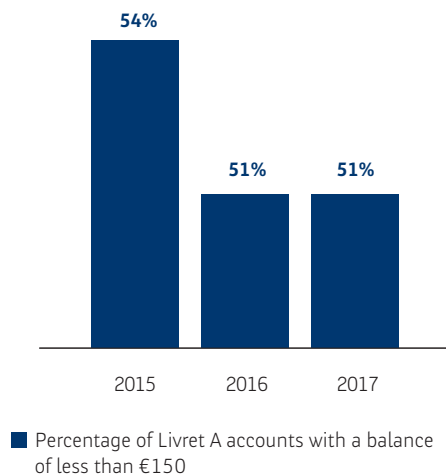
True to its postal values of providing local services to the greatest number of people, La Banque Postale is guided by a principle, to serve all, and by an approach: to offer the most suitable banking and insurance services to each customer at a reasonable price irrespective of their personal circumstances (concerning accessibility to premises and services for disabled customers see the *Societal commitment* chapter).

Regarding affordability, La Banque Postale reasserts its policy of moderate prices and customer service. As a bank that works in the best interest of the community at large, La Banque Postale has chosen to apply reasonable rates, i.e. rates that cover the costs inherent in a sustainable high-quality service and solid coverage of its customers' essential needs, while ensuring a reasonable margin for the Bank to finance its expansion. La Banque Postale is thus one of the least expensive major retail banks.

Regarding the accessibility of its banking product offer, La Banque Postale offers the lowest thresholds of accessibility to its products on the market.

La Banque Postale allows every French resident, including the most impoverished, to have a bank account for domiciliation of their income, withdrawing cash and issuing payment orders at its counters. As part of this public service and banking accessibility mission, the bank is therefore obliged to open a **Livret A** account "for any person who requests it" and to allow deposits and withdrawals to be made with a minimum of €1.50 on such accounts (compared to €10 at other banks). It is used by over 2 million customers and is the only pre-banking offer available in France.

At the end of 2017, almost 50.5% of La Banque Postale's Livret A accounts held by individuals, *i.e.* more than 7.8 million accounts, had an average balance of less than €150. These accounts, which amount to only 0.3% of deposits outstanding, nonetheless generate very substantial management costs because they are amongst the most used savings accounts, accounting for more than 47% of the transactions made on Livret A accounts. On 24 October 2017, the European Commission approved the public service compensation granted to La Banque Postale in order to guarantee accessibility to Livret A banking. The European Commission considered that the public financing granted by France to La Banque Postale from 2015 to 2020, intended to improve banking accessibility, is compliant with EU regulations in terms of State aid.



Moreover, La Banque Postale has always promoted access to accounts and basic banking services for financially vulnerable populations. It offers them a range of alternative payments to cheques, the **Formule de Compte Simplicité** ("easy account option"). The Bank makes this offer to customers who have had their banking services suspended or have had a card suspended for misuse or over-indebtedness. Since October 2014, in accordance with the July 2013 Banking Act, it also offers it to customers in vulnerable situations who have had recurring payment incidents for three consecutive months. With this account option, it is possible to pay for purchases and settle invoices with a systematic authorisation card (the *Réalys* card), unlimited debits, two free bank cheques per month, and four free fund transfers per month, including one standing order. To facilitate management of their account, the customer receives a monthly statement online or by mail, online account management services, and a "balance" alert service *via* SMS, with three free alerts per month. In the event of an incident, the costs of rejection of debit and intervention fees are capped at five transactions each per month, at a special rate. The subscription to the *Formule de Compte Simplicité*, consistent with the Bank's moderate pricing policy, is below the ceiling provided for in the decree.

In line with current social challenges, La Banque Postale launched a nation-wide **digital banking inclusion plan** in 2017 across all channels. This project is a first in the banking sector and part of an unprecedented co-construction approach with a social player and digital specialist, *WeTechCare*. La Banque Postale wishes to work toward alternative solutions so that the digitalisation of banking and insurance services does not exclude any customers, notably those who are the furthest from the digital world. It has thus committed to carrying out digital support and educational actions to reduce the effects of the digital divide on accessibility to banking products and services. This plan concerns all customers, whether they are in a situation of full or partial digital exclusion. To implement this plan, La Banque Postale is supported by the team of the La Poste Network and *WeTechCare*, an association created by Emmaüs Connect, with

which it signed a partnership in 2017. It received 2nd prize at the EfmA-Accenture DMI Awards for this initiative.

In addition, in January 2014, La Banque Postale launched a **frequent-authorisation Visa card** in response to the needs of the greatest number of customers. This card provides access to services such as insurance and roadside assistance, and to the payment and withdrawal caps of a conventional Visa card. It also makes it possible to pay into revenue collection systems (motorway tolls and some car parks), which do not accept the *Réalys* card (systematic authorisation).

With more extensive services but maintaining risk control, this card is a real innovation allowing adaptation to customers' use.

Lastly, since April 2013, La Banque Postale has offered the **Protectys Card**, the first prepaid and rechargeable bank card for protected adult customers or their legal representatives. This international Visa card, when used with a PIN code, allows withdrawals and payments to be made within the limits of a weekly amount set by the legal representative. In addition, an alert system keeps the representative, as well as the protected adult, informed of the amounts used. In addition to simplifying management of everyday expenses and budgets, all transactions can be very clearly followed. More than one protected adult in four has an account with La Banque Postale: this new card therefore makes a real difference and has no equivalent with the competition. At the end of 2017, 5,117 Protectys Cards had been distributed (versus 3,900 at the end of 2016); they represent 4.8% of the total number of prepaid cards issued.

Since 2016, La Banque Postale has set up five agencies for protected adult customers. Close to 150 employees carry out transactions for legally protected customers. These agencies liaise with the main institutional and professional players (associations, etc.).

Facilitating access to credit

La Banque Postale also promotes access to credit for **customers on a modest budget**, while remaining extremely vigilant regarding the solvency of its borrowers. It offers responsible credit with follow-up and guidance aimed at protecting the customer, and within this mode of operation unique to the Bank, it grants home loans and consumer loans, which can be either instalment or revolving loans.

Regarding **home loans**, La Banque Postale enables young people under the age of 36 to obtain a home loan without having to make a down payment. Although it is extremely demanding with regard to the solvency of loan applicants, it has also broadened access to credit *via* an offering of **loans providing access to social home ownership (prêts d'accès sociale à la propriété)**. With this offer, introduced at the end of 2012 in response to the needs of its customers, La Banque Postale has helped more than 100,000 customers obtain access to home ownership. In 2017 La Banque Postale granted €2.2 billion in social home ownership loans. At the end of 2017, La Banque Postale had 227 partners, a large majority of which are social housing associations.

At the end of 2017, the monthly household income for 22.2% of home loans applicants was less than two net minimum monthly wages, which represents over 18,000 people on very low incomes who were helped to acquire their homes.

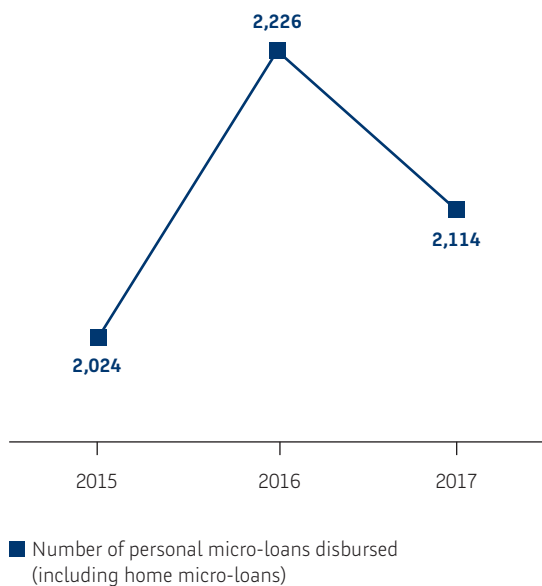
La Banque Postale Financement also offers some of the lowest interest **consumer loans** on the market with accessible durations and financing amounts: personal loans (car loans, loans for construction and renovation, projects) loan refinancing, loans for young people, and temporary workers.

With personal student loans, apprenticeship loans and "1 euro driving licence" loans, La Banque Postale also responds to the specific needs of young people.

The personal loan for temporary workers enables La Banque Postale Financement to fulfil its role as a bank that works in the best interest of the community at large by offering financing to customers often excluded from other organisations.

Since February 2014, La Banque Postale has gone even further: via the La Banque Postale Financement platform for people who have been refused personal loans. The **assisted microcredit** mechanism is intended for customers suffering from banking exclusion because of low solvency levels. They are either directed to the platform of the Credit Municipal de Paris, a partner of the La Banque Postale (for Île-de-France customers), or to the www.france-microcredit.org website, for other customers, where they can identify the microcredit financing partner closest to their place of residence. Since 2007, La Banque Postale has offered **personal microcredit** in partnership with local associations, which are responsible for detecting and assisting projects for private individuals who suffer from bank exclusion due to low solvency (examples of partner associations: Secours Catholique, UDAF, Croix-Rouge française, Les Restaurants du Cœur, etc.). In 2017, there were 146 active partnerships with social assistance organisations in 70 French regional departments. In 2017, 2,114 personal micro-loans were paid out (-5% in one year). This slight decrease was due to a reorganisation of employee missions and of the Bank's national loan centre, making 2017 a transition year toward a new form of commitment to personal microcredit by La Banque Postale. In March 2017, La Banque Postale signed a sponsorship agreement with microfinance institution Créa-Sol, providing this actor of the social and solidarity economy with the means to replicate the Bank's personal microcredit distribution model by adding new technological means, thus guaranteeing response times that better meet the urgent expectations of the beneficiaries.

In all, since 2007, La Banque Postale has disbursed 12,404 personal micro-loans for a total amount of €29.7 million, maintaining its market share at 10% in 2017, according to provisional data from the Caisse des dépôts et consignations (CDC).



Since August 2013, La Banque Postale has received the authorisation of the *Fonds de cohésion sociale* ("social cohesion fund") to finance, via **personal micro-loans, the Précarité énergétique (fuel poverty) projects**. Granted for a maximum amount of €10,000 for a maximum period of 72 months, this personal micro-loan is aimed at financing work that reduces a home's fuel poverty, adaptation or accessibility renovation work on a home occupied by an elderly or disabled person, and slum clearance work. In 2017, 52 non-profit associations worked with the Bank to develop this type of financing across partnership agreements covering 33 departments. La Banque Postale has been particularly active in proposing a wider financing offer to renovate homes with fuel poverty. La Banque Postale financed 30 between 2015 and 2017.

Since 2012, La Banque Postale has offered **business micro-loans** in partnership with ADIE. This non-profit association, which is a specialist in aid for entrepreneurs, contributes its expertise to train the Bank's advisors in providing assistance to these project leaders. The two partners are especially interested in financially vulnerable customers residing in deprived urban areas who want to lead a project. The goal is to help people excluded from the labour market and having no access to bank loans to set up their business thanks to a small loan over a short period of time. La Banque Postale customers in search of this financing are identified in post office branches and, since 2014, also via La Banque Postale's Online Bank in Châlons-en-Champagne, which directs them to ADIE's national phone platform in Roubaix, so that the association can assist them with their career plan. Since the introduction of this partnership, around 2,000 microentrepreneurs have been assisted and more than 420 have been able to complete their projects thanks to ADIE financing. Also, since 2015, account managers have received ADIE training in promoting entrepreneurship. By offering appropriate financing solutions with a benchmark non-profit association, La Banque Postale combats banking exclusion in a concrete manner and fully plays its role with small business operators.

6.2.1.2 Responsible customer relations

The welcome given to customers, customer management and quality of service are perfectly in line with La Banque Postale's "civic-minded bank" strategy. A responsible customer relationship is a relationship based on quality advice, ensured by an appropriate counselling method and customer-focused commercial management and advisor remuneration. Responsible practices are implemented in all circumstances and throughout the banking relationship: confidence, support, follow-up and transparency.

Appropriate and responsible counselling

The counselling method is based on La Banque Postale's professional ethics handbook (see the section on *Management of Extra-Financial Risks*), which clearly emphasises the importance of responsible sales practices. In addition, La Banque Postale's semantic guide reflects its fundamentals and its values, and enforces clear, simple, and transparent marketing pitches.

Since its creation in 2006, La Banque Postale has ensured that its products are adapted to the personal circumstances and needs of its customers. The **7G sales method**, recognised by the extra-financial rating agencies, has thus structured the customer-advisor relationship. After modifications in 2012 and 2015 to improve customer discovery and the quality of the advice, the 7G method was revised again in 2016 in accordance with 3 themes. It is single method for all types of interviews incorporating new tools and all contact channels (physical or remote) and is adapted to all kinds/profiles of customer. The 2017 7G method is based on a long term customer relationship, through exhaustive customer knowledge, which is regularly updated to take the needs detected into account.

Lastly it is a customisable method which permits better customer knowledge during preparation, responsiveness, and the adaptation of the interview to the customer's needs, and the integration of new customer relationship tools. Close to 9,900 advisors and all managers were trained on the 7G 2017 method between January and April 2017.

In parallel, La Banque Postale has changed its **home loan distribution model**: thus, in addition to the existing 690 specialist loan advisors and property management departments, 4,000 general advisors and all managers were trained in 2017. The European Mortgage Credit Directive also provided a basis for La Banque Postale to offer its customers even more professional advice.

Upstream, La Banque Postale pays close attention to the way in which it promotes its products to its customers, using clear, and informative communication material: instruction manuals, videos, essentials, guides, etc. The various communication campaigns based on transparency, simplicity and clarity contribute to building a long-term, quality relationship right from the start. A property guide is available on La Banque Postale's website and is updated regularly so that all customers may stay informed.

Lastly the quality of the advice and the development of a lasting relationship are based on a **commercial management system** which is focused on accompanying advisors and a **variable system of remuneration** based on the attainment of individual and collective goals. In 2017, La Banque Postale made changes to the variable remuneration system applicable to advisors, by adopting a remuneration method which is based, equally, on the team's Group performance and the quality of each employee's contribution to the team's results. Our advisors commit to these objectives every year in a Performance Contract and their progress is assessed three times a year during assessment interviews with their managers. This contract is focused on collective quantitative targets and individual qualitative targets:

- ▶ the collective targets are aimed at improving the results which are the fruit of the synergies and the collective efforts of the advisors;
- ▶ individual quantitative targets are focused on our shared strategic priorities: Improvement of the customer relationship, increasing sales, risk control and compliance.

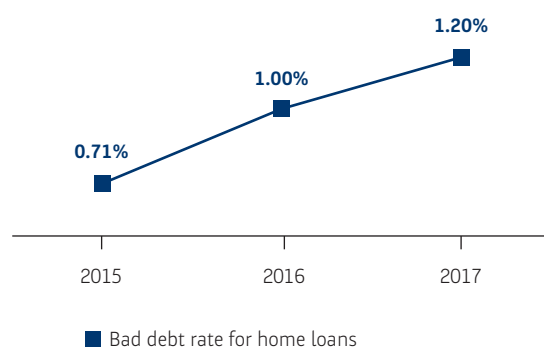
On 17 December 2014, the Bank signed a labour agreement for its bank marketing line with the trade unions. In force as of 1 January 2015, the agreement embodies La Banque Postale's commitment to developing its advisory role, while guarding against the risk of bad advice that could result from a situation where variable remuneration forms too significant a portion of total remuneration. Extended to end-2019, it confirms La Banque Postale's will to accompany its advisors in a responsible customer relationship.

La Banque Postale is pursuing its ambition, through these different changes, of having a remuneration system which corresponds to its principles of quality of advice and a lasting relationship with its customers.

Signing and follow-up of the contract: prudent risk management, regular monitoring, prevention of over-indebtedness

The signing of a product contract and its subsequent monitoring are crucial stages in building a responsible customer relationship. Prudent risk management and regularly monitoring the customer's situation are thus essential.

For example, in the commercialisation of a **home loan** offer, the advisors carry out a personalised study of the real estate transaction and consider the acquisition project within a comprehensive approach (taking into consideration the remaining disposable income, eligibility for home savings schemes, etc.). Thanks to appropriate advisory services and an objective analysis of customers' situations, La Banque Postale's rate of non-performing loans remains among the lowest on the market (1.2% as of 30 November 2017 versus 1% as of 31 December 2016 and close to 2% for the market average at the end of 2016), while managed outstanding loans exceeded €53,240 million at end-2017.



La Banque Postale's bad debt rate remains one of the lowest in the market (nearly 2% on average for the market at the end of 2016).

The criteria for granting **consumer loans** are demanding and based on a strict policy and prudent risk management to prevent customer over-indebtedness. Since its creation, La Banque Postale Financement has placed the prevention of over-indebtedness and assisting its customers at the heart of its approach as a responsible lender. For this purpose, it designed and established a comprehensive and coherent system for preventing over-indebtedness, coming into play during the lending stage and continuing throughout the contract period. The guidelines are intended to anticipate and identify potential financial difficulties to be in a position to act early and provide support:

- ▶ **as part of the procedure for granting a personal loan**, La Banque Postale Financement calculates the customer's repayment capacity based on the documents provided. Revenue and expenses are set out in the loan agreement signed by the customer. The customer's history is also taken into account when granting a loan;
- ▶ **throughout the duration of the loan**, La Banque Postale remains vigilant under its customer relations management scheme in order to detect any signs of financial difficulty as early as possible. To this effect, all the advisors in the Customer Relations Centre of La Banque Postale Financement are trained in detecting signs of financial vulnerability;
- ▶ **as part of the customer relationship**, on each contract anniversary date, the borrower is offered a budget assessment to update his/her situation and check that it corresponds to the outstanding loan. These personalised assessments between the advisor and the customer allow a verification of his/her financial position and administrative data and if necessary, the adjustment of the monthly repayment.

Revolving credits have become widespread since the redefinition of revolving credit by the Hamon Act of 17 March 2014 which improves customer protection. This offer now forms an integral part of La Banque Postale's range of consumer loans.

Positioned between an overdraft facility and a personal loan, it enables customers to cope with temporary cash flow shortfalls and unexpected expenses, or carry out small projects under well-managed conditions. Moreover, the Extension Option, which can be activated or deactivated at any time via phone or internet, makes it possible to credit the CCP post office account if the overdraft facility is exceeded.

The evolving credit offer sets itself apart by its simplicity and its responsible nature: one of the lowest interest rates on the market, different speeds of repayment including an accelerated speed (30% quicker than the statutory obligation), a partial or total early repayment option without costs, at any time by telephone or internet.

In keeping with the Bank's values, this offer is clear, detailed, transparent and responsible. It is entirely based on knowledge of the customer, developed through the quality of the banking relationship. Indeed, preventing over indebtedness has been a core concern in the designing of this offer. The offer is accordingly reserved for customers of La Banque Postale having a Compte Courant Postal (CCP – post office bank account). It is offered mainly in Post Office branches, following a detailed examination of the customer's expenses and income. An introductory guide setting out the good and bad uses of revolving credit is also available to customers.

Customers also receive comprehensive information throughout the term of their loan, through a dedicated account statement, real-time information and SMS/e-mail alerts.

Lastly, to identify any financial difficulty, an annual budget assessment is offered to all customers and special assistance is always available in the event of hard times.

Assistance to people undergoing financial difficulties

In parallel with its banking accessibility actions, La Banque Postale is very committed to assisting people undergoing financial difficulties. For this purpose, it now has an original scheme, set up with the help of non-profit associations involved in combating social exclusion, such as the French national union of communal social action centres (UNCCAS) and the regional chamber for social over-indebtedness (CRESUS).

In November 2013, La Banque Postale created "**L'Appui de La Banque Postale**", a banking and budgetary advisory and guidance platform accessible to customers via a unique toll-free number. This service has a dual purpose: firstly, assisting customers of La Banque Postale experiencing one-off or recurring financial difficulties, and, secondly, improving the prevention of financial difficulties. The account managers on this new platform assess the customer's spendable income after reviewing their budget to check for any non-conferred rights or to identify any cases of heavy indebtedness or over-indebtedness.

The account managers of the Appui platform are therefore able to propose contacts with partners or non-profit associations (CCAS, *Union départementale des associations familiales* (UDAF), *Fonds d'action sociale du travail temporaire* (FASTT), *Fondation agir contre l'exclusion* (FACE), etc.) to promote access to favourable rights or rates; and to address situations of excessive debt with credit institutions specialised in restructuring or refinancing loans, such as La Banque Postale Financement, or for situations of over-indebtedness with CRESUS. Finally, under certain conditions, the platform can provide access to social offers suited to the needs of customers in difficult financial situations, developed by *Action Tank Entreprise et Pauvreté*.

By the end of December 2017, over 100,000 customers had been assisted and almost 40,000 had benefited from the full assistance of the Appui platform since the service was launched. La Banque Postale had an impact study of Appui carried out in 2017 by KIMSO. This study revealed that, for customers benefiting from this assistance, Appui had led to:

- ▶ a stabilisation of their budget in the short term, a slowdown of the deterioration over the long term compared to customers that had not benefited from full support

- ▶ awareness of the financial difficulty, demonstrating the preventive nature of the support
- ▶ better management of incidents, demonstrating the educational aspect of Appui
- ▶ more regular monitoring of accounts using digital tools
- ▶ awareness of the customer's ecosystem, enabling them to contact social bodies and associations

On 25 June 2014, *L'Appui* de La Banque Postale was selected among "15 solidarity involvement initiatives that are changing France". These initiatives are supported by the President of the Republic as part of the programme called *La France s'engage*. In November 2014, La Banque Postale was honoured by the website www.choisir-ma-banque.com, winning the special *Banque de tous* prize for 2015, notably thanks to *L'Appui* (<http://www.lestropheesdelabanque.com/#prixspeciaux>).

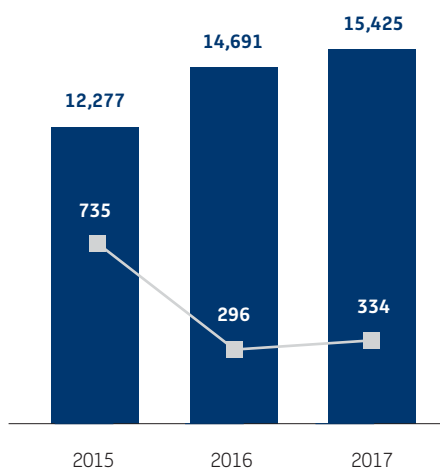
With the launch of the *L'Appui* platform, La Banque Postale, a **partner of CRESUS** since 2010 within the framework of the business of its specialist consumer lending subsidiary, thus strengthened its ties with this non-profit association recognised as a mission in the public interest. From now on, active customers of La Banque Postale undergoing financial difficulties associated with heavy indebtedness or over-indebtedness and who cannot be effectively assisted by the *L'Appui* platform will be directed to the non-profit association CRESUS. This organisation will provide intermediation support with various creditors to obtain coordinated and long-lasting adjustments as well as social and economic assistance for the customer's financial recovery. This collaboration was developed as part of a partnership agreement between La Banque Postale and CRESUS, signed in December 2013.

In November 2015, the French data protection authority (CNIL) approved the general outline of the proposed trial of the platform and authorised La Banque Postale to extend the scope of its *L'Appui* actions to all Bank customers experiencing temporary or more long-term financial difficulties and to all of its contact channels. At end-2017 the *L'Appui* team had grown to 38 employees, all of them trained in providing support for customers with limited budgets. The scope of *L'Appui* also extends to La Banque Postale customers in the French overseas departments.

Furthermore, the customer support by the Appui platform is complimentary to the **Budget Advice Points** experiment launched in 2016. La Banque Postale concluded an agreement with the Crédit Municipal de Paris to test its support as a level 2 Budget Advice Point for 2017.

As part of its consumer lending and revolving credit business since 2012, La Banque Postale Financement has established a **two-level support system** in order to monitor customers encountering financial difficulties:

- ▶ a **support unit**, dedicated to vulnerable customers who accept specific monitoring based on listening and education, was established when this activity was launched. With the help of the customer, the advisor carries out a detailed analysis of the person's financial situation and difficulties, draws up a diagnostic to guide the customer towards loan restructuring or loan consolidation, or more comprehensive support if needed. Regular meetings are scheduled to ensure on-going monitoring;
- ▶ La Banque Postale Financement also set up a **preferred partnership with *L'Appui*** to provide guidance for heavily indebted customers, based on loan consolidation applications rejected by the loan application unit at the Customer Relations Centre.



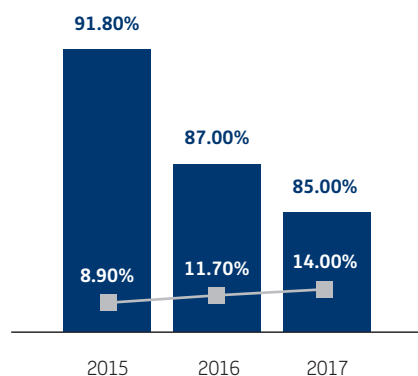
- Number of customers receiving support from CRESUS during the year
- Number of customers supported by L'Appui

In addition, in 2017 La Banque Postale dedicated its expert teams to handling and supporting specific types of customers:

- ▶ Over-indebted customers (36 employees) or with *droit au compte* status (right to an account granted by the Banque de France) (9 employees).
- ▶ Customers benefiting from protection measures (*Agences Majeurs Protégés* – branches for protected adult customers, 150 employees in 5 branches).

Listening to customers

Quality of service is a major **lever to ensure customer satisfaction and loyalty**. Various tools make it possible to monitor changes in the quality of service delivered. **National satisfaction surveys** were conducted. Thus in 2017 the customer satisfaction rate was 85% (with 29% of customers “very satisfied”) and the rate of complaining customers was 14%. Lastly, in terms of image, La Banque Postale has maintained its leading position on rates and geographical proximity.



- Customer satisfaction rate
- Customer claims rate

Continual improvement in remote customer relations

A certain number of measures were implemented as a solution to these lower results, notably in terms of **listening to customers and handling complaints**. More than 350 employees handle customer complaints on a daily basis, firstly at the Financial Centres. If the

customer is not happy with the outcome, they may write to the appeals department for a second review of their complaint. In 2017, 69% of claims were processed within 10 days. Since 2013, the claims activity has been structured to comply with the regulatory obligations of the ACPR⁽¹⁾, leading to greater visibility on “where and how to file a complaint”, in particular with the creation of a new level of referral, the “appeals” service, and the modification of the Mediator’s Charter. The process of handling and following up claims was standardised across all business lines and products. At the same time, an analysis of the causes of complaints led to the implementation of action plans to eradicate failures and bad practices and make sure the same problems do not happen again. All of these projects contribute to improving the quality of service for our customers. At the end of 2017, the six Customer Solutions Departments, all of the same size and fully integrated into Financial Centres, were given the task of managing customer dissatisfaction and proposing mutually advantageous solutions for a renewed and lasting relationship. At the same time, work was done to simplify the customer journey with regard to the complaints process, with a focus on data sharing across all channels between the customer and other parties involved, on the one hand with the Customer Advisor, and on the other through the digital applications of La Banque Postale.

In post offices

Since 2014, the La Poste Network **has improved its system for responding to complaints relating to the reception at post offices**. The 19 drafters of the customer complaints service – *CRC (Centre Relation Clients) Réclamations* – have been trained in a new method of writing and calls to customers to enable the complaints to be handled more reactively. New tools to measure the quality delivered and perceived have also been created. Firstly, the response quality is measured every quarter, based on an evaluation grid consisting of 10 criteria that enable to assess the substance and form of the responses. The results of this measurement reveal a rate of compliance with writing standards of over 90%, and are provided per employee; they are entry points for actions to develop the skills of the drafters. Secondly, a satisfaction questionnaire enables to measure the perceived quality post-handling of the complaint.

Lastly, in November 2017, the Network’s Customer Relations Centre received certification for the scope of complaints handling, in order to strengthen the quality approach standard NF 345 already acquired by the telephone service.

Other systems have been established by the Network to improve the quality of service:

- ▶ the quality measuring systems established by the Network Quality department and the Operations department were enhanced, to supplement and refine the insights obtained from the customer satisfaction indices and optimise management control over the fundamentals of quality of service;
- ▶ assessment of the bank advisor: reception, responsiveness and effectiveness of the advisor;
- ▶ measuring phone accessibility;
- ▶ the perceived service: customer feedback systems designed to go further with customers, gain in-depth knowledge of their perceptions and to re-contact them if they so wish. Customers can directly express their views regarding their satisfaction, enabling La Banque Postale to optimise the fluidity of circuits from end to end;
- ▶ since 2017, **satisfaction points** have been deployed in 450 offices, where customers can express their level of satisfaction to “expert advisors” directly following their contact point experience.

(1) *Autorité de contrôle prudentiel et de Résolution (ACPR – the French Prudential Supervision and Resolution Authority).*

Via social networks

La Banque Postale is close to its customers, including on social media. With presence on Facebook, Twitter, Instagram and YouTube, it proposes a personalised relationship providing after sales service and broadcasts innovative, educational and engaging content.

Thanks to the quality of its **digital customer relations**, La Banque Postale, along with the Liv' Lab team of the La Poste Group, was awarded "Best digital team" in 2017 by the French Customer Relations Association AFRC (*L'Association Française de la Relation Client*). More than 1,600 customer issues are handled each month, ensuring that customer satisfaction is measured and improved on a daily basis.

La Banque Postale is the **No. 1 bank when it comes to answering the questions of web users about money** by publishing educational and humorous videos on its YouTube channel presented by the "Le Tatou" Youtubers.

The web series *Comme le disent les gens* ("That's what people say") was once again honoured in 2017 for its fourth season and received two *Grand Prix Communication et Entreprise* awards: for the best external advertising (*Meilleure publication externe*) and brand content (*Prix d'honneur du Brand Content*).

Participative innovation: a lever to continually improve customer relations

Since January 2017, the *department Direction de l'Expérience Client du Réseau* (the Network Customer Experience Management division) of La Poste and La Banque Postale has provided its employees with a **shared participative platform** in order to improve the experience of both customers and employees. The *Ensemble vos idées* platform enables 16,000 employees to share their ideas and good practices, thereby contributing to customer satisfaction. In 2017, 1,500 ideas were shared via 17 regional challenges and 5 national challenges organised around thematic issues relating to the La Poste network.

Concerning good practices in banking customer relations, employees were thereby able to suggest best practices for assisting new account managers in their daily tasks (implementing efficient client journeys in post offices, enhancing skills, use of new internal tools, etc.), the organisation of evening events on wealth management themes (such as inheritance): follow-up meetings, chequebook orders, etc., thus giving advisors relevant information for their customers.

Lastly, in 2017, La Banque Postale launched a new **collaborative and inclusive initiative: the LABs**. The objective of this new approach is to work with people who work in customer relations on a daily basis at the operational level, on levers for qualitative and quantitative performance. This approach, which is implemented by the Customer Services Divisions of the Sales Departments and Financial Centres, enables to explore different territories such as the daily practices of account managers, managerial practices, the processes and organisation of activities. The main key is *co-design* with account managers and local managers, which is essential for the commitment and participation of all in the context of a major transformation of La Banque Postale. Everyone who is part of this approach joins in the thought process for improving customer satisfaction, from building new operational solutions to identifying and sharing good practices. This commitment approach reveals the implication and symmetry of efforts. In partnership with the *École de la Banque et du Réseau*, this collaborative and iterative approach characteristic of these laboratories stands out from hierarchical working methods", in moving from the symptom to the idea and then to experimenting, giving meaning and action to those providing Front Office services. This positive experience, both for account managers and their local managers, was replicated in the centres of Marseilles, Montpellier, Lyon, Grenoble and Nancy. In 2018, other LABs are set to be launched: in March in the Financial Centre of Clermont Ferrand with the Network and in April in the Financial Centre of Nantes.

Responsible marketing data protection policy

The **Marketing Ethics Charter governing how banking, financial and insurance products are marketed** is the basis of La Banque Postale's responsible marketing and client **data protection** policy. La Banque Postale's data protection and freedom policy is overseen by a dedicated individual, the Personal Data Protection Officer, or *Correspondant Informatique et Libertés* (CIL), who ensures that the Bank's marketing (and internal) procedures, do not infringe the main principles of protecting its customers' right to privacy. In 2016 La Banque Postale's data policy was strengthened by the formalisation of the **Data charter**, consisting of six commitments, at the Group level, making it a reference in terms of ethics in the digital sector.

The training provided to La Banque Postale advisors includes a course on knowledge of the customer and compliance with data confidentiality. The general conditions of sale for post office bank accounts, savings and online banking also include terms and conditions relating to customers' confidential information.

La Banque Postale's marketing procedures that refer to access to products and services require employees to accurately enter information in the Customer Relations File tool. Good customer knowledge helps to prevent abusive canvassing to concentrate on customers' actual needs.

The security section on our website labanquepostale.com provides information for all users on best practices and how to ensure the security of personal data when managing accounts online. The legal information section on the site sets out our policy for protecting all our users' data.

With regard to **mass marketing**, La Banque Postale's sales and solicitation practices are based on processes that define the eligibility of customers targeted by marketing campaigns and the degree of commercial pressure by distribution channel. The Bank has an array of tools, such as its Marketing Plan and Customer Dictionary, to help define marketing and solicitation strategies suited to every customer segment, thereby avoiding blanket mass marketing campaigns and fruitless canvassing of customers.

The marketing procedures followed by the post office network include the **facility for customers to unsubscribe from La Banque Postale's marketing efforts**. The same principles apply to digital marketing, where our data protection policy explicitly mentions:

- ▶ general information on the use of cookies and collection of information on the labanquepostale.fr website: the generic message is displayed to all users the first time they visit the La Banque Postale site. It reappears for users who deleted their cookies before returning to the site. Clicking on the message brings up all the required information and the process for accepting or rejecting cookies;
- ▶ how to access the general legal notices that can be consulted at the bottom of any page on the site: these legal notices include a specific paragraph on the use of customer data and cookies;
- ▶ information on the unsubscribe link for our emails is given in all our newsletters to customers and opt-in prospects (who have agreed to prospecting) and our solicitation emails to customers or opt-in prospects;
- ▶ information on the customer section (where customers are logged in), where users can update their personal data and opt-in for sales prospecting directly from their customer space on labanquepostale.fr.

All of these legal notices have been approved by the Legal department and the French data protection authority (CIL).

All organisations are currently exposed to **cyber-attack risks**. La Banque Postale lends particular importance to mobilising all actors involved, and its employees, and foil any potential attacks. Sabotage, exfiltration of data, fraud, etc., misuse of funds stemming from an external IT attacks comes in many forms. To provide support for dealing with this societal concern, La Banque Postale carried out several actions, notably an awareness-raising campaign with respect to malicious e-mails (from September to November 2017). Real-scale training to make sure that employees do not accidentally click on malicious e-mails sent by cybercriminals. In parallel, the Le Groupe La Poste raises the awareness of its employees about the risks linked to the use of the web by circulating 10 golden rules to be adopted to communicate good practices in terms of cyber-protection. La Banque Postale also organised a conference debate in January 2018. This was an opportunity to review the good practices recorded in the AFNOR guide to understand, prevent and handle new cyber threats.

6.2.1.3 Responsible offering

La Banque Postale is committed to proposing to its customers a simple, clear and responsible offering of products and services, focused on essentials, at an affordable price.

ESG Checklist: systematic incorporation of ESG criteria

Since June 2009, La Banque Postale has made sure that environmental, social and governance (ESG) criteria are systematically taken into account in the design of its range of products and services. It therefore has set up an **ESG checklist**: a tool that sets out the Bank's five founding values (accessibility, performance, difference, responsibility, cohesion) through 19 ESG fundamentals for La Banque Postale (e.g.: ethical advice, transparency, simplicity, clarity, fight against climate change, fight against tax evasion).

Following the set-up of the tool, the product managers were trained in its use. They are thus aware of the main CSR requirements.

The ESG checklist is supervised by the Compliance Department, which ensures that it is present in each product file presented to the *Product Review committee* (*Comité d'Examen des Produits - CEP*). In 2017 La Banque Postale held 31 *Product Review committee* meetings. All of La Banque Postale's new products must therefore meet extra-financial criteria covering their design, distribution and customer support.

In addition to systematically integrating ESG criteria into its offering, right from its design phase, La Banque Postale also offers products that enable true civic commitment on the part of its customers.

Offers promoting the energy transition

For the COP21 in Paris at the end of 2015, La Banque Postale launched an offer of loans tailored to private individuals, legal entities and local authority players committed to the energy transition. This offer became permanent in 2016 and 2017.

Thus, to accompany individuals in their commitment to the energy transition, La Banque Postale offers a **"Green range"** (*Gamme verte*) with interest-free eco loans (Eco PTZ), a "green" home improvement loan to improve energy efficiency, "green" loans for the purchase of electric or hybrid vehicles (for cars, as well as for bicycles, motorcycles, and even electric scooters), together with a dedicated insurance product. To encourage its private customers to embrace environmental issues, La Banque Postale is committed to offering advantageous terms on these loans.

In terms of savings products, La Banque Postale offers a solution favouring the energy transition through its thematic **SRI fund "LBPAM**

Responsible Actions Environnement". This fund is invested specifically in European companies in the environmental sector committed to sustainable development and energy transition. This fund was also awarded the **government "TEEC" label** (*Transition Énergétique et Écologique pour le climat*, "energy and ecological transition for the climate") in January 2017 and the **"ISR public" label** (government SRI label) in September 2017.

In 2017, La Banque Postale became the market's leading lender to local authorities and public hospitals with €6.5 billion of loans granted. A large number of the projects financed concern the energy transition, which the public sector bodies are responsible for: new buildings, renovation of public buildings, rehabilitation of social housing estates, clean transport, etc. For example, La Banque Postale financed the greater Avignon tramway for €61 million, as well as the extension of the tramway lines in Strasbourg.

For businesses, the Bank offers a range of financing solutions, including clean vehicle fleet leasing. It is also active in funding many specialist renewable energy companies in the photovoltaic, wind energy and other sectors. The creation in 2017 of a team dedicated to the financing of renewable energies within the financing and investment business enabled the Bank to structure its efforts in this respect. In two years, more than a billion euros was disbursed to finance projects favouring the energy transition.

Solidarity financing offers

As a bank that works in the best interest of the community at large, La Banque Postale also offers its customers the possibility to invest in solidarity financing. The **"Intérêts Solidaires" service**, which allows customers to transfer all or part of the interest from a passbook savings account (Livret A account, Sustainable Development account (LDD) or National Savings account (LEP)) to one of the 11 non-profit associations that are members of the "Initiative against banking exclusion" think tank, which the Bank is a founding member of (see section on *Promoting access for all to financial products and services in the Economic Commitment* chapter). It supports this solidarity initiative by making a 10% contribution to the amount of their donation. This service was awarded Finansol certification in 2015. La Banque Postale is the first financial institution to obtain Finansol certification for a service.

La Banque Postale also offers private individuals the opportunity to combine financial investment and social commitment, via the *ISR Investir Autrement* (SRI alternative investing) offer. La Banque Postale notably offers **three solidarity funds** in this range so customers can use their savings to support organisations with high social value. LBPAM *Responsable Actions Solidaire* and *Décisiel Responsable Actions 70 Solidaire* (employee savings funds) have a part of their savings deposits (5 to 10%) invested directly in the capital of organisations which promote insertion through employment or housing. Half of the income generated by the *Libertés & Solidarité* Fund is paid in the form of a donation to the International Federation for Human Rights, an international NGO with 184 organisations in 112 countries. These three funds have received the **Finansol label** for their transparency and true solidarity.

As part of its partnership with the Pasteur Institute, BPE, La Banque Postale's private bank, offers its high-net worth customers BPE *Altruis*, which combines card payments with donations: each payment above €20, irrespective of the amount of the transaction, generates a donation of an amount that is fixed in advance by the customer (€0.50, €1 or €2). The donation is automatically paid to the Pasteur Institute every month by debiting the card holder's account. In 2017, BPE's customers paid more than €29,000 to the Pasteur Institute.

The Banque Postale also supports the non-profit association *Solidarité Sida* and UNICEF by offering customers affinity payment cards.

Offers with social added value

The **Livret A** account helps to finance social housing and is consistent with the principle of banking accessibility for all. Through **personal micro-loans**, customers who would generally be excluded from bank credit can obtain loans for amounts from €300 to €3,000 and up to €10,000 for **entrepreneurial micro-loans**. In August 2013, La Banque Postale also received the authorisation of the Social Cohesion Fund to grant the new *Précarité énergétique* ("fuel poverty") personal micro-loans (home micro-loans) allowing customers to borrow up to €10,000. The "Compte Simplicité" **option** provides an alternative to payment by cheque (see the section on *Banking Accessibility*).

Responsible asset management

In keeping with its signature brand, a bank that works in the best interest of the community at large, La Banque Postale is committed to responsible asset management.

In 2013, a Responsible Asset Management Committee was set up. Its goal is to recommend and implement programmes for **integrating extra-financial criteria into La Banque Postale's asset management business lines** to make them a factor for differentiation, performance, risk management and reputation. Chaired by Daniel Roy, a member of the Bank's Executive Committee and Chairman of La Banque Postale Asset Management (LBPAM), the committee's members also include all the Management directors of the asset management companies in La Banque Postale Group.

Direct application of the principles of sustainable development to asset management, **socially responsible investment (SRI)** is based on the integration of ESG (environmental, social and governance) criteria into investment decisions and portfolio management, in addition to financial criteria. In SRI management, companies are no longer selected solely on the basis of their ability to generate profit, but also for their ability to preserve natural resources for future generations, improve the working conditions of their employees and develop balanced relationships with all of their partners (customers, suppliers, shareholders, civil society). SRI strives to **reconcile performance with social and environmental impact**, encouraging companies to make societal responsibility a central part of their practices and strategies.

Therefore, La Banque Postale Asset Management (LBPAM), the main management Company in La Banque Postale Group, has made SRI one of its growth engines for satisfying its individual and institutional customers. SRI management applies to open-ended mutual funds marketed to individual and legal entity customers (FCPs, SICAVs), as well as to discretionary management on behalf of institutional investors such as insurance companies. For retail customers, in 2006 La Banque Postale launched the *Investir autrement* range, which meets the expectations of customers who are particularly sensitive to the issue of sustainable development and who wish to give meaning to their investments.

LBPAM developed an "SRI philosophy" around four themes after the merger with Fédérés Gestion d'Actifs in 2016:

- ▶ support for the energy and ecological transition;
- ▶ regional development;
- ▶ sustainable resources management;
- ▶ responsible governance.

The SRI analysis of the LBPAM's teams aims to assess the alignment of the companies' strategies and practices with each of these four themes.

To bolster the credibility of its range and help it to stand out in an emerging SRI market, the Bank encourages subsidiaries to have funds evaluated by external agencies. Eleven SRI funds managed by LBPAM thus received the government SRI "**ISR public**" label in September 2017. Backed by the French ministry of economy and finance, this label is now the reference for SRI savings products for individual investors. It enables them to easily identify investments that favour sustainable development while targeting the same financial returns as with traditional products. The "ISR public" label provides further transparency with respect to the funds in which individual and institutional investors invest in. It also provides information concerning the impact of the environmental, social and governance management of the companies financed via the calculation of indicators. Among these 11 funds awarded with the label, five belong to the *Investir autrement* range: LBPAM Responsable Actions Euro, LBPAM Responsable Actions Europe, LBPAM Responsable Actions Environnement, LBPAM Responsable Actions Solidaire, Libertés et Solidarité.

Also meeting customers' expectations with regard to **solidarity-based financing**, two of the *Investir autrement* funds (LBPAM Responsable Actions Solidaire, Libertés et Solidarité) received the **Finansol label**, which has recognised solidarity-based savings investments since 1997.

Moreover, to promote these responsible solutions, every year La Banque Postale takes part in the **Responsible Finance Week** (formerly SRI Week), during which it offers its customers and advisors information and promotional materials for its *Investir autrement* range. Equally, during their initial training after being appointed, advisors receive training on SRI funds in order to reinforce their understanding of these products.

Applying ESG criteria can have a different impact on investment decisions and the composition of funds depending on the asset class, customers' expectations and the strategy adopted. SRI assets are therefore divided into three categories established by Novethic, the SRI research centre of the Caisse des dépôts, in order to differentiate between these different cases:

- ▶ conviction SRI;
- ▶ significant impact SRI;
- ▶ moderate impact SRI.

Conviction SRI

- ▶ Best in class selection approach, eliminating 50% of the investment universe
- ▶ Best in universe selection approach, eliminating over 25% of securities
- ▶ Thematic investments

Significant impact SRI

- ▶ Assets managed using a financial valuation or best in class selection, eliminating between 25% and 50% of the investment universe.

Moderate impact SRI

- ▶ Assets to which ESG constraints are applied and for which less than 25% of securities are eliminated for ESG criteria

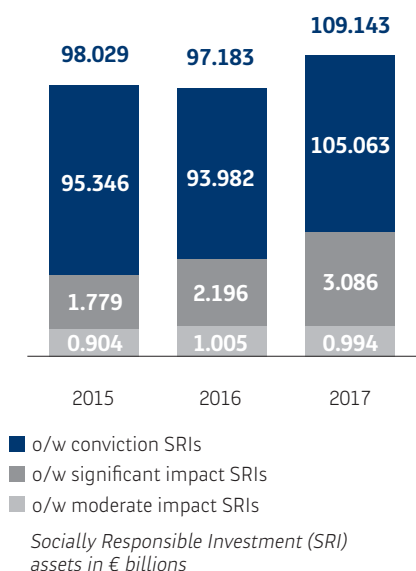
2017 was marked by a strong increase in inflows into thematic investments. The LBPAM Responsable Actions Environnement fund therefore benefited from growing interest in the climate by individual investors and Article 173 of the Energy Transition Act, which encourages institutional investors to make a greater commitment to fighting climate change. The assets under management of this fund

increased by 42% over the year, reaching €127 million at end-2017. This fund was also awarded the **government TEEC label** (*Transition Énergétique et Écologique pour le Climat*, "Energy and Ecological Transition for the Climate" label) in January 2017. Backed by the French ministry of economy and finance, the TEEC label guarantees that investments are geared toward **financing the ecological and**

energy transition. The LBPAM Responsible Actions Environnement fund was one of the only three funds in France with the TEEC label at 31 December 2017.

Total SRI assets under management increased by 12% in 2017, reaching €109.14 billion at end-2017, i.e. 50% of total AUM. Conviction SRI assets grew the strongest, rising from €2.2 billion at end-2016 to 3.1 billion at end-2017, i.e. a 41% increase.

This growth in SRI assets under management can be explained by the favourable trend of equity markets and positive net inflows in 2017, notably to SRI equity funds.



In addition to SRI assets, LBPAM has implemented actions to encourage the application of ESG criteria to all assets under management:

- ▶ beyond the obligation to exclude companies suspected of involvement in controversial weapons (anti-personnel mines, cluster bombs) from all the portfolios, apart from those under index-based management (but no investment was made in the companies concerned in 2017), LBPAM extended this exclusion to all non-conventional weapons (biological, chemical, nuclear, depleted uranium, blinding laser, incendiary). 39 companies were on this list as at 31 December 2017;
- ▶ promoting the integration of extra-financial criteria to all research by circulating all SRI analyses and ratings to all the management teams: Daniel Roy, Chairman of the Executive Board of LBPAM, is one of the 27 notable people, including investors, managers, private, public and mutual insurers, and market infrastructures, having signed a call for the generalisation of extra-financial ratings. In a text published on 8 December 2017, the signatories invited issuers to communicate their ESG rating in addition to and in the same way that they communicate their financial rating. This text stated: "We have the conviction that social, environmental, ethical and governance factors constitute areas of risk that have an impact on credit quality and the valuation of companies and that they are drivers of future value creation".
- ▶ meetings with companies or the resolutions at certain general meetings are prepared between the managers and the SRI analysts.

Lastly, LBPAM has also established dialogue with issuers to encourage the improvement of ESG practices. LBPAM applies this "commitment" approach both individually and collaboratively, i.e. with other asset management companies, depending on the issues tackled (for example, the strategy to fight climate change for the energy sector, policy of access to medicine for the pharmaceutical sector, etc.). LBPAM actively plays its role as shareholder by exercising the voting rights attached to the UCITS managed, according to a single voting policy based on four aspects of analysis in its "SRI philosophy". In 2017, LBPAM extended its voting scope to the US and Canada. LBPAM took part in 384 AGMs of European and North American companies in 2017 (compared to 249 in 2016).

For the voting process, LBPAM gives priority to open and constructive discussion with the companies.

For further information on LBPAM's commitments, its methodology and voting policy, visit the web pages on this topic at www.labanquepostale-am.fr/isr.html.

Apart from the actions taken by LBPAM, all the asset management subsidiaries in the Group's Asset and Wealth Management Division reasserted their commitment to integrating extra-financial criteria. Since 2013, a **Responsible Asset Management Committee** has circulated the best practices on implementing ESG criteria to all asset management players. Its goal is to put forward and implement programmes for integrating extra-financial criteria common to all the asset management business lines of La Banque Postale in order to make these criteria a factor of differentiation, performance and profitability. This committee, which is chaired by Daniel Roy, Head of Asset Management Division and a member of the Bank's Executive Committee, includes all the heads of the asset management companies in La Banque Postale Group.

The United Nations **Principles for Responsible Investment (PRI)**, serving as a common base for the commitment of the Group's investment management companies, were signed by all the players concerned. After LBPAM in 2009 and Tocqueville Finance in 2012, BPE, the private banking subsidiary of La Banque Postale, signed them in 2013 (at the end of 2016, 32.5% of the assets under management of La Banque Postale's Private Banking division were ESG integrated, i.e. 100% of direct investments in securities).

La Banque Postale published a **sector policy on defence** in 2015, which aims to establish a framework for the Group's activities for this sector, which presents substantial ESG challenges (see the section on *Management of extra-financial risks*). The list of exclusions is updated by the Responsible Asset Management Committee, with the assistance of the extra-financial analysis teams of La Banque Postale Asset Management, who base their work on the database of an external service provider. It is then distributed to the relevant Group entities (Risk Department, Financial Transactions department, Corporate department, Asset Management Division).

Responsible insurance

La Banque Postale's insurance businesses fully comply with the CSR approach adopted by all Group business activities. La Banque Postale aims to offer insurance solutions corresponding to its socially responsible signature; through its remedial function, insurance plays an essential role in the life of its customers, especially those who are most vulnerable. The aim is to develop simple solutions, designed to protect all its customers in the event of difficulties, and on a sustainable basis.

Offers screened with the ESG checklist

The Insurance Division of La Banque Postale has trained its project managers in risk identification, specifically including an analysis of the Group's CSR objectives in this approach. These ESG criteria are also taken into account in selecting partners for the products distributed by La Banque Postale.

La Banque Postale Assurance IARD innovations

With its "green range", launched at end-2015, La Banque Postale Assurance IARD promotes **eco-mobility** through an attractive insurance offer for green vehicles (electric or hybrid).

For vulnerable customers and young customers, La Banque Postale proposes a new approach. For customers who rent social housing, a simple offer based solely on the number of rooms and the address providing all the coverage of comprehensive home insurance at the fairest price. This offer is being tested with the *Plaine Commune Habitat* social housing organisation. An offer at competitive rates is being considered for the future, which would involve the lessor's teams both in appraising the damage and commissioning repairs. For young people/students under 25, La Banque Postale offers coverage for one-room studios for €5/month and one-bedroom lodgings for €8 euros/month, i.e a single rate and a simplified procedure for taking out a policy. This innovation enables young people to be insured without being subject to the rate differences of geographical areas that are usually more costly.

The idea for **Proxi-client** came from internal discussions within La Banque Postale Assurances, and its objective is to be more active when customers are faced with a dramatic event. The role of an insurance provider is to compensate victims, according to the damage incurred. Aware of the vulnerability of customers following an incident or traumatising event, the advisors contact them to listen to them and establish their physical and psychological state of health. Sometimes, the conversation reveals the need for the person to consult a psychologist. La Banque Postale Assurances provides this service free of charge through its specific partner in the field. This human gesture illustrates the civic-minded insurer approach. It goes without saying that there is no sales pitch or promotion of any kind whatsoever during these conversations.

In the event of serious flooding the **NAT CAT team** of LBP Assurances goes into the post offices and offers support to the customers having suffered damage to make their on-site formalities easier. The **DomiClean service** was also set up in June 2016. Two people go to the customer's home for a day. This assistance helps to immediately save belongings, and put the living space back in order as rapidly as possible while waiting for the expert appraisal.

Innovations supported by La Banque Postale Assurance Santé and La Banque Postale Prévoyance:

As life expectancy grows and the population ages, loss of independence is becoming a real social challenge. 50% of French people already grapple with dependency, either their own or that of a close relative. To meet this challenge, at the start of 2015, La Banque Postale Prévoyance introduced an affordable and very comprehensive range of dependency insurance products designed to meet all needs.

Assurance Autonomie ("autonomy insurance") is a complete, modifiable and personalised **dependency insurance** offer, which contributes to financing and offering support for lost autonomy through the payment of a capital sum and a monthly annuity, as well as numerous assistance guarantees: help with administrative and social formalities, psychological counselling, house audit, practical training for the carer, support for the carer, visit from the postman/woman, etc. The insured can also use these services if they become a carer for a dependent relative themselves. The *Assurance Autonomie* policy is offered to customers who need supplementary income to finance their loss of autonomy or have personal wealth to protect, as well as to customers who wish to sign up to protect a relative.

This product is one of the rare dependency coverage insurance policies to receive the GAD (*Garantie assurance dépendance*) label created by the French Insurance Federation. Right from its launch, these advantages enabled La Banque Postale Prévoyance to receive the *Trophée d'Or de l'Assuré* award in 2015 and the *Trophées des Dossiers de l'Épargne* award in 2017.

La Banque Postale Prévoyance is committed to the "**elderly dependency research chair**", founded by the Fondation Médéric Alzheimer, in partnership with the École d'Économie de Paris. The purpose of the chair is to promote research into the economics of dependency of elderly people. Some of the missions of the research chair include developing a dynamic microsimulation tool, representative of the population in France, to model supply and demand for care and services connected with loss of autonomy. A major partner of the chair, La Banque Postale Prévoyance will contribute to its work and operation through both scientific and financial support.

La Banque Postale Assurance Santé offers its low-income customers **supplemental health insurance eligible for the ACS** (State financial aid for the purchase of supplemental health insurance): **Assurance Oui Santé** In addition to regulatory demands, this offer ("Yes to health" Insurance)^o provides full optical coverage for customers through the KALIVIA network of 5,000 opticians and a negotiated rate for hearing aids through the 2,000 audioprothesists of the same network. Moreover, in line with current societal challenges, this responsible offer contributes to reducing risks thanks to preventive guarantees, such as quitting smoking on medical prescription or invoice, as well as preventive vaccinations (flu, travel) that are not reimbursed by the social security.

Lastly, thanks to the **Coups Durs Santé insurance** (insurance for "hard times"), La Banque Postale provides support for its customers over the long term in the event of severe illnesses, in the form of a lump-sum payment and freely accessible assistance services.

The Insurance Division contributes its support to the Vivre site

At present 11 million people in France care for an elderly, sick, dependent or disabled family member. La Banque Postale, which endeavours to be as close as possible to the needs of families, revised the *Vivre en Aidant* ("live while helping") site, in collaboration with numerous experts. This advice and training platform, available on tablets and smartphones, is dedicated to family caregivers and provides them with concrete support in the form of articles and video content, practical advice, testimonies, and solutions to better fulfil their role as daily family caregiver.

6.2.1.4 Management of extra-financial risks

Integrating extra-financial risks into operational risks

In accordance with the Group Risk Control Mechanism for Operational Risks, the business lines are responsible for identifying and processing operational risks which include extra-financial risks.

This principle is reinforced by La Banque Postale's governance model applied to new products and services. An analysis of extra-financial risks is always included in the risk assessments carried out when proposals are submitted to the *Product Review committee* (see the *Responsible offering section*).

Furthermore, to assist project managers in examining the extra-financial risks related to their project, an ESG Checklist was drawn up in 2014. Addressing issues from the point of view of Social and Environmental Responsibility (SER), the checklist can be used to assess the risks and impacts of a product, raise awareness of sustainable development among the bank's actors, provide ideas for the educational sales argument for customers, as well as for product design.

The ESG Checklist is an integral part of the risk assessment process and is a document that must be presented to the *Product Review committee*. La Banque Postale's CSR Division mines the results of the ESG Checklist to analyse the ESG issues highlighted and to begin awareness-raising actions where necessary.

Lastly, the assessment of ESG criteria remains one of the components of the image impact of the risk rating grid confirming the incorporation of extra-financial factors in the assessment of operational risk.

In 2017, La Banque Postale enhanced its operational risk mapping with the risk of non-compliance with its social, societal and environmental commitments, adding to the new societal commitment policy of the Le Groupe La Poste that aims to align the change with the ecological transition, toward responsible and ethical digital services and contribute to social and regional cohesion.

This identification within risk mapping – which is a tool for determining and managing risks that are monitored at the level of an entity – enables the CSR Division to assess the suitability of the risk with respect to changes in the activity and to identify the actions and measures to be taken in order to manage it.

Moreover, the management approach for cross operational risks meets the need for strengthening the supervision of these risks by applying a standard risk management framework within the La Banque Postale Group. The following risks were mapped at the entity level:

- ▶ corruption risks, in accordance with the law 2016-1691 of 9 December 2016 relating to transparency, the fight against corruption and the modernisation of the economy;
- ▶ compliance risks: four concerns (conflicts of interest, internal fraud or external fraud with internal complicity, misuse or non-compliance with attributed rights and authorisations, wrongful disclosure of confidential information).

Measuring exposure to climate risk

In 2017, the Group Risk Department continued, in cooperation with the Bank's CSR Department, to work to identify and analyse its sensitivity to climate change, in accordance with the recommendations of Article 173 of the Energy Transition for Green Growth Act. La Banque Postale notably participated in several working groups set up by the French Prudential Supervision and Resolution Authority (ACPR) and the Treasury to discuss the different existing methods of quantifying this risk.

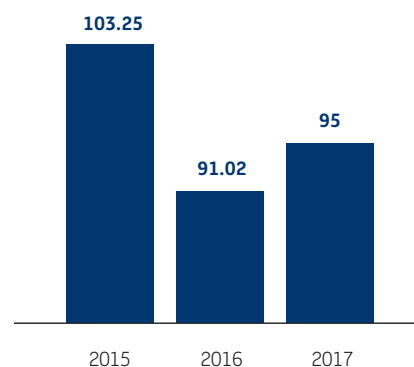
These different working groups will notably enable La Banque Postale in 2018 to:

- ▶ carry out risk mapping for the carbon intensity of its portfolio using a method developed by one of its peers,
- ▶ continue its quantification work using an internal methodology that was started in 2016 following the consultation of the Treasury and the ACPR, the target of which was to identify the level of exposure to the physical risk and the transition risk of the main banking groups.

In addition to this work, in 2016 the Bank had launched an assessment of the potential loan losses that it could face on its mortgage portfolio⁽¹⁾ due to floods (which proved to be very limited in the end).

La Banque Postale used another criterion to measure its level of exposure to climate risk by applying a methodology to measure the carbon intensity of its CIB (Corporate and Investment Bank) activity. The Bank is able to measure its control of its level of exposure to securities that emit the highest levels of greenhouse gases by applying this method developed by LBPAM to corporate bonds. At the end of December 2017, the carbon intensity of "corporate issuers" was 95 tCO₂/€ m of revenue (compared to 91.02 tCO₂/€m of revenue at the end of 2016). Despite a slight increase, this intensity remains low because it is closely correlated to the sector breakdown of the portfolio, which is heavily invested in the financial sector (industrial or energy sectors have far higher carbon intensity). The exercise also helped to identify the most carbon-intensive assets and to inform any potential divestment decisions.

(1) Assuming financing by LBP of housing in zones at risk of flooding in proportion to the number of houses in France in these zones – source INSEE 2009 – and based on the Bank's credit risk measurement parameters.



■ Level of exposure to climate risks of the BFI business (corporate issuers) in t.CO₂/€m in revenue

Measuring the level of exposure to extra-financial risks

Beyond climate risk, since 2011, in order to measure the ESG risk exposure of proprietary trading carried out by the Financial Transactions department, La Banque Postale has adapted the method developed by the SRI department of La Banque Postale Asset Management (LBPAM) to analyse the extra-financial risks of sovereign and non-sovereign counterparties. In 2014, the annual measurements became half-yearly. In 2017, the methodology was refined, and the scale of the risk measurement narrowed down. The results at the end of December 2017 continued to show a globally controlled exposure: for non-sovereign issuers, 66% of assets were invested in issues that would be eligible for SRI funds (compared to 77% at the end of 2016). Moreover, there is no exposure to securities considered to be risky from an SRI viewpoint (vs. 0.4% at end-2016).

Overall, at end-2017, according to the new measurement methodology, non-sovereign issuers had a level of risk of 5.12 (compared to 4.78 at end-June 2017), on a scale of 1 to 10, 10 representing the highest risk. Sovereign issuers had a level of risk of 4.63 (compared to 4.72 at end-June 2017).

Taking extra-financial criteria into account in investment and financing activities

As stipulated in the "Defence sector policy", La Banque Postale makes sure that none of the portfolios managed by asset and wealth management actors include companies involved in controversial weapons (antipersonnel mines or cluster bombs) or non-conventional weapons (biological, chemical, nuclear, depleted uranium, blinding laser and incendiary weapons), irrespective of the type of financial instruments issued (shares, bonds, or money-market instruments). To this end, since 2012, La Banque Postale subscribed to a database kept by an independent third-party expert to reinforce its methods and to share an exclusion list used by all members of the Asset and Wealth Management Divisions in the Responsible Asset Management Committee (CGAR). This list is then shared with the Risks Department so that it can also be applied to the Financial Transactions department for proprietary transactions and the Corporate department for loan transactions. At 31 December 2017, 39 companies were on this list.

At the same time, the CGAR maintained a heightened level of vigilance in 2017 on a certain number of securities with **high extra-financial risk** that breach international conventions and the principles of the Global Compact. These are frequently controversial and therefore do not align with La Banque Postale's civic values.

Furthermore, in keeping with La Banque Postale's governance principles, agricultural commodities are excluded from the range of its authorised financial instruments.

In January 2016, the Bank's Executive Committee approved the launch of a **Responsible Financing charter** governing the granting of corporate loans. The charter stipulates that loan applications will be rejected for a certain number of sectors, deemed too risky from an extra-financial point of view (gambling, pornography, tobacco, nightclubs, the coal industry), as well as organisations and companies that have gravely and repeatedly been in breach of the law, codes of conduct or conventions (infringement of environment law, international codes and conventions, or fundamental rights at work).

Furthermore, La Banque Postale strives to prevent financial and legal risks, and risks to its image from investing in jurisdictions with poor regulation, or which are opaque or uncooperative regarding tax fraud, money laundering and terrorism financing. It has compiled a **list of at-risk countries** where it cannot carry out or participate in any commercial development.

At the same time, since 2010, LBPAM has stepped up its responsible practices by integrating environmental, social and governance (ESG) criteria in selecting its market intermediaries. This is based on a questionnaire from the LBPAM's ESG Research and Management Department which is sent to all market intermediaries (i.e. the financial institutions with which LBPAM conducts market transactions). 72 institutions received this questionnaire in 2017.

Finally, as an essential player in the French economy, La Banque Postale **combats tax evasion** by strictly complying with applicable rules and prevention measures. As a French retail bank, its activities are almost exclusively conducted on French territory. It has no activities in countries blacklisted by the Tax Justice Network. At the very most, La Banque Postale has pursued very limited business in European countries where La Poste already conducted business at the time of the founding of La Banque Postale. The profits from this business are fully taxable at common law rates. The tax management of all Group entities and companies is handled or controlled directly by La Banque Postale's Tax department in Paris. This management is based on principles of stringent compliance with applicable regulations and transparency with respect to the authorities. Furthermore, the monitoring of customers' activities in terms of tax compliance is carried out as part of the **fight against money laundering, terrorism financing and fraud**. Measures have been set up to control international transactions between France and countries presenting risks. This monitoring generates alerts which are subsequently handled by a dedicated tool. Over 100 people are dedicated to this activity within the Financial Transactions Security department.

Following the Paris attacks in 2015, this division developed a new series of alerts based on "weak signals", below the thresholds used for combating money laundering and focusing more on behavioural indicators, with very satisfactory results.

Ethics: better risk management in business processes

True to its values of providing local services to the largest number of people, La Banque Postale is committed to promote ethical and responsible behaviour. The **2017 Kantar TNS ethics climate barometer** survey conducted among large French companies and employees of the Le Groupe La Poste shows that 90% of employees of La Banque Postale say that they are involved in the Company's ethical actions, up 2 points compared to the 2016 barometer. Likewise, 95% of employees indicated that their awareness of ethics was raised in 2017, up sharply from the 73% in 2016. Furthermore 74% of employees (a slight 2 point decrease from 2016) state that they have identified the person responsible for professional ethics inside La Banque Postale.

The 2017 ethics barometer also indicates that 76% of employees consider that there has been a shift in ethical behaviour, with the main concerns of La Banque Postale consisting of the fight against fraud and corruption (94%), compliance with rules and regulations (87%), respect of customers and partners (81%). It should be noted that 95% of employees say they are ready to blow the whistle if they witness an ethical breach.

In all, employees consider that La Banque Postale behaves ethically because it wants to have a good image (94%), improve its economic results (93%), avoid legal, social and media risks (91%).

In 2017, the **new Ethics code of conduct** was presented to all employees of La Banque Postale and the Financial Services Division of La Poste, the La Poste Network and the Solutions department shared by La Banque Postale and the La Poste Network.

The Ethics code of conduct describes the best practices to be adopted in banking, financial and insurance matters with respect to customers, employees and third parties. In particular, it describes different situations that could lead to conflicts of interest, integrates the Group's policy with respect to accepting gifts and invitations, and specifies the commitments of La Banque Postale concerning the monitoring of vulnerable customers. It incorporates the Anti-Corruption code of conduct of the Le Groupe La Poste which was also deployed in 2017 within the La Banque Postale Group.

These two documents are part of the Internal Rules of La Banque Postale and La Poste, and are enforceable against all employees.

A **general awareness-raising training programme** for around 60,000 employees supported these two new codes of conduct, with each employee having the possibility to follow an e-learning course to better understand the main challenges and concerns highlighted in these two reference documents, as well as a game to test their knowledge. At end-2017, around 24,000 people had already done this training, with a second session starting in January 2018.

Two specific projects were initiated in 2017: one pertaining to the methods for monitoring social network actions, the other to the monitoring of malware installed on workstations. In cooperation with the services concerned, these thought processes led to the specification of compliance requirements for these activities and the definition of methods for controlling and identifying any gaps that may be observed.

Concerning work on the steering of regulatory accreditations (inspection, insurance, certification), a file was constituted for an overhaul of the information system and the management of regulatory accreditations that was finalised and presented at end-2017. In addition, the project to revamp all regulatory training relating to insurance authorisations was started at end 2017, and will be finalised in 2018.

Lastly, an update of the three organisation notes for regulatory authorisations was launched and will be completed in 2018. These notes will incorporate the changes in scope and procedures. Particular attention will be paid to compliance with new regulatory requirements (MIFID2 and the IDD).

The intranet *ethics* sections were maintained and further developed during 2017, notably by putting the two new codes of conduct online, the Ethics code of conduct and the Anti-Corruption code of conduct.

Employees receive training in business ethics as soon as they take up their duties and throughout their professional career. Campaigns for training in rules of proper conduct have been carried out since 2006. In addition to the overall awareness plan launched at the time of the circulation of the new code of conduct, which concerned around 60,000 employees, training for taking up functions or additional training presented to employees concerned the principles and main rules in force within La Banque Postale and La Poste relative to respect of customer needs, banking secrecy and data confidentiality, prevention of conflicts of interest, and compliance with the rules of use of the Information Systems. Overall, these courses concerned close to 2,600 employees.

In addition, compliance officers and correspondents take part in various meetings (managerial communities – Executive Committees – specific control training – subsidiaries): around 400 people were trained during these meetings.

With respect to regulatory accreditations, 1,053 employees followed the AMF Certification course in 2017, and more than 12,000 people signed up to the different classes relating to insurance accreditations.

The system of permanent control of compliance with ethical rules uses the process for **detecting and monitoring malpractice and ethical breaches**. Alerts emitted concerned breaches of professionalism, and non-compliance with the good conduct rules. It should be recalled that the system can notify managers of any breach of the rules so that they may take the necessary measures. Several follow-up and guidance meetings were organised in 2017 to check that actions were being correctly implemented.

In case of suspected breaches of ethical rules or faults, the **whistleblowing process and alert system** provide for the relay of information to La Banque Postale's Head of Business Ethics. He/she is also informed by the compliance officers working in the Bank's various departments, at the subsidiaries, in the La Poste Network and the Solutions department.

With regard to governance issues, 10 **monthly cross-cutting business ethics committees**, led by the Head of Business Ethics, were held in 2017. These committees make it possible to monitor the progress of the business ethics action plans defined for 2017. They notably made it possible to monitor the progress of work on the update of the Ethics code of conduct, the development of business ethics e-learning and to inform correspondents about the deployment of the anti-corruption procedure. These committees will also enable the exchange of information on cross themes of several departments and Businesses, such as the procedure for submitting a complaint, methods for working with the social networks, monitoring sensitive software installed on workstations. Compliance risks were the subject of a specific project carried out jointly with the Operational Risks Department. Four main compliance issues were identified (Conflicts of interest – Fraud – Confidentiality and professional secrecy – Rights and authorisations) and incorporated into the update of the operating risk mapping. This centralisation of compliance risks will enable a cross analysis in 2018 of the actions and controls carried out.

The Head of Business Ethics of La Banque Postale takes part in the **Ethics committee of La Poste**, a body that brings together the ethics departments of the La Poste Group's four business lines.

In 2017, the Ethics-Compliance Department tested a tool for monitoring the **behaviour risk** in order to determine an action plan to manage this risk and support the relevant follow-up indicators. All of these works will be presented to the governing bodies of La Banque Postale in the first months of 2018.

Lastly, a specific Steering Committee for the **prevention of corruption** was organised in 2017 in order to set up an anti-corruption procedure in compliance with the anti-corruption section of French law 2016-1691 of 9 December 2016 (the "Sapin II" law). Following the deployment of the initial measures (code of conduct incorporated into the Internal Regulations, corruption risk mapping), this committee will now focus on the follow-up of the implementation of the eight points in the procedure.

The whistleblowing right mentioned above is exercised via a specific mailbox address that can only be accessed by the Compliance Officer, who is the only one who receives the information from the whistleblowers. In 2017, this whistleblowing procedure was broadened to include the fight against corruption and was the subject of reflection on how to strengthen monitoring capacity and confidentiality as from 2018.

6.2.2 Employee engagement

La Banque Postale places employee engagement at the heart of its human resources strategy. Every person must be both actor and beneficiary in the Group's transformation, regardless of their position and location: at the Bank's registered office and in its subsidiaries, in the Financial Services Division or within the Banking Advisory Line of the La Poste Network.

The commitment of all teams is decisive in fostering the development of the Bank and meeting tomorrow's challenges. It represents a strong lever for adapting to new customer practices and better satisfying them via the creation of new businesses. For La Banque Postale this implies showing real consideration to each of its employees.

In order to encourage this engagement, in 2017 the Bank continued to enhance its strategic and operational building blocks that have been deployed since 2015: the *École de la Banque et du Réseau*, the Recruitment and Career Teams, the PMO HR. It also launched the *Compétences 2020* programme to build the target vision of the evolution of its businesses in 2020.

It also focuses on personalised support for the mobility and integration of young people. In a forward approach, it structures its careers and training so that the right skills are there at the right time, while strengthening the employability of its employees.

In all of these areas, the HR Department of La Banque Postale favours innovative solutions, through, for example, web-conferences to present new jobs, virtual classrooms, MOOCs or the "gamification" of training (see below).

6.2.2.1 Career development and employee support

La Banque Postale's human resources policy aimed in 2017 to provide the Bank's employees with a working environment that promotes their **personal and professional commitment and development**. In a changing context, the HR Department of La Banque Postale, Financial Services and La Poste Network ensures on a daily basis that the changes needed for the development of La Banque Postale are implemented with respect for all.

It places great emphasis on supporting each employee in their professional ambitions throughout their career, but also on providing support for retraining of all those affected by a transformation project in their area. In doing so, it is committed to the Bank's social model. It creates actions to direct employees toward new businesses that drive its commercial development.

Accordingly, the staff agreement concerning the banking advisory business lines, signed on 17 December 2014, embodies the Bank's commitment to supporting bank advisors as their role changes and to offering them career development opportunities. Besides immediate salary measures, which is a sign of the recognition of these functions, and after the signature of a sales management agreement in 2015, a banking advisors job and career agreement was signed in 2016. This agreement lays down the terms for accessing banking advisor jobs, it enhances these jobs and reinforces the support for banking advisors so they can progress to tomorrow's jobs.

Some key commitments were made in the mobility agreement for employees of La Banque Postale Group that was signed in March 2016:

- ▶ on training to support employees' professional mobility plans;

- ▶ on support for employees with minimum individual contractual guarantees and specific measures for geographical mobility with respect to the La Poste Group;
- ▶ on greater visibility regarding career paths and development.

These two flagship agreements demonstrate the commitment of the Human Resources Department of La Banque Postale, Financial Services and the La Poste Network to placing the Group's men and women and their development first as part of a holistic approach to managing the changes in the sector.

The construction of a new unique, forward-looking, operational and simplified skills benchmark is the operational basis of the skills development process. In 2017, all HR processes and managerial actions were adapted to integrate its use. 2018 is the first year this benchmark will be used in yearly appraisals. The objective is to encourage constructive dialogue between employees and their managers concerning the skills expected for their job and their evolution.

This will enable an initial assessment to be made of the skills of Group employees and thus to define a personalised development plan.

The **mobility of employees** of La Banque Postale Group is therefore a key issue for the Company.

No less than 460 combined career paths were created at end-November 2017 among employees of the Bank, the Financial Services and the Banking Advisory Line (including banking support) of La Poste, i.e. 10% more than in 2016.

At the same time, 2,021 people (vs. 1,996 in 2016) were also promoted as part of their career advancement.

46 Career Development Advisors (CDA) in the Financial Centres, 75 CDAs in the Network and around 30 career managers at the head office of the Bank and the Network provide personalised support for employees: individual interviews, visibility of job offers, discussions with HR professionals about profiles, career management advice. To encourage mobility between La Banque Postale branches and the Network, especially in banking activities, the HR Department created 13 Recruitment and Paths (ER&P) teams throughout the country (60 employees). The teams are tasked with internal recruitment between branches and external recruitment, in accordance with standardised methods. These teams have four objectives: to improve employee knowledge for proactive career management, provide new *sourcing* solutions for recruiters, simplify the experience of recruiting managers, improve the experience of employees in situations of mobility.

They will be merged within the Group HR Department as of 1 January 2018. A system coordinating the HR Department of La Banque Postale, the Financial Services and the La Poste Network and the future Mobility and Group Recruitment Units needs to be set up, in order to develop the activities and businesses of La Banque Postale and its employees.

La Banque Postale Group is also an **open group**. During the year it recruited 984 people from outside the Le Groupe La Poste, 27% of which for the Banking Advisory Lines. In addition, the La Poste Group, which since 2013 has held a "career week", decided to launch a new concept in 2016: "The 4 Seasons of Career Development" to give postal workers more time to obtain information, attend a workshop, visit a site or meet colleagues,

Each season is therefore the chance for employees to obtain information, consider different career paths, participate in an event, meet HR staff, etc.

In light of the current and future changes and developments – the evolution of business lines, creation of new functions, etc. – the teams of La Banque Postale and Financial Services naturally mobilised their efforts for each season. Through the events offered, “The 4 Seasons of Career Development” forms part of a policy of developing a culture of career development in employees, alongside HR players and managers, by inviting them to become involved individually and collectively in designing, recognising and providing support for career plans.

The actions organised throughout France (visits to sites and subsidiaries, workshops, forums and talks, etc.) are intended to inform personnel and managers about professional development opportunities (growing business lines, possible career paths), and about mechanisms facilitating job transfers and career development within and between branches, as well as outside the Group (business start-ups, etc.). All these are opportunities from which everyone can build their career path.

New methods of information on business lines and career opportunities are now permanently implemented in the entities on the Bank/FS/Network scope, notably by the ER&P: web conferences presenting jobs on the Job Exchange, information meetings or workshops on developments in banking business lines, information campaigns using all channels to make recruiting business lines more visible.

Employee training

Since it was set up in July 2015, the École de la Banque et du Réseau has supported the career development of the employees of La Banque Postale, the La Poste Financial Services and Network, by training them on the new skills and business lines of the Le Groupe La Poste. It uses teams of designers and in-house trainers, as well as partnerships with prestigious benchmark partners such as the École Supérieure de La Banque-CFPB.

The École de la Banque et du Réseau set up training courses throughout the year:

- ▶ qualifying courses to accompany the transformation of functions and guarantee the employability of staff, with notably;
- ▶ the continuation of the courses for Sector Directors/Regional Directors and n-1s of the Sector Directors started in 2016 to develop the banking skills of managers;
- ▶ the creation of a course for account managers in post offices to develop their skills in the areas of banking, digital and customer relations;
- ▶ the continuation of the courses for account managers for the expansion of the home loan business. Since 2015, more than 15,000 employees have started or continued a qualifying course.
- ▶ for taking up positions in the existing and new businesses of La Banque Postale and Financial Services.

The École de la Banque et du Réseau has, moreover, set up ambitious customised training programmes to support nation-wide projects, the reinforcement of commercial efficiency in sales meetings or changes in remote relationships and to meet regulatory requirements such as anti-money laundering and terrorist financing measures, insurance accreditations, or the European Mortgage Credit Directive.

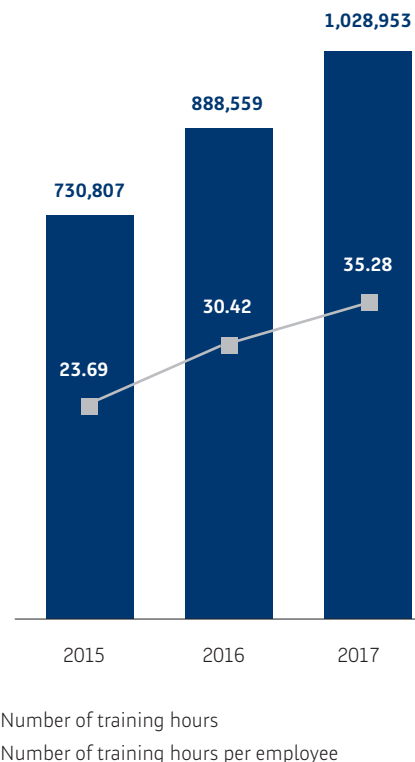
In addition, the École de la Banque et du Réseau offers courses to employees to maintain the skills for their position or support their career changes.

Lastly, since 2015, close to 1,200 employees took training that led to a diploma, thus validating their knowledge and skills for the long term.

In 2017, 1,028,953 hours of training, or 35.28 hours per employee, were carried out at the École de la Banque et du Réseau.

To ensure the success of training courses available to all employees, new methods are being developed. L'École de la Banque et du Réseau continues to develop new innovative teaching methods such as virtual classrooms, MOOCs (massive open online courses), the gamification⁽¹⁾ of training, on-site or remotely.

Backed by a **scientific committee** of experts from the Bank, business and education, which ensures the academy remains abreast of best practices in its environment, the École de la Banque et du Réseau is structured to meet the strategic challenges facing the Group's various branches.



(1) Using games as part of the training method.

6.2.2.2 Youth employment, integration and training

Since 2013, to facilitate the integration of young people into the Company, both managers and young people have a dedicated HR contact person who assists them in defining their needs and in the recruiting process. He/she ensures the integration of students into the teams and the satisfactory performance of their assignment.

La Banque Postale has consolidated its relations with the student sector: it has **32 partner schools**, including business schools, engineering schools and universities throughout France. The Bank conducted over 60 initiatives at trade shows, forums, presentations, educational games, case studies, recruiting workshops, and even examination boards. In this way, it makes its business lines and subsidiaries more well-known, improves its attractiveness and promotes student access to the world of work.

For example, it participated in the 6th **EDHEC Open Innovation** seminar where students grappled with unresolved problems in the digital environment assisted by 70 managers from different companies.

Also among the year's highlights was the renewal of the disability partnership agreements with ESSEC and Sciences Po Paris, in order to improve the access to further studies for students with disabilities.

Actively involved in the **integration and training of young people** for the labour market, La Banque Postale had 1,100 apprentices as of 31 December 2017 under apprenticeship or occupational contracts with a level of education ranging from one-year post-graduate diplomas to the Master's level for a term of 1 to 2 years.

A survey amongst sandwich course students with the bank during the summer of 2016 showed that 92% of them (+1pt compared to the previous survey) considered that their professional experience with La Banque Postale had allowed them to acquire new skills, while 86% of them considered that it was a real asset for their CV (+2pts). With regard to students at the end of their studies, a more precise qualitative follow-up of their internship or apprenticeship within La Banque Postale has been introduced in order to replenish the pool of young talent.

La Banque Postale was awarded the "Happy Trainees" label in 2016, which is an important and innovative ranking of the 150 best French companies for work placements or sandwich courses. This label currently rewards the commitment of HR managers and teams in this area. Almost 92% of students and trainees recommend La Banque Postale, and 80.3% of them have a favourable opinion of their employer (a figure which is slightly above the figure in the banking sector in general).

6.2.2.3 A comprehensive and competitive remuneration policy

La Banque Postale's ambitions for the future are to accelerate its commercial development and build the bank of tomorrow. The Bank supports this ambition with employees whose everyday dedication makes quality of service a catalyst of customer satisfaction and retention. To meet these new challenges, La Banque Postale has a human resources policy based on a comprehensive compensation system, applying fundamental principles of fairness and transparency. It aims to recognise skills development, establish a link between employees and performance, retain loyalty and support career paths.

To recognise the professional development of its employees, La Banque Postale has set aside a budget of 1.3% of total payroll for **raising fixed remuneration**. This budget notably includes a general

increase of €260 for all employees, with the exception of those in the highest salary brackets. This is consistent with the Le Groupe La Poste's budget for the compulsory annual salary negotiations for Financial Services employees. As part of the revaluation campaigns at La Banque Postale and the Financial Services, for equivalent levels in Group A, the annual rate of salary increase for women employees was, as has been the case for several years, more favourable than the one applied to men.

In 2017, La Banque Postale renewed a €100,000 budget dedicated to **gender pay equality**. This budget, which is set aside to tackle pay differences between men and women, in similar job positions, and to address the individual situations of employees beginning their careers, was used to improve the pay of 102 bank employees, 76% of whom were women and 35% of whom were employees starting their career.

La Banque Postale also shares the fruits of its expansion and performance in the form of **variable collective remuneration**: incentives and profit sharing. Incentives, which are calculated on the basis of the operating result and the CSR rating, reflect everyone's contribution to La Banque Postale's commitment to sustainable development. The incentive budget in 2017 totalled €3.5 million net. This result reflects La Banque Postale's performance in terms of sustainable development: its extra-financial rating means that it is among the most successful world banks in this area for the third year running. The Group's incentive agreements in 2017 also concerned nine subsidiaries of La Banque Postale. Profit sharing in the amount of €2.6 million net was also added to this budget.

La Banque Postale also gives its employees the opportunity to constitute medium or long-term savings via the **PEG (Group savings plan) and PERCO (collective pension savings plan)** schemes. La Banque Postale supports this investment effort by making an employer's contribution of as much as €1,200 gross per employee including €200 which is paid to their group PERCO without a corresponding payment. This unilateral measure set up in 2016 means that all employees can receive an employer's contribution and that their awareness of the importance of saving for retirement is raised. Lastly, La Banque Postale uses this employer's contribution, boosted by solidarity funds, to encourage employees to opt for socially responsible investments. The total employer's contribution in 2017 amounted to €2.7 million net. Furthermore, all of La Banque Postale subsidiaries can join the PEG and, since 2015, La Banque Postale's PERCO.

The La Poste Group's results for FY 2016 enabled Financial Services to pay an incentive budget of €5.5 million net to its employees. To encourage medium and long-term savings, the Le Groupe La Poste offers its employees the possibility of taking out Group savings plans and collective pension savings plans (group PEG & PERCO). The investments comprise at least 30% socially responsible assets. La Poste supports its employees' investment efforts every year by contributing up to €2,400 gross to the amounts they have invested individually. In 2017, the total employer's contribution for Financial Services employees totalled €3 million net.

A new **incentives agreement for La Banque Postale Group** was also signed in 2017. At the end of the previous incentives agreement signed in June 2014, La Banque Postale, its subsidiaries and union representatives unanimously decided to renew the Group's incentives policy for the next three years. With this new agreement signed on 28 June, La Banque Postale renewed its will to have its employees participate in the performance of the Group in the framework of a shared policy for companies that signed the incentives agreement of the La Banque Postale Group.

6.2.2.4 Dialogue and employee relations

Since its creation, La Banque Postale has paid special attention to ensuring **high-quality employee relations**, based on trust and mutual respect. In 2017, the Bank negotiated and signed nine agreements and amendments notably relating to the PEG, PERCO, incentives, Disability, NAO, supplementary group personal risk and health coverage, and the organisation of employee representatives.

Thus, the social core of La Banque Postale has continuously been reinforced since 2006. Between 2006 and 2017, more than 100 collective agreements were signed between La Banque Postale and Financial Services.

Financial Services continued, across the entire scope (Financial Centres and National Centres, DISFE, DEDT, Remote Bank National Centre and the Financial Services Department) to hold a particularly rich and dense social dialogue in 2017, maintaining a controlled social climate through a partnership and confidence-based social relationship.

Quantitatively, 18 **national meetings** were organised (nine social dialogue committee meetings and nine meetings to follow up the 2016-2020 agreement on the future of jobs in the banking sector, the *Accord Avenir des Métiers Bancaires* (AMB)) and more than 50 bilateral meetings were held with unions, notably in preparation for national bodies. This social dialogue was then rolled out in all regions, both as part of the local follow-up of the AMB3 and in compliance with the La Poste method for implementing transformation projects.

Three major themes stood out in 2017 in the Financial Services scope:

- ▶ the continuation of transformation projects concerning the Front, Middle and Back Offices;
- ▶ the "Organisation of Working Time" approach within the Financial Centres (agreements at the Nancy, Lyon and Limoges Financial Centres), the IT Department (DISFE) of La Banque Postale (framework agreement on 7 September 2017, the Remote Bank, the Corporate and Territorial Development Department (DEDT) and the Financial Services Division (DSF);
- ▶ the implementation and follow-up of the 2016-2020 *Avenir des Métiers Bancaires* (AMB) agreement.

As regards cross-cutting Financial Services/Network/ La Banque Postale activity, 14 CDS (La Poste Social Dialogue committee) meetings were organised in 2017, some of which were devoted to structuring subjects such as MC2, Compétences 2020, CAP Client and the new home loan distribution framework.

Regarding the MC2 regional structure reorganisation project, 2017 was marked by the first ICCHSCT (Coordination body of the committees for Health, Safety and Working Conditions) within the Le Groupe La Poste.

The year was marked by the signing of the **agreement on the working conditions for banking advisors** on 11 September. This agreement concludes the 3rd and last project of the 17 December 2014 agreement on the method and social measures for the banking advisory scope. Along with the sales management agreement signed in July 2015) and the jobs and careers agreement in March 2016, they now form a coherent set of measures that will support the evolution of the role of managers and the growing need for strengthening the skills of banking advisors.

Still in the Banking Advisory Line, a full day was dedicated to the follow-up committees of the four social agreements. They enabled a review to be made of all of the commitments taken since 2014, notably on promotions for banking advisors, mobility, the set-up of recruitment pools, remuneration, qualifying training, the quality of working conditions, etc. Note also that the agreement on method and social methods and the sales management agreement expired on 31 December 2017. Their main measures were renewed by memorandum up to 31 December 2019.

6.2.2.5 Health, safety and well-being at work

The Financial Services have been committed for several years to the deployment of a policy for the prevention of occupational risks through initiatives adapted to the actual work.

Thus, actions to **prevent musculo-skeletal disorders (MSDs)** were renewed in 2017. Since early 2014, a training course for employees entitled "I protect my back and my joints", concerning movements and positions, has been provided by OSH experts and medical personnel. This one-day training course presents concepts of anatomy, ergonomics, observation of work situations, and practical exercises on the layout of computer work stations and stretching and relaxation exercises.

A project to prevent and manage incivility, both internal and external, continued in 2017, as part of the **prevention and management of psychosocial risks and incivilities** within the Financial Services Division, through the experiment of a training session on stress management in the face of uncivil behaviour towards employees during telephone conversations with customers.

2017 was also a year of **experimenting with "Work Discussion Areas" (Espaces de Discussion sur le Travail - EDT)** within the Financial Services of La Poste. The EDTs enable managers and their teams to build operational solutions for daily problems and to extend already existing best practices.

The synergy between our Health at Work Services, our Human Resources and our management line on the subject of **job retention** has been strengthened by the deployment of "return to work" and "job retention" committees that make it possible to conduct multidisciplinary work to support postal delivery employees in need. 2017 was the year of implementation of the tool dedicated to these committees making it easier for their work to be carried out.

2017 was also marked by the continuation of the **absenteeism project** with a quantitative and qualitative assessment of absenteeism within each entity. The sharing of all these good practices will be a key stage in 2018 with regard to this theme. Likewise, the deployment of the training of managers for the "return to work" interview continued in 2017. This training, the purpose of which is to explain the different stages of the return to work interview and the attitudes to adopt for each of these stages, is fully in line with the Le Groupe La Poste's "Well-being at work" project.

The Financial Services continue to deploy human impact analyses within the scope of transformation projects. This tool, deployed within each entity, makes it possible to further take into account work conditions during projects, through a multidisciplinary approach (occupational health services, preventive personnel, HR, social assistants, CHSWC (committee for Health, Safety and Working Conditions, etc.) and with the active participation of employees and managers.

The National Committee for Occupational Health and Safety (Commission nationale santé sécurité au travail, CNSST) of the Financial Services continues to monitor and propose prevention initiatives, while accounting for the human factor in projects. Different subjects were discussed, such as the "internal/external incivilities" project, the "Absenteeism" project, the deployment of "Work Discussion Areas", training on the "Return to Work" interview, the implementation of the "Well-being at work" project, incorporating actions to prevent work/service accidents and actions aiming to better integrate employees into their new service.

Following the signature of the *Avenir des Métiers Bancaires III* agreement in December 2015, a working group was set up to study the new measures to be implemented to improve working conditions inside the Financial and National Centres. This working group was composed of employee-relations partners sitting on the Financial Services CNSST and different key experts. The discussions take into account the impacts of, among others, digital technologies and changes in customer relations.

The prevention unit and occupational health services continue their work of accompanying employees and managers, and ensuring that work conditions are taken into account within their respective entities, in particular by the adapting of workstations and the organisation of working groups. In addition, the new professional training programme launched in 2016 for the whole of the sector was continued in 2017. The purpose was to provide new tools and methods to offer the best support to La Poste's Financial Services with a view to improving working conditions.

Well-being at work

Based on the principles stated in the Health and Well-being at Work Agreement, in 2017 La Banque Postale reinforced and updated its annual prevention plan and the DUERP (*Document unique d'évaluation des risques professionnels*, or "single occupational risk assessment document").

In addition, to reaffirm that La Banque Postale and the Financial Services are permanently concerned for the well-being of their personnel at work, the **Commitment and Life at Work Division**, created in September 2014 within the HR Department of La Banque Postale, the Financial Services and the Network, continued to perform its mission: "encourage, create and foster employee commitment in their work".

Since 2015, the HR Department of La Banque Postale, the Financial Services and the Network, voluntarily posted an updated policy of "consideration of people". A postal worker should be considered and treated as having "a purpose in their own right", and not just as a resource. The overhauled management must also translate this strong will to generate commitment on the part of the greatest number of postal workers by the manifestation of true consideration for people.

The quality of life in the workplace is above all connected to the ability of individuals to gain the sense of **professional fulfilment**, itself the fruit of a considerate work environment. This philosophy of consideration for people in service to their willingness to commit is taken into account in the **management courses** taught at the École de la Banque et du Réseau.

The manager's Roadmaps integrate to a considerable extent the indicators of the reality and quality of this commitment: social barometer and low absenteeism. A certain number of accompaniment measures are provided to managers to assist the implementation of their missions: coaching, mentoring, and mediation. Practices are developed in order to contribute to the advancement of the awareness of the need to go beyond messages, by knowing how to modify one's behaviour: feedback, 360 degrees, discussion space, networking workshops, etc.

It is important to understand how much this philosophy, intellectually appealing to a great number, demands very high standards from all, from the business's managers to the line managers, in matters of consistency, awareness, courage and serenity.

In June 2017, the Human Resources Department of La Banque Postale and the Financial Services carried out a third satisfaction survey of the quality of life at work among all employees: Financial Centres and National Centres, DISFE, DEDT, Remote Banking, DSF, and the Divisions of La Banque Postale.

This **social barometer** has as its ultimate goal to offer a vision of the perception in time of the quality of life in the workplace within establishments, in order to act on common themes such as finding a balance between private and professional life, the work environment, recognition, management, etc.

Thus, in two stages in 2017 (June and November), close to 54% of employees answered the questionnaire.

In addition, a **special mediation and support position** inside the Operational HR Department of the Financial Services Division supports and advises managers and local HR teams on how to deal with complex individual situations faced by the Financial Services and the Bank. Solutions are implemented on a case-by-case basis: individual support, professional or geographical mobility, etc.

Moreover, as part of the improvements in work/life balance, but also with a view to participating in stress reduction, a **work-from-home** agreement was signed on 25 June 2013 at La Poste Group.

To promote this balance, La Banque Postale for its part renewed an agreement on working from home within the UES companies on 22 January 2016. At 31 December 2017, 486 employees of La Banque Postale Employees and Financial Services benefited from this working method and remote relationship, based on the confidence of their managers.

In addition to the action initiated by the Commitment and Life at Work Division and the Financial Services, in 2017 the Commitment and Quality of Life at Work Department of the HR of the Operational Network continued to develop its organisation and expertise. Its objective is to better meet operational constraints and strengthen the primary, secondary and tertiary prevention initiatives.

Thus, thanks to a structuring of the activity by project, each actor of the Network now has a dedicated contact person, at the national level, for numerous themes: medico-social support, handling of individual situations, support for job retention and workstation ergonomics, improvement in work conditions, CHSCT expertise, handling of absenteeism, and the follow-up of commitments in the framework of major transformation projects that require changes in working behaviour. The management of the prevention part was moreover reinforced, and the future Observatory of the Quality of Life at Work will enhance the indicators measured. A CNSST geared towards co-construction also supports the regional CHSCT.

Several actions were carried out to support HR and reinforce prevention, to accompany the transformations and give greater attention to each employee. An **analysis of multi-disciplinary impact** is done, for example, as part of the CHSCT work for each national or local project, enabling information to be exchanged about the collective and individual impacts, whether at the human, organisational, technical or environmental level.

The start of 2017 was also dedicated to growing the skills of HR and medico-social actors and employee representatives: they participated in a three-hour distance training session integrating digital tools that favour the adoption of digital methods when they are implemented. This tool was also deployed as part of the work carried out to support the changes, at the national level, with two objectives: to reduce upstream the exposure to the risks inherent in the defined guidelines, and to provide the elements of language common to the Chair people of the regional CHSCTs. It was strengthened by the creation of the first CHSCT Coordination body, dedicated to the MC2 project (for the reorganisation of regional structures). Steered at the national level, this body reflects the implementation of the guidelines, with notably a consolidated prevention plan and tangible commitments, including the creation of the "Observatory of the Quality of Life at Work" (*l'Observatoire de la Qualité Vie au Travail*, or QVT).

The Network Division also rolled out the guidelines of the "**Well-being at work**" project, with a systematic analysis of work accidents and implementation of the tool dedicated to absenteeism (APALA). To this end, support tools – framework document, kit for managers – were designed by the QVT team and circulated to the HR and prevention teams.

Finally, in view of the increase in uncivil behaviour in post offices, the Department for Safety and Prevention of Incivilities of La Poste Network continues to provide training for all post office employees in preventing incivilities on these subjects. To date, over 36,000 employees have participated in a training course. In 2016, 15,000 complaints of incivilities were recorded on the ORAS application (tool to record uncivil behaviour). Specific actions were taken, notably by setting up the CTPI ("Regional Committees for the Prevention of Incivilities") and the DCI ("Uncivil Behaviour Initiative").

The purpose of the CTPI is to analyse the specific situations concerning the prevention of incivilities, to perform a diagnostic of the offices concerned and to propose actions to improve employees' working conditions. The regional department has discretionary authority to make local adaptations to ease tension in the sales rooms of these institutions. This new body, the deployment of which is being extended, already exists in 70% of the volunteer regional departments. The DCI supplements the tools which are available to postal delivery employees in the behavioural field. A General Policy for Incivility Prevention is now available to all actors concerned.

The Network QVT Division set up a procedure for **handling individual situations**, in cooperation with the national AS Technical advisors, the Head of Mediation of the Network and HR Technical advisors to the DEX. This initiative provides support for employees who are highly exposed to psychosocial risks, to absenteeism related to external violence, to significant changes and to increased inability to remain standing for long periods. In 2018, actions will as a priority focus on four themes: improving the ergonomics of workstations in order to prevent inability to work, absenteeism (sharing of experiences, manager workshops), the development of Health at Work Services and the improvement in working conditions (including office space giving priority to the societal aspect and a continuation of the project to renovate interior spaces).

6.2.2.6 Diversity, disability and equal opportunity

Commitments and agreements

Respecting and promoting the principle of equal opportunity and equal treatment is something which applies to all company players, at all levels and at all stages of their working lives. As "a caring, socially responsible bank", La Banque Postale is committed to promoting diversity and equal opportunity, to give everyone access to its various business lines. It also pursues an employment development policy for people with disabilities, promoting their integration and ensuring their career development.

A fourth disability agreement, signed in March 2017, at La Banque Postale, concerns employees of La Banque Postale and of La Banque Postale Crédit Entreprises. This agreement makes it possible to continue the actions started in 2008 by La Banque Postale, which are: recruitment, integration, training, remaining in employment and awareness-raising among different company actors. The awareness of employees with regard to disability was raised throughout the year through key events (an Employment of Disabled Persons Week, health-disability forums, which make it possible to focus on certain themes: incapacitating illnesses, visual and auditive disability, etc.). They are informed of these events by the distribution of flyers, the dissemination of articles on the intranet and dedicated communication screens, etc.

Various jobs are also the target of specific awareness-raising (buyers, trainers, etc.). External awareness raising is also implemented via participation in hiring forums, partnerships with "grandes écoles", universities, non-profit associations working with disabled persons, etc.

With respect to La Poste's Financial Services, an **amendment to the sixth La Poste Disability Agreement was signed in December 2017**.

Through this new agreement, La Poste pursues and reinforces its commitments to promote the retention of disabled persons in their jobs. In particular, the agreement gives priority to keeping disabled persons in their jobs by creating a committee for Return to Work and Job Retention in each entity. It also aims at pursuing efforts in matters of hiring persons with a disability, and turning to the adapted/protected worker sector. Moreover, the mobilisation to develop digital accessibility is being reinforced.

In 2017, the network of disabled-persons' representative officers set up in 2012 was transformed into a **network of representative offers for disabled persons and local diversity**. This network of 27 representative officers contributes to the implementation of the commitments of the agreements. They are the preferred contact people for disability and diversity issues, both with respect to job retention and in raising employee awareness. Their roles, duties and contact data are disseminated by posting them in the entities and on the intranet. Each officer organises at least one awareness raising initiative per year and receives all the employees who so request.

As proof of its commitment to **diversity, gender equality at work and the generations contract**, La Banque Postale renewed its agreement on these key subjects on 7 November 2016. New commitments have been established as part of this agreement, such as the donation of rest days, when each employee can give his or her rest days anonymously to colleagues with a seriously ill child, or parent, and implementation of the right to disconnection.

La Banque regularly establishes initiatives for raising its employees' awareness and there are training courses on diversity in the training catalogue so that everyone has a good understanding of what diversity is and its challenges.

In addition, since 18 April 2013, the signature date of the **Diversity Charter**, La Banque Postale has been pursuing its wish to integrate and to promote each person on the basis of his or her competencies, without discrimination, in order to best reflect in its workforce the diversity of the French population.

The **Professional Equality Agreement of the La Poste Group** was signed in July 2015 and covers all aspects connected to relations between men and women and, in particular, the weight of stereotypes in relations, a job gender mix through hiring and promotion, equality between men and women, and separation between personal and work life, right to disconnect, etc. It is implemented by the handicap and diversity officers of each entity, who ensure it is respected at all levels. Communication tools are used, such as, for example, an "HR Guide to Parenthood" which informs employees, particularly young parents, of existing services, a "Caregiver's Guide" for family caregivers, etc.

In terms of actions, the entities arrange local forums with non-profit organisations and address subjects according to their population (skills-based sponsorship oriented towards older workers, solidarity leave, stereotypes, gender equality, etc.).

The La Poste agreement on the integration of young people and the employment of seniors was renewed in October 2016 in order to continue the active policy of age management. The agreement aims to improve young people's access to employment, the job retention of seniors and the intergenerational transfer of knowledge.

Actions of the diversity, disability and equal opportunity mission

To achieve its goals, the disability and diversity mission of the La Banque Postale branch and the disability and diversity officers carried out numerous actions and participated in numerous events in 2017.

As regards disability, the commitment to **recruiting people with disabilities** led, in 2017, to the recruitment of three people with disabilities at La Banque Postale (two of whom on a work-study contract) and of four people in the Financial Services (including one person on professional training contracts). To achieve this result, La Banque Postale participated in several events (video chat, job teaser, "Adapt" forum, etc.). Moreover, actions were carried out with our partner schools (ESSEC, Sciences Po, IGS, etc.) to raise awareness amongst students and future managers of the professional integration of disabled people and to help develop accessibility and knowledge.

On the subject of **job retention**, La Banque Postale and the Financial Services supported around 970 disabled employees. In La Poste's Financial Services, close to **400 actions** to keep employees in their jobs were carried out in 2017, at a cost of over **€775,000**. The Disability Mission carried out a dozen position adaptations within La Banque Postale's scope: adapting hours and paying for transport costs between home and work, and for training costs in excess of the Company's training plan. In addition, half-days of leave were granted to employees of the Bank for administrative or medical procedures related to their disabilities, or those of their disabled close relatives. So that disabled employees may have better access to training, since November 2013 they may indicate their training adaptation needs directly in the management tool. The work of the project on accessibility to e-learning modules continued in 2017 with the aim of giving everyone the same access to training.

The Disability Mission has also set up **awareness-raising** actions aimed at all employees of La Banque Postale to break down barriers and stereotypes linked to disability or its representation. In 2017, La Banque Postale accordingly renewed the programme for learning French Sign Language. An awareness-raising initiative for managers of La Banque Postale was continued over 2017, to inform them of the Disability Policy and its challenges, their day to day role, and key players to assist them. This awareness-raising action conducted through the Company will continue in 2018 in order to train all La Banque Postale's managers.

Finally, the Disability Mission informed employees of **purchases in the protected and assisted work sector** during the **Sustainable Development Week** in June by inviting ESATs (Assisted Employment

Centres) and adapted companies to present their business. Purchases by the La Banque Postale from the disabled and protected sector increased by 9% between 2016 and 2017 thanks to everyone's efforts (purchasers, consultants, etc.).

In addition, every year La Banque Postale takes part in the **European Disability Employment Week (EDEW)**, which in 2017 was the week of a national Diversity and Disability campaign, entitled "*Tous différents, Tous performants*" ("everyone is different, everyone generates performance") in order to apply all of La Banque's commitments to its employees. Several events were held for employees at La Banque Postale's head office: games, quizzes, workshops dealing with stereotypes, Slam writing workshops, "come out of your bubble" workshop, etc. encouraging discussions on the theme of diversity and disability.

Several events were also organised during the week at the regional centres. At the Financial Centre financier in **Toulouse**, for example, an initiation to "Handi-scime" (wheelchair fencing) was offered, a static version of fencing in which the participants sit face to face in a wheelchair that is fixed to the ground. Employees were given electronic canes and followed a blind circuit in order to understand how people with visual disabilities get around. At the Financial Centre financier in **Marseille**, employees received massages given by people with visual and auditive disabilities. The programme of the Information Solutions department included the theme of non-verbal communication and disability during an original coffee break offered at the sites of **Ivry sur Seine, Nantes, Gradignan and Toulouse**. Employees were invited to communicate in French sign language (LSF) to order a drink offered by the department, along with many other actions carried out to raise each employee's awareness of disabilities and change perceptions. The Le Groupe La Poste invited its postmen and women to discover scenes of life at work shown from a humoristic angle via an innovative digital poster campaign: five larger-than-life posters depicting scenes relating to the themes of sexist behaviour, gender equality in the workplace, family caregivers, the fight against discrimination and job retention. The campaign will be carried out over the first quarter of 2018, and its purpose is to create discussion among employees on these subjects, challenge stereotypes and encourage change in any behaviour that may exist that is not respectful of diversity.

6.2.3 Societal commitment

Its employees' commitment has made La Banque Postale a **trusted** and essential player for banking services in France. It reaffirms its identity around its unique character and its values as **a bank that works in the best interest of the community at large**. Its goal is to be an **engine for social and economic progress** by placing itself at the inflection point between individual and collective interests.

La Banque Postale is a reference in terms of responsibility and commitment. It is successful and robust and aims to deserve the trust of its customers and stakeholders by supporting their projects and participating in **regional development**.

6.2.3.1 Responsive to stakeholders

The discussions that it conducts with non-profit associations within the framework of the *Alliance Dynamique* in order to promote the social and solidarity economy (see below) or as part of the Initiative against banking exclusion (see section on "*Banking Accessibility*") shows the extent to which La Banque Postale is open to dialogue with external stakeholders.

In order to better identify the expectations of actors linked to the Bank, in 2017 the CSR Department set up an internal Group focus (grouping together HR, the DHA, Communication, Marketing, the Network and the Corporate Department) with the aim of listing and prioritising key stakeholders. The prioritisation matrix that resulted from this workshop will enable the Bank's materiality matrix to be updated in 2018.

In the **discussions held with the consumer associations** of the La Poste Group (since 1989), La Banque Postale takes part in the first discussion level. Twice a year, the Chairman of the Executive Board meets the national spokespersons of approved consumer associations.

True to its values of local presence and transparency, La Banque Postale maintains its ties with local public-sector players, notably **through its local finance steering committee**, composed of elected representatives, former parliamentarians and experts. This committee has a prospective, observation and advisory role: assessment of risks, monitoring, proposing new services, etc.

In order to meet its commitments as regards social home ownership, La Banque Postale pursues its exchanges with the actors of the social housing sector in the framework of its **steering committee for access to social home ownership** (a committee made up of notable people from the fields of housing and social home ownership). Chaired by the Chairman of La Banque Postale's Executive Board, this committee is responsible for advice, planning, and observation. Meeting at least twice per year, it thus plays a role in setting up an innovative model for home loans aimed at low-income households, one of La Banque Postale's key strategic aims (see chapter on "Banking Accessibility").

Since 2010, La Banque Postale has been issued **extra-financial ratings** on a regular basis. At 31 December 2017, La Banque Postale was still rated C+, with the "Premium" status, by the agency **Oekom research** maintaining its position as the leading French financial institution for extra-financial performance. This ranking attests to the quality of the CSR measures implemented. In April 2017, **Vigeo-Eiris** confirmed these good results, giving La Banque Postale a rating of 67/100 (up 4pts), ranking it at the top of the list of world banks on the panel that was evaluated. For the first time, in June 2017 La Banque Postale actively participated in the rating of the agency **Sustainalytics** and obtained a rating of 73/100 (up 14pts). Lastly, **MSCI** ranked it "AA". Among La Banque Postale's strong points, the agencies emphasised its responsible marketing policy and the transparency of contracts, the measures taken to ensure access to financial services for all, the development of financial services with significant social benefits, and a good integration for social and environmental issues in asset management.

La Banque Postale's responsible behaviour is also acknowledged by the French people. According to IFOP's annual **Sustainable Development Observatory**, French people designated La Banque Postale as the No. 1 French bank in terms of commitment to sustainable development, for seven years in a row between 2009 and 2015, the date of the last ranking. Its status as a bank that works in the best interest of the community at large is thus confirmed.

Moreover, La Banque Postale strives to convey its values by participating in the **major committees tasked with promoting CSR**. It also actively participates in various working groups led by the Finance Club of the ORSE (*Observatoire de la Responsabilité Sociétale des Entreprises*, the "Observatory of Corporate Social Responsibility"), in the Greater Public Commission of the Forum for Responsible Investment (*Forum pour l'Investissement Responsable - FIR*), in the CSR/SRI steering committees of Paris Europlace, in the CSR Club of the French Banking Federation, *Fédération Bancaire Française* (FBF), and in the French employers' organisation Medef's CSR and Extra-Financial Performance committees to advance major CSR projects (taking into account extra-financial criteria in the insurance sector, promoting SRI to private customers, enhancement of actions in the finance sector to promote the environment, measurement of the carbon footprint of the financial sector, etc.).

In 2017, La Banque Postale was particularly involved in the work conducted by the ACPR (French Prudential Supervision and Resolution Authority) and the DG Trésor (Public Treasury Department), after the **Task Force on Climate Related Financial Disclosure** was set up. La Banque Postale thus illustrated how it takes environmental factors into account in its financing activities, as well as the impact of climate challenges on its activities (see section on the "Management of Extra-Financial Risk").

6.2.3.2 Accessible by all and for all

The La Poste Network, a showcase for La Banque Postale in the regions, has committed itself, since 2007, to a major programme of modernisation designed to **facilitate the accessibility of post office**

branches, products and services for disabled persons. The commitment within the scope of the programmed accessibility agendas (Ad'AP) was to extend the accessibility programme to post offices between 2016 and 2024. By the end of December 2017, 5,678 post offices (65%) had accessible sales areas for all disabled people and 4,212 of them (48% of the fleet) had external access for people with reduced mobility.

At the end of 2017, 98.5% of **Automatic Teller Machines** (ATMs) situated on Post Office façades were either directly accessible to persons with reduced mobility (PRMs), or situated in direct proximity to another ATM which is accessible to PRMs in the same Post Office. The provision of accessible ATMs and SSTs (Self-Service Terminals) of La Banque Postale for blind or visually impaired persons is also underway, with an accessibility rate at the end of 2017 of 81%. ATMs that are located inside the offices are all accessible.

A **French sign language interpretation service** has been experimented in post offices since 2014 to support people who are deaf or hard of hearing. **Personalised assistance** is provided right from when the customer enters the sales space, the use of a sign language interpreter in meetings with customers has been experimented with, and many spaces are equipped with sound amplification systems for better interaction with people, whether or not they are equipped with a hearing aid. In 2017, this service was provided at least once a week across all regions.

La Banque Postale has also reinforced the accessibility of its website by setting up a "**Space for the deaf and hard-of-hearing**" via the Company *Deaf*⁽¹⁾. It enables anyone, whether already a customer or not, to be put into contact with an advisor that knows sign language via video. The advisor can direct the person according to their needs: provide information on the sections of La Banque Postale's website, direct customers through the on-line banking service for account management or to subscribe to products, or to help them make an appointment with an advisor.

La Banque Postale also monitors the **digital accessibility** of the tools it provides in three main areas:

- ▶ La Banque Postale's internet banking site, accessible to users of voice devices since 2010, was audited in 2017, with a 78% accessibility rate. No blocking point was reported during user tests. The site underwent changes in 2017, with notably the overhaul of the account summary for easier access. Its level of accessibility is constantly improving;
- ▶ La Banque Postale's institutional website was also subject to an in-depth audit in 2017. No blocking point was reported but an action plan was implemented to improve the accessibility rate (73%). This site is frequently updated and modified and special attention is paid to preventing any risk of regression in terms of accessibility;
- ▶ LBP's universal application is 86% accessible to iOS devices and offers an unparalleled experience in the mobile banking world. Our teams are involved in all the stages of the new versions of the application. In July 2017, the Touch Id function was set up for the LBP iOS application, making authentication simple and fast for all.

Moreover, the Bank's monthly newsletter is available on the internet in a version accessible to the visually impaired. At the end of 2017, around 1,000 customers had registered to receive their **bank statements in Braille**. Bank statements are available either on-line in electronic version with voice synthesis (using Jaws software), or by signing up to receive the Braille version.

(1) Customer services centre specialised in managing contact with people who are deaf or hard of hearing.

In rural areas, La Poste is involved in reducing the **digital divide** and in improving customer service. Thus, at end-2017, more than 4,100 digital tablets had been installed in La Poste Agence Communale service points. Available to customers on a self-service basis, they provide access to banking and postal services, as well as to town hall and institutional partner websites, such as the CAF (family benefits fund) or Pôle Emploi (the French national employment agency).

On 11 January 2017, the 2017-2019 regional postal presence contract was signed with the French State, the Association of Mayors of France and intermunicipal presidents and La Poste. In this respect, resources of more than €4 million enabled more than 150 existing partnerships to be continued, providing support for our most vulnerable customers and allowing banking and budget workshops to be set up. New partnerships were formed, notably in French Guiana for Haut Maroni and Haut Oyapock and in Mayotte with the *Association Réunionnaise d'Éducation Populaire* (AREP) in Reunion Island. 12 training sessions were held for partners before intervention in post offices by the École de la Banque et du Réseau (EBR).

In order to make the banking accessibility mission - which enables anyone who requests it the right to open a Livret A account - including asylum seekers, more fluid, the list of referring offices for migrants and the list of referring offices for administrative detention centres ("*Centre de Rétention AdministratiP*", or CRA) were updated, *i.e.* 146 offices concerned by special reception services. These offices are more prepared for opening Livret A accounts for asylum seekers (referring offices for migrants) and/or have specific relationships with the mediators of the detention centres of the OFII ("*Office Français de l'Immigration et de l'Intégration*"), the French national bureau for immigration and integration.

In 2017, La Banque Postale launched a **digital banking inclusion plan** via a partnership that was signed with the association WeTechCare, created by Emmaüs Connect, and the Network teams. This plan provides solutions to the challenges linked to the digital transition and the opportunities it can bring to the greatest number of people. It concerns all customers, whether they are in a situation of exclusion, or digitally deprived to a greater or lesser extent, and breaks down into three main actions:

- ▶ propose an alternative physical or remote relationship to 100% digital to excluded people, whenever this is possible;
- ▶ support extremely digitally deprived people in the transition to digital;
- ▶ develop inclusive digital services for people who are deprived to a lesser extent.

All of these day-to-day actions to ensure digital accessibility means that La Banque Postale is positioned as one of France's most accessible banks.

6.2.3.3 Committed to serving the real economy in the regions

La Banque Postale has a responsible development policy with respect to its business customers, with its guideline being a few structuring, simple and clear principles stemming from its positioning as a "civic-minded bank".

The benchmark bank in the public sector

For the second year in a row, with €10 billion in financing to the local public sector, La Banque Postale continued its development in 2017 in strict accordance with its "trademark": a long-term relationship based on confidence, transparency, and responsibility.

The No. 1 lender to local municipalities

La Banque Postale continues to anchor in tangible reality the values it demonstrates via the financing of large local municipalities, as well as those with less than 5,000 inhabitants: half of loans are granted to small municipalities. Moreover, to better meet their needs, La Banque Postale lowered its minimum loan amount to €40,000.

Promoting social assistance

To round out its services offer and its multidisciplinary offer, in 2017 La Banque Postale acquired the company Domiserve, the No. 1 issuer of Cesu employment services vouchers financing social assistance.

Committed to health

La Banque Postale puts its know-how at the service of regional health players and develops, throughout France, financing for the healthcare sector. It is also particularly committed to meeting the growing need for lodging and services of the medico-social sector. In 2017, medium and long-term loans amounting to more than 500 million euros were granted to public bodies and associations managing healthcare and medico-social establishments. They financed the construction, acquisition or fitting of homes for the elderly or disabled, or the acquisition of medical equipment for healthcare facilities.

Supporting social housing landlords

As the historical partner of two out of three social housing landlords, in 2017, La Banque Postale reinforced its positions even more by increasing its Livret A outstandings to €2.5 billion, thus becoming the No. 1 bank for social housing landlords. In addition, the Bank increased the volume of short, medium and long-term loans to this category of customer by 60%. It thus plays an active role in supporting social housing projects and contributes to the search for innovative solutions in the production and management of rental property.

Moreover, along with the teams developing the solutions for "individual" customers, the Bank makes their life easier via simple and secure rent payment solutions. It also strongly encourages social home ownership by granting loans to those wishing to acquire their home.

Support for local public companies in their transport, energy, urban planning, and equipment projects

La Banque Postale has become the No. 1 partner for local public companies, with €350 million in financing granted in 2017, bringing the total volume of loans granted since the launch of this activity in 2014 to €1 billion. La Banque Postale thus provides very strong support to large regional projects.

A partner bank to large businesses

La Banque Postale has strengthened its position with respect to the 300 largest French companies as well as social protection players, notably pension funds, for which it makes 40% of pension payments every month.

With more than €6 billion euros in deposits, and close to €4 billion in loans, La Banque Postale is also a major player in the management of flows, with volumes of €15 billion handled.

In 2017, La Banque Postale formed excellent partnerships with major retail brands, thanks notably to its electronic payment solution with a volume of 350 million transactions.

Financing Assets and Projects

With its Assets and Projects Financing team, in 2017 La Banque Postale reinforced its actions alongside private and public entities (public service outsourcing contracts, public/private partnerships, local municipalities) to finance large transport assets (tramways,

containers, ocean liners, etc.), renewable energy projects (heating networks, wind turbines, and photovoltaic systems, fibre optics installation, establishment of colleges, etc.).

SMEs/ETIs, new growth drivers

Strong acceleration to finance the growth of SMEs/ETIs

Major breakthroughs were achieved in 2017 with the large retail, transport, and real estate sectors, for which La Banque Postale has become a benchmark. Payment solutions thus saw its business increase by 15%.

With regard to financing, more than €2.4 billion in short, medium and long-term credit was granted to SMEs and ETIs (intermediate-sized enterprises) for various types of financing: acquisition of commercial property, equipment and materials, working capital, cash needs. Part of this financing enabled work to be done to improve the energy efficiency of buildings, promote recycling, renew ageing vehicle fleets, set up organic grocery stores, develop a personal services network.

To meet the needs of its customers as best possible, La Banque Postale broadened its presence with the opening of two regional business centres (Bayonne and Annecy) and two business centres in the Greater Paris region of Ile-de-France (Courbevoie and Saint Denis), bearing in mind that La Banque Postale's objective is to double the number of its business centres across the territory by 2020.

In addition, La Banque Postale acquired a stake in **WeShareBonds**, a financing solution for intangible needs via crowdlending, thereby rounding out its financing range in an innovative way.

Supporting the actions of institutional investors and the associational network

As a creator of business and employment, this local network actively supports social links. Close to all the players in the social economy, La Banque Postale offers them dedicated solutions to help them fulfil their missions. Its historical relationship is based on a strong community of values with close to 300,000 customer associations.

Among them, 5,000 management associations are supported by advisors dedicated to the associative sector. In 2017, La Banque Postale continued its development to offer them dedicated solutions. It thus streamlined its medium and long-term investment range in the aim to promote its Socially Responsible Investments (SRI) to non-profit organisations.

To help large associations fulfil their missions to the maximum extent, La Banque Postale made its website available on two occasions in 2017 for large collections. It thus brought in significant sums for the Red Cross for hurricane Irma (€193,782) from 2,577 generous donors and for the **Téléthon** (€564,000). La Banque Postale thus plays its part as a bank that works in the best interest of the community at large by accelerating the collection of donations.

Developing banking services for micro-companies and professional customers

Launched in 2015, the project was again accelerated in 2017, with massive recruitment to round out the 320 advisors already in place. At a time of digitalisation and the closing of branches, La Banque Postale has anchored its strategy of proximity into reality with the external recruitment of 150 advisors.

Since October 2017, it has also created a remote "e-credit" team to make the financing of equipment for business professionals more fluid.

Thanks to its presence across all regions and its flow management and financing offers, it welcomed 23,000 new customers in 2017 and increased its loan production fourfold.

2017 was, lastly, the year of acceleration in the conquest of franchises, which is a strategic area in that franchises concern one store opening out of two, and are true accelerators of momentum in the regions. La Banque Postale participated in the "Salon de la Franchise" fair, and also visited regions, holding (free) conferences in 17 towns in France, in the framework of its "Entreprendre en Franchise pourquoi pas vous?" ("Opening a franchise, why not you?") partnership. The 40 banners already part of the Franchise Division of La Banque Postale generated more than 12% of total medium to long-term credit attributed to business customers.

With the acquisition of KissKissBankBank (see below), La Banque Postale broadens its range and provides business customers with a new innovative offer in the current crowdfunding palette.

Committed to promoting crowdfunding

Since June 2011, La Banque Postale has also supported the collaborative economy thanks to a partnership agreement signed with **KissKissBankBank**, a crowdfunding platform that enables project starters to raise funds through their friends and the general public. Each month, La Banque Postale finances 50% of a chosen project that has a sustainable development aspect, selected via votes by the public on the Facebook page of La Banque Postale. Over 90 projects have been supported in this way since the partnership was launched. Since 2013 this partnership has also included **hellomerci**, a platform for solidarity lending between private individuals.

In 2017, La Banque Postale reinforced its commitment in favour of crowdfunding by acquiring 100% of the company **KissKissBankBank&Co**. This acquisition is in line with La Banque Postale's digital development strategy and its wish to offer civic-minded products and services that meet the new expectations of its customers.

Lastly, in 2017, La Banque Postale also pursued its commitment to the **Social Cup**, the first French cup for **student social entrepreneurship**, launched with KissKissBankBank and MakeSense. This third year of the event saw more than 2,200 students compete in the 12 participating cities, to propose nearly 200 innovative social-enterprise projects. 12 projects were selected for the final, which took place in Paris in February 2017. These 12 finalist projects received a financial allowance from La Banque Postale for their first crowdfunding campaign launched on KKBB. Via these partnerships and initiatives, La Banque Postale encourages entrepreneurial spirit and the expansion of the collaborative economy.

Lastly, as part of its commitment to crowdfunding, the Bank acquired an interest in the capital of **WeShareBonds** in October 2016 in order to accelerate the financing of French SMEs. WeShareBonds makes it easier for French SMEs to access new sources of financing: the savings of private customers and corporate cash.

6.2.3.4 Attentive to its suppliers

La Banque Postale's **responsible purchasing policy**, implemented since the end of 2009, is fully consistent with the Purchasing Department's cost control policy. It is based on the following four pillars:

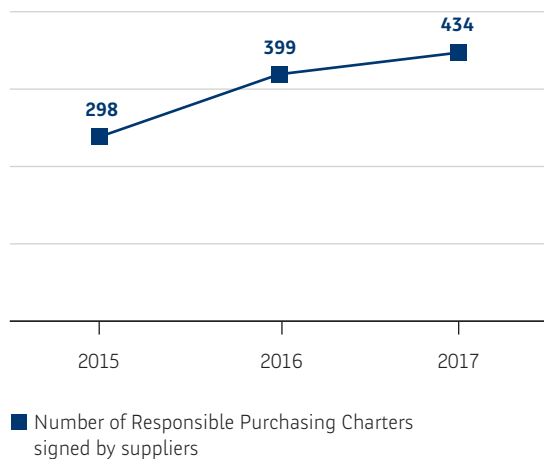
- ▶ the signing of a Responsible Purchasing Charter;
- ▶ turning to the disabled and protected sector;
- ▶ integrating extra-financial criteria -into the selection and monitoring of suppliers;
- ▶ making La Banque Postale's invitations to tender accessible to small and medium-sized enterprises.

The Responsible Purchases charter

Set up in June 2009 and updated in 2014 and currently being re-updated, this charter sets out the policy for suppliers. It raises their awareness of La Banque Postale's CSR policy and encourages them to commit to a CSR approach. Moreover, in the charter, the supplier undertakes to comply with the regulations in force, which are worded in a more formal manner.

La Banque Postale's Responsible Purchasing Charter must be signed for each new contract with a supplier, or at the steering committee meeting for ongoing contracts when the charter has not been already signed. The charter is one of the factors enabling the Bank to respect its due diligence obligations with respect to the companies that make up its value chain. In signing this charter, the supplier undertakes to:

- ▶ comply with the 10 principles of the **Global Compact** and the eight Fundamental Conventions of the **ILO** (International Labour Organization);
- ▶ develop within their enterprise a management system and working conditions respectful of **human dignity and workers' rights**;
- ▶ **comply with social and environmental regulations** by establishing practices (transport policy, recyclability criteria, final waste management, etc.) for themselves and their subcontractors.



At the end of 2017, **81% of the top 150 suppliers** (compared to 79 % at the end of 2016) had a responsible commitment covering 61 % of the total purchasing volume managed by La Banque Postale.

An increasing contribution to the indirect employment of disabled people

The actions pursued by the Purchasing Department have enabled it in particular to meet objectives set in terms of purchases from **the disabled and protected employment sector**. In 2017, purchases by La Banque Postale from the disabled and protected sector amounted to €935,363 VAT inclusive, an amount that has, moreover, continually increased in recent years.

The Purchasing Department, with the support of consultants, is always identifying new services in connection with the disabled and protected employment sector for tenders. Services such as printing, intersite shuttling or catering are in part dedicated to this sector, and competitive bidding is done with the ordinary sector.

Extra-financial criteria in supplier selection and monitoring

Every buyer at La Banque Postale ensures that **social, societal and environmental** criteria in line with the purchased service is integrated into the supplier specifications and during the supplier selection process. The supplier carries out an annual assessment during the service monitoring phase, which, if applicable, includes its sustainable development actions.

An ongoing discussion in collaboration with the consultants is also conducted on the improvement of supplier specifications to ensure that services are in line with the CSR policy of La Banque Postale.

Depending on the purchasing categories, environmental and social concerns represent in general **10% of the global weighting** of the rating criteria of the invitations to tender.

Supplier risk assessment

The CSR Division, in collaboration with the Purchasing Department, created a kit with a number of tools to raise **awareness of and encourage dialogue** on the challenges, risks and opportunities of having a responsible purchasing approach: the analysis matrix of CSR challenges, risks and opportunities regarding purchasing; CSR sheets per purchase family; an awareness-raising poster, an intranet section dedicated to responsible purchasing.

This **matrix** provides possibilities to be considered in order to mitigate legal, social, environmental and societal risks, and also to improve the positive impact of the purchasing act on various levels:

- ▶ social, e.g. the inclusion of employees with disabilities by taking into account accessibility when purchasing IT upgrades;
- ▶ societal, e.g. regional development by buying from the social and solidarity economy;
- ▶ environmental, e.g. improvement of the quality of life at work by buying a partition capable of reducing air pollution; in September 2014, the introduction of an electric vehicle for mail shuttles between locations;
- ▶ economic, e.g. the possibility of developing a competitive advantage for a La Poste product or service through an evaluation of the suppliers' variants.

Making La Banque Postale's invitations to tender accessible to small and medium-sized enterprises

In order to allow small and medium-sized companies access to its invitation to tenders, La Banque Postale pays attention to:

- ▶ reducing the risk of financial dependency *via* dependency rate measurement;
- ▶ allotting invitations for tenders so that micro and small and medium-sized businesses in very specialised sectors can tender directly and not as co-contractors or subcontractors. Example: specific batches for independent services with specific intervention requirements.

6.2.3.5 Encouraging equal opportunities

L'Envol, La Banque Postale's campus

Because education is a major national concern, La Banque Postale is committed to **societal sponsorship** to prepare for the future through equal opportunities. In 2012 it therefore created an association under law 1901: "*L'Envol, le campus de La Banque Postale*", which embodies its values and those of the *Le Groupe La Poste*, and which actively involves its employees by encouraging their **civic commitment**.

This initiative has been supported by the Ministry of National Education since it was launched, and its partnership was renewed in 2016. Its mission is to **foster educational pathways for young and talented pupils** from low income households from across France (rural and urban), including the overseas territories and departments, by providing individualised support for them, from the time they enter school until they register in higher levels of superior general, technological or professional (vocational) education, and/or until they become a part of the workforce.

L'Envol runs two programmes for pupils and students. They have common objectives but are tailored to the specificities of the training courses followed:

- ▶ the **"general and technological" programme**, which started in 2012, sponsors each year 60 pupils from high school (third to last year students) through to graduate level (with three years of graduate studies on average), in partnership with the Frateli association;
- ▶ the **"career path" programme**, which started in 2015, sponsors each year 45 students who have chosen superior vocational sectors (catering trade, metal working industry, art and fashion), in partnership with the association *Réussir Moi Aussi*.

The sponsorship programme strives to be complete and consistent in order to develop talent in all its forms, foster **diversity in superior educational/career pathways** and contribute greater social openness. To do so, the programme has six dimensions:

- ▶ to have the knowledge, working methods and motivation to improve or maintain results;
- ▶ to project oneself into the future, make informed choices and prepare for them;
- ▶ to know how to communicate and interact with other people and to learn from differences;
- ▶ to be self confident, believe in one's chances, manage stress and difficulties, and assert tastes and opinions;
- ▶ to extend one's horizons by developing general knowledge and critical thinking and by being open to new experiences; studying abroad;
- ▶ relationship to commitment: to respect one's commitments and take initiatives and responsibilities in one's activities.

Since it was created, **L'Envol has sponsored 479 students**, i.e. six "general and technological" classes and three "career path" classes.

All La Banque Postale and Le Groupe La Poste employees can volunteer for the **Mentors' Community**. They can either provide individualised support for a young person when they are at secondary school and/or during their further studies. The mentor contributes to the development of the young person they are responsible for, to the success of their educational and professional path, and to their openness to the world. Sponsors can also help to organise and coordinate large national and regional gatherings. Between 2012 and 2017, **654 employees** of La Banque Postale and the Le Groupe La Poste committed to being a mentor. Since 2017, new mentors participate in a day of training that is part of the training plan before committing to a young person. The objective is to teach them how a mentor behaves, give them advice for the first interview, as well as keys to the teenage stage, etc. In 2017, the commitment of mentors represented close to **1,200 days of volunteering**.

A sign of its success, L'Envol has won many prizes since it was launched: the *France Mécénova* trophy in 2013, the Europe hallmark in 2013, the *Entreprise Citoyenne* national trophy in 2014.

In 2017, L'Envol celebrated its 5-year anniversary and organised a forum entitled *"5 ans de citoyenneté au service de l'Éducation"* with its institutional partners of the French National Education

system, the *Commissariat Général à l'Égalité des Territoires* (General Commission for the Equality of Regions), its associative partners and other establishments committed to equal opportunity.

During the 2016-2017 school year, L'Envol gave high school students **368 hours of virtual classes in English and general culture** in small groups and **1,880 hours of academic support**. High school students wanting to apply to medical school, Sciences Po and other prestigious universities benefited from 84 intensive courses in order to be best prepared for the entrance exams.

Because drawing up a student budget is essential, L'Envol works in **partnership with La Finance pour Tous** and offers students financial education workshops, as well as material support on a case-by-case basis; thus, 59 computers were made available to them, in partnership with Ecodair (an organisation that recycles old IT equipment).

L'Envol holds **10 large events each year** to foster initiative among students, according to their academic level: integration courses for "general track" students (for students in their third- and second-to-last years of high school) and "professional track" students (for students in their second-to-last year of high school), a "Cap sur le sup" (introductory to higher education) course and field trip to Berlin (last year of high school), "Campus vers le sup" and English immersion stays (second-to-last year students) as well as local events in the regions gathering together mentors and students.

All these actions encourage the students to succeed in their studies: 98% of students earned their baccalaureate in 2017, and 74% of them received a special mention in their exam results! They choose their vocations in conjunction with L'Envol, which assists them in the process for determining a **career plan**. They pursue their post-secondary studies in a great variety of sectors (political sciences, medicine, preparatory classes, etc.) while continuing to receive counselling from their mentor.

In order to give back what they have received from L'Envol and provide support for the younger students, the students that have come to the end of their mentor programme created an alumni association called **"L'Envol Alumni"** and regularly attend the gatherings in turn as facilitators for younger people.

Skills-based volunteering

In 2017, the **skills volunteer** programme initiated by La Banque Postale and La Poste Network continued its development. Almost 80 new employees were trained for **budget workshops**, by participating in five workshops (two in Paris, one in Lyon, one in Bordeaux and one in Nantes). They were able to deploy their acquired skills mainly among those benefiting from the *Garantie Jeunes en Mission Locale* training programme for vulnerable young people. Around 20 employees sponsored mini-companies as part of the **Entreprendre pour Apprendre** (EPA) programme. The tests for the national EPA championship for mini companies, secondary school category, were also held at La Banque Postale's head office in May 2017. In addition, around 20 Île-de-France employees teamed up with **La Finance pour Tous** to mentor final-year students on the Management Sciences and Technologies course at the Creteil Academy and support their work on their corporate case study as part of their baccalaureate, while others worked with five other partner associations of LBP or the Network (ADIE, Passerelles&Compétences, Face, Planet Adam, Unis-cité). The employees who volunteered for these programmes reunited for a day of sharing and recognition on 9 June 2017 at the head office of La Banque Postale, and benefited from pitching training. Counting the volunteers who continued their commitment from previous years, almost 250 of the Bank's and Network's employees are currently active in skills-based volunteering, some of whom participated especially actively, such as in Orléans and Lille.

6.2.3.6 Respecting and defending major international commitments

As a subsidiary of the La Poste Group, which has been a signatory to the **UN Global Compact** since 2003, La Banque Postale upholds the principles set forth by the Global Compact regarding Human Rights, Labour Standards, Environmental Protection and the Combat against Corruption.

Regarding respect for Human Rights and Labour Standards, La Banque Postale, which is a French retail bank operating exclusively on French territory, is not concerned by the issues inherent in corporate and investment banking (CIB) activities. Nevertheless, in accordance with the Due Diligence Act, it undertakes to promote and respect Human Rights as described in the Universal Declaration of Human Rights for its business and within the framework of its relations with its suppliers. It considers the International Labour Organization's Declaration on Fundamental Principles and Rights at Work as a benchmark (see section on "Corporate Responsibility"). The Bank upholds freedom of association and recognises collective bargaining rights. Forced or compulsory labour and child labour are of course prohibited. Any form of discrimination is prohibited at La Poste and La Banque Postale. The Company reiterates its attachment to compliance with rules of

equality and respect for diversity in all its forms. As an example, the trade union organisations signed various agreements concerning job equality between men and women, employment of disabled persons, and the inter-generational contract designed to promote corporate values. The Company's internal rules also reiterate the prohibition of any harassment at work, and establishes procedures for reporting any presumed situation of discrimination or harassment to the operational Human Resources Department. A mediation unit was also set up to address suspicious cases (see section on "Corporate Responsibility").

In France, the employee training sessions on business ethics cover the **fight against corruption** (see "Management of Extra-Financial Risks"). Moreover, La Banque Postale ensures that its suppliers share its values by having them sign a Responsible Purchasing Charter (see above), underlining the importance of respect for Human Rights, Labour Standards and the Environment. In 2017, La Banque Postale, jointly with the La Poste Group, launched a risk mapping project in order to comply with the Due Diligence Act.

As proof of its commitment, in its February 2017 survey on business and human rights, the ratings agency VigeoEiris ranked La Banque Postale in first place among French banks and in third place among French companies from all sectors.

6.2.4 Environmental commitment

In terms of environmental measures, La Banque Postale implements simple, concrete, rated measures which contribute to the protection of the environment. The goal of this environmental policy is to reduce its direct and indirect impacts on the environment.

La Banque Postale is committed to fighting climate change

The La Poste Group has set itself new environmental objectives, particularly to **lower its greenhouse gas (GHG) emissions by 20%** compared to its 2013 level to fight climate change, as part of the "Energy Transition" priority programme in its new strategic plan for the period 2015-2020. La Banque Postale also intends to fully contribute to achieving these ambitious goals, by reducing the greenhouse gas emissions associated with its main emitting lines by 20%: buildings and IT, business travel and paper consumption.

To ensure the relevance of this target, and that it is in line with the ambitions of the Paris Climate Agreement signed during the COP21, La Banque Postale committed in 2017 to the "Science Based Target" initiative. The Bank thus has two years to submit its reduction target, including its indirect emissions, to the SBT.

In order to structure this initiative, La Banque Postale is participating in the project started by the La Poste Group in 2016 to deploy an environmental management system. **An ISO 50001 certified SME will be set up by 2019 and will form the base** for the coherent convergence of all the Group's energy transition actions. In 2017, the work Group completed the first phase of the project (signing of an engagement letter, setting of a timetable, identification of the scope of coverage and the roles and responsibilities of the players). This approach

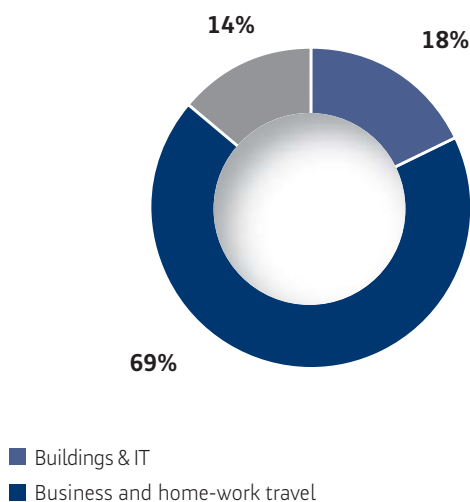
reflects a structural commitment on the part of the Bank in favour of the Energy Transition.

In addition, La Banque Postale remains mindful of the impact of certain indirect emissions connected to its products, as well as of reducing the environmental impact of its means of payment or its information systems. It also works to foster the circular economy of its resources and to control its water consumption. Externally it is also involved in the promotion of biodiversity.

6.2.4.1 Controlling La Banque Postale's GHG emissions

Aware of its impact and role, La Banque Postale is attentive to its direct greenhouse gas emissions connected to buildings, IT systems, employee travels (business trips and commuting) and its paper consumption. The carbon footprint of its main emitting lines in 2017 totalled 64,256 tons of CO₂ equivalent, compared to 64,451 in 2016(1). Despite a significant rise in emissions related to its employees commuting travels(2), La Banque Postale maintains an overall decrease of its carbon footprint (-0.3%) due to a 9% decrease of its other main emitting lines (buildings, business trips, paper consumption). The control of the main emitting lines is supported by an innovative mechanism, the Carbon Fund, which strengthens the management of its direct footprint in respect of the **energy performance of its buildings, the green IT performance of its computer network, the promotion of sustainable mobility and responsible paper consumption**.

WEIGHT IN THE LA BANQUE POSTALE'S CARBON FOOTPRINT OF THE THREE MAIN EMITTING LINES (EXCLUDING LCB)



La Banque Postale's Carbon Fund ✓

La Banque Postale launched its first "Carbon Fund" in 2015 to take concrete action on its CO₂ emissions. This is an **internal mechanism to monetise La Banque Postale's carbon footprint** (excluding LCB) in order to internalise the cost of this negative externality. For the first three versions of the Carbon Fund, a total budget of €1 million enabled to finance **internal projects** to reduce the Bank's greenhouse gas emissions and **external projects** with high added environmental value in France. This budget is calculated on the basis of the tonnes of carbon generated by the Bank's three main emitting lines - transport, buildings & IT and paper consumption (internal and external).

Invitation for tenders are launched every year for the **internal projects** and they are selected on the basis of several criteria including economic profitability and the carbon emissions potentially avoided. Thus, the 31 projects which have already been financed by the 2015, 2016 and 2017 Carbon Funds are directly involved in achieving La Banque Postale's goal of reducing its greenhouse gas emissions by 20% by 2020. Examples are renovation and energy efficiency works on buildings, awareness-raising campaigns on sustainable development in partnership with NGOs and associations, and the deployment of fleets of electrically-powered bicycles. Innovative pilot projects have also been financed, such as the vegetation of the roof of the Company restaurant of a Financial Centre, a study to optimise La Banque Postale's vehicle fleet, or remote eco-metering of energy resources, which uses intelligent sensors to itemise building consumption. According to projections, all the projects funded since the Fund was launched in 2015 have the potential to eliminate almost 3,000 tonnes of CO₂ emissions by 2020.

La Banque Postale, one of the first banks to have set up a Carbon Fund, is also the only one to date to offer financing for **external environmental projects** in France. Serving the regions, it finances, in collaboration with the Mail-Parcel Division of the La Poste Group, forestry projects of the Public Interest Group of the Massif Central and the CNPF (*Centre National de la Propriété Forestière*, the National Forest Ownership Centre) in the framework of the "*Climat + Territoires*" project⁽¹⁾ or the programme "*Ferme laitière bas-carbone*" (low-carbon dairy farm) project⁽²⁾ backed by the *Centre National Interprofessionnel de l'Economie Laitière* (CNIEL, the National Interprofessional Centre for the Dairy Economy) in the western and eastern parts of France. In 2017, the La Poste Network joined La Banque Postale in this approach by financing a forestry project of the ONF (the National Forestry Office) in the Hauts de France region.

Building on the success of this programme, La Banque Postale inaugurated the fourth version of its Carbon Fund. The call for candidatures for the 2018 Carbon Fund was launched at the end of 2017 to all its employees. The major change compared to the previous versions is the **increase in the price of the tonne of carbon from €8 to €10 euros**. This increase enables the financial budget of the Carbon Fund to be maintained at an equivalent level despite the drop in La Banque Postale's GHG emissions. Moreover, reinforcing the mechanism yet further, La Poste Network joined La Banque Postale in this approach in 2017. This new Fund promotes the implementation of projects fostering energy efficiency at post offices where over 50% of activities are dedicated to the Bank's business lines. This commitment by La Poste Network allows the Bank to offer an effective mechanism to promote the reduction of its environmental footprint across the whole of its banking, Financial Services, subsidiaries and Banking Advisory Line activities.

An energy performance policy for its buildings

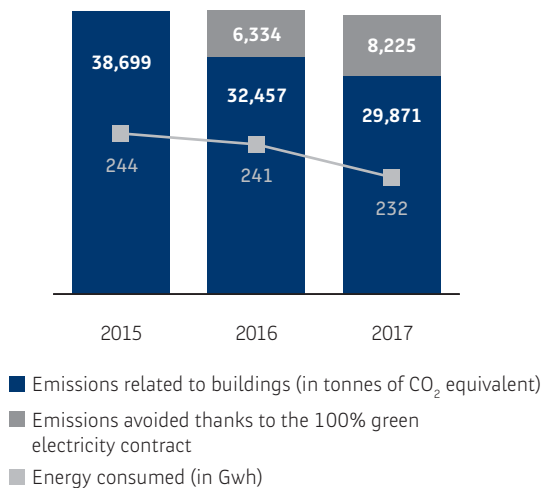
The policy on the energy performance of buildings overseen by La Banque Postale's Real Estate Department is based on the following three main axes:

- ▶ promoting energy savings work on buildings;
- ▶ optimising the energy efficiency of its real estate assets on a daily basis: inside temperature of premises, lighting, detection of leaks, etc.;
- ▶ encouraging ecologically responsible behaviour among employees.

The measures taken in this respect have enabled La Banque Postale to maintain its building-related greenhouse gas emissions in recent years despite the increase in business. Between 2013 and 2017, La Banque Postale's CO₂ emissions linked to buildings fell by 29% on a like-for-like basis. The ratio in terms of the number of employees is also positive with a 40% reduction in CO₂ emissions per employee in 2017 compared to 2013. In 2017, emissions linked to buildings totalled 29,871 tonnes of CO₂ equivalent (down 8% compared to 2016) across the most exhaustive scope available at this time, *i.e.* covering 13 out of 14 subsidiaries and taking the emissions caused by the banking activity (LCB) in post offices into account. This reduction is notably due to purchasing 100% renewable electricity for the majority of La Banque Postale buildings from 2016.

(1) The purpose of the "Climat + Territoires" programme is to support innovative socio-environmental projects in France, with a threefold objective: to "offset" the local environmental footprint, favour the adaptation to climate change and create value in the regions.

(2) Evaluation of the GHG emitted by the dairy production in each farm and the set up of an action plan adapted to each farm and its environment.



La Banque Postale expects that its **reduction targets** will be standardised from 2016, in line with its 2016-2022 strategic plan:

- ▶ 5% reduction in 2017;
- ▶ 10% reduction in 2018;
- ▶ 15% reduction in 2020;
- ▶ 20% reduction in 2022.

In order to achieve these objectives, La Banque Postale and its main landlord, Poste Immo, are already committed to various structuring actions and real estate projects which concretely reflect the energy performance policy's main axes.

In response to the first axis for the implementation of work on energy efficiency:

- ▶ La Banque Postale's Real Estate Department regularly orders, for its premises, heat insulation, roof repairs, heat regulation, replacement of obsolete air-conditioning, boilers or fitting of movement detection LED lighting in communal areas;
- ▶ in addition, La Banque Postale was able to identify energy emission-reducing actions that will feed into its 2016-2022 energy performance policy thanks to 11 **energy audits** (2015 Daddue Act) over more than 70% of the direct energy bill of La Banque Postale SA.

In response to the second axis for optimising the energy management of its real estate park on a day-to-day basis:

- ▶ La Banque Postale has purchased **100% renewable electricity** since 1 October 2015 to supply all its major sites (power above 36kVA), which represents 60% of total electricity consumption. This exemplary decision is part of the Le Groupe La Poste's commitment to the **RE 100 initiative** which undertakes to supply the real estate park managed by Poste Immo with 100% renewable electricity between now and 2020. This is another example of linking economic performance and the reduction of the ecological footprint. It contributes to the responsible economic development of the French regions and fosters the development

of renewable energy in France. La Banque Postale thus avoided emitting 8,225 tonnes of CO₂ in 2017 thanks to its suppliers of 100% renewable energy (vs. 6,334 tonnes in 2016);

- ▶ La Banque Postale works on a daily basis with its landlord Poste Immo to implement the Green Lease approach to its buildings. This approach aims to improve the environmental quality of buildings and reduce operating expenses thanks to sustainable use and management. It is implemented through raising the awareness of the occupiers to eco-gestures, the optimisation of building equipment and renovation planning that systematically incorporates energy performance;
- ▶ this approach covers La Banque Postale's 25 highest energy-consuming buildings affected by the environmental annex (leases for premises over 2,000 m² used as offices or shops). Moreover, in anticipation of the decree on service sector renovation, Poste Immo is a signatory to the Tertiary charter committing it to improving the energy performance of its properties of more than 5,000 m² by 25% between 2011 and 2020. 12 buildings used by La Banque Postale's employees are covered by this charter whilst the Green Lease initiative has been extended to this new scope.

The CUBE 2020 competition is one of the actions set up in the framework of the Green Lease approach. This competition is organised by the IFPEB (French Institute for Building Performance) and aims to encourage companies to reduce the energy consumption of their operational buildings. La Banque Postale, represented by Poste Immo, participated for the third year in a row. In 2017 236 buildings participated in CUBE 2020. 13 of them are occupied (partially or totally) by La Banque Postale employees. This third version ended on 31 December 2017. In the September ranking, all of La Banque Postale's sites had already achieved 10% of energy savings over nine months of competition. One of them has already exceeded the 20% threshold, putting it in the running for the gold or even platinum medal by the end of the competition!

- ▶ in this respect, the **SOBRE** solution (a joint venture between Poste Immo, Caisse des dépôts and Egis), which was created in 2016, began to be deployed in 2017 in the 5,000 sites most energy-consuming sites of the Le Groupe La Poste's real estate park. In view of the challenges regarding energy savings, compliance with regulatory requirements, and the mobilisation of users to support the energy transition, SOBRE offers a simple tool which makes it possible to have a better understanding of real estate assets, and to streamline and improve energy consumption. SOBRE aims to optimise how installations function and to influence behaviour and good practices in the Company to make savings of 10% to 15% without investment. La Banque Postale participated in the experimental phase of SOBRE. In 2017, 26 sites of La Banque Postale were equipped with the Sobre box, and 12 additional sites are planned for 2018. The feedback from the experiments and initial results enabled SOBRE to win the Consumer/Best Practices Smart Awards at the Smart Energies Expo in June 2017. SOBRE will be commercialised to companies and local municipalities in 2018, to provide them with better knowledge of their real estate network, and help them streamline and improve their energy consumption.

* Data restated on a historical basis.

* The total energy consumption includes the consumption of electricity natural gas, fuel oil, district heating, and propane gas.

Lastly, in response to the last axis of the energy performance policy, which involves fostering ecologically responsible behaviour among employees: La Banque Postale promotes multiple awareness-raising activities every year (eco-gesture campaigns, **awareness-raising stand**, thematic exhibitions) in offices throughout France thanks to the work of its CSR correspondents, who raise employees' awareness of the importance of adopting ecologically responsible habits.

A Green IT performance policy for its computers

The energy efficiency assessment conducted in 2007 and 2008 revealed that the share of electricity consumption attributable to IT systems was between 40% and 50%.

The carbon footprint of the various installed computer networks has been measured since 2013 at the level of the Le Groupe La Poste, thanks to the "Green Argile" IT tool. Thus, in 2017, the distributed IT⁽¹⁾ and La Banque Postale's Data Centers represented around 8,616 tonnes of CO₂ equivalent (vs. 8,968 tonnes of CO₂ equivalent in 2016), i.e. a decrease of close to 4% in two years⁽²⁾.

In parallel to a responsible purchasing approach to IT hardware and services, the department in charge of the IT systems of the Bank and the Network (DISFE), based on the analysis of the trend in the carbon footprint under its responsibility, has a Green IT action plan.

Thus, all the desktop and laptop PCs of La Banque Postale, the Financial Centres and the Network (post office branches) bought since 2012, gradually replaced, bear the EPEAT eco-label and currently represent 72% of the network.

Likewise, all printers and photocopiers acquired or leased since 2014 have the Energy Star label, i.e. 48% of the network.

Finally, the decision was taken to launch two new actions from 2018:

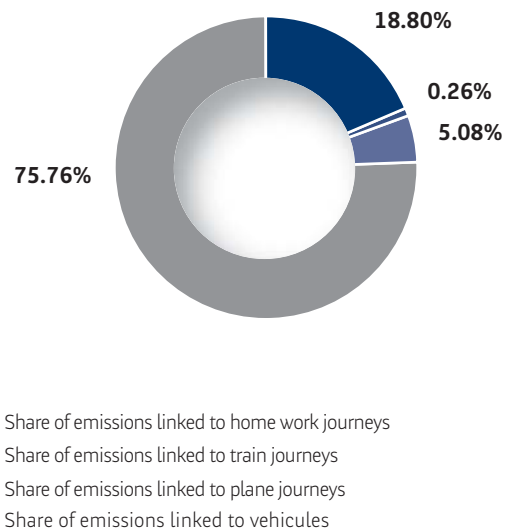
- ▶ the gradual implementation of the Watchdoc tool at our sites as part of printing management, which should reduce paper and ink consumption.

The gradual deployment of thin terminals in post offices in order to reduce electricity consumption.

A responsible mobility policy for its employees

La Banque Postale has taken various measures to reduce the environmental impact of journeys made in relation to its business, firstly by reducing the number of journeys made by employees, and secondly by promoting the most environmentally-friendly modes of transport among them. The responsible mobility policy concerns long business trips and home-work journeys by employees by car, train, plane, or soft transport methods.

EMISSIONS RELATED TO JOURNEYS



Assessment of employees' travel between home and work

Thanks to the participation of employees in the **home-work survey** carried out during the **2017 Mobility Week**, La Banque Postale was able to calculate trends in the environmental footprint related to its employees' travel between home and work.

The results of this survey show that 158.2 million km were travelled by La Banque Postale employees in 2017, or the equivalent of 3,955 revolutions of the Earth and 20,397 tonnes of CO₂ equivalent. We note that the distance travelled between home and work increased by more than 25% between 2015 and 2017, with an average of 40km per employee per day for an average travel time of 1h20. While this increase is proportional to that of the tonnes of CO₂ emitted, the **drop in the use of road transport** nevertheless limited CO₂ emissions by around 1,400 tonnes.

This increase in the distance between home and work is accompanied by an increase in the use of public transport. In fact, in 2017, the use of public transport by 44% of employees (vs. 38% for cars with a single passenger) was up by 25% compared to 2015. **Public transport has thus become the main method of transport for the employees** of La Banque Postale, while in 2015 it was still cars with a single passenger.

In 2017, 14% of km (compared to 11% in 2015), were travelled by La Banque Postale's employees using non-polluting means of transport, also called **active means of transport**: bicycles, scooters, roller blades, or walking. These active modes of transports are increasingly used by the Bank (+63% compared to 2015), with walking (61%) and bicycle (38%) the preferred choices.

(1) Distributing IT corresponds to office, corridor/department printers, laptops, screens, desktop computers and infrastructure servers.

(2) It is important to note that this network use data is included in the calculation of the greenhouse gas emissions linked to buildings.

Moreover, while **carpooling** remains a secondary mode of transport, it has increased by 35% compared to 2015 with 3.8 million km travelled by employees in 2017, reflecting a favourable trend in behaviour.

The survey is done every two years and will therefore be repeated in 2019. These figures are in line with the efforts made by La Banque Postale to encourage its employees to adopt soft modes of transport and enable it to calibrate the efficiency of corporate reduction actions.

Deployment of mobility plans

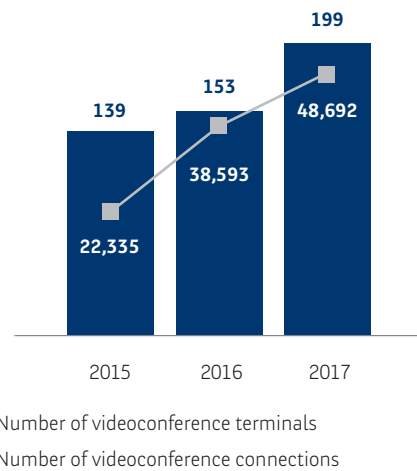
In order to reduce the footprint linked to employee travel, La Banque Postale began, in 2017, with the Le Groupe La Poste, an initiative to assist its sites in implementing the "**Company Journey Plans**" on a national scale. The purpose of a Journey Plan is to optimise the environmental and economic costs of **business and home-work travel** for employees whilst respecting the relevant legislation and complying with the regulatory requirements of the Atmosphere Protection Plans and the "Energy Transition for Green Growth" Act. La Banque Postale employees were involved throughout this project. In an initial step, they answered the **mobility survey**, which enabled an assessment of business and home-work travel. In a second step, they participated in consultation workshops organised by CSR correspondents supporting the company Journey Plans of their site. Out of the around 30 sites concerned, these steps led to the drawing up of **action plans** that in 2018 will lead to the deployment of company Journey Plans across all regions.

In order to reduce the impact of the travel of La Banque Postale employees, **awareness-raising actions were also conducted during the year**, and notably during the European Mobility Week. This week allows the Bank to recall its commitment to responsible mobility and to raise employees' awareness of these challenges. Numerous events were again carried out at national and regional entities during the 2017 edition of the event. The CSR correspondents also organised various parallel initiatives such as bike repair workshops, electric transport tests (electric bicycles and scooters, ZOE electric cars, etc.), promoting carpooling (notably via the discovery of platforms or carrying out inter-site challenges), multi-sport activities, guided visits of city centres, and many other mobility-associated events.

Limiting the impact of business journeys

Part of La Banque Postale's responsible mobility policy involves the installation of **videoconference** terminals in its buildings to simplify exchanges and meetings between its employees whilst limiting their business journeys. Thus, 199 videoconference terminals have been deployed since 2011 inside La Banque Postale's head offices, the Financial Services and certain subsidiaries. Since then, the number of connections has increased sharply, reaching 48,692 in 2017, i.e. a number of connections that has increased by more than 25% in only two years, proof of this service's success among users.

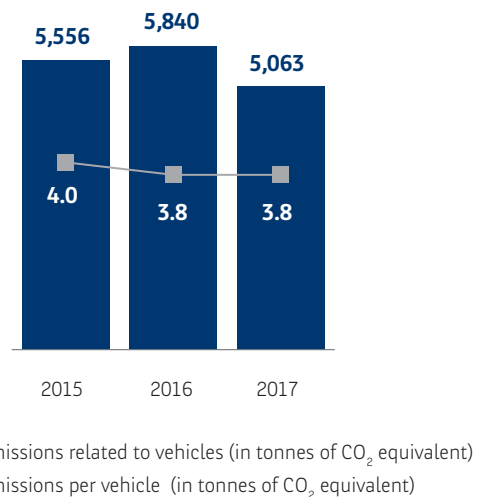
The development of **working from home** as part of improving the balance between work and private lives also contributes to limiting the impact of business journeys (see the *Social commitment* chapter, *Well-being at work* section)



The La Banque Postale vehicles

With respect to the **fleet of La Banque Postale's Company-owned vehicles**, 99% of the fleet's in-service vehicles were emitting less than 120 grams of CO₂ per km at the end of 2017, of which 42.7% emitted less than 101 grams.

In 2017, there was a **more than 13% increase in the emissions of tonnes of CO₂ equivalent linked to the consumption of the fleet of vehicles**, executive and company cars (5,063 tonnes of CO₂ equivalent in 2017 vs. 5,840 in 2016). In addition, the average volume of tonnes of CO₂ equivalent emitted per vehicle fell by almost 1%. This reduction is consistent with the policy of integrating more energy-efficient vehicles into the fleet, and of fostering responsible driving habits among the employees.



A study led by the Purchasing Department on **the optimisation of the vehicle fleet**, which won the 2016 Carbon Fund, enabled to identify optimisation methods that La Banque Postale can implement in the near future. The purpose of this study by Bemöbi Conseil, a subsidiary of the Le Groupe La Poste, was to identify driving practices in order to adapt La Banque Postale's car fleet and the costs of mobility.

In parallel, since 2014, La Banque Postale has looked into the possibility of integrating **electric and hybrid vehicles** into the vehicle fleet when possible. In line with the roll-out of the first electric vehicle at the Financial Centre of Marseilles in 2014, the Centres of Lyon and Limoges also each benefited from a vehicle in 2015. Subject to the need for renewal, the deployment of other electric vehicles will

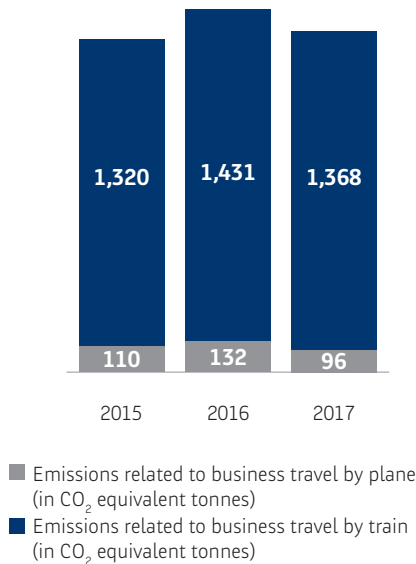
* Data restated on a historical basis.

be considered. The registered office, for its part, acquired **five hybrid petrol vehicles** in 2015 and 2017 (to replace diesel vehicles). This extended the incorporation of two electric vehicle references into the service vehicle catalogue in 2016 and 2017.

In addition, since 2008, 2,174 La Banque Postale employees were trained in eco-driving in the Financial Centres and head offices outside awareness campaigns. These **eco-responsible driving** courses provide training in more flexible driving methods based on anticipation and resulting in a reduction in fuel consumption and thus CO₂ emissions.

Rail and air travel

In 2017, employee travel by rail accounted for 96 tonnes of CO₂ equivalent (versus 132 in 2016) and air travel accounted for some 1,368 tonnes of CO₂ equivalent (versus 1,431 in 2016). Between 2015-2017, the CO₂ emissions related to air travel increased by 4%, while those related to rail travel decreased (down 13%). These figures are consistent with La Banque Postale's travel policy of providing different transport methods for its employees according to their destinations. This policy encourages "green" journeys by train for all journeys in metropolitan France apart from exceptions, while air travel is reserved for journeys to the overseas departments and abroad.



Promoting green transport

To encourage travel by green transport systems, 26 bikes including 19 power-assisted bikes are made available to employees in the Financial and National Centres. The head offices also became involved in the initiative, starting with Bords de Seine II,

The winner of the 2015 Carbon Fund, which was the first head office to be equipped with eight electric powered bicycles in 2016 for professional and private use. In order to test their appetite and change their travel habits, employees can borrow an electric bicycle for a month. Around 50 employees use this service on a regular basis and, thanks to this initiative, other employees have bought a bicycle.

All the Village La Poste sites (Lemnys, Brune and Crossing) have been fitted with electric powered vehicles since 2016 to encourage green transport between sites.

The 2017 Carbon Fund also enabled the Nantes Financial Centre to install a bicycle shed including a terminal for eight electric bicycles, as an alternative to using service vehicles.

Encouraging responsible paper consumption

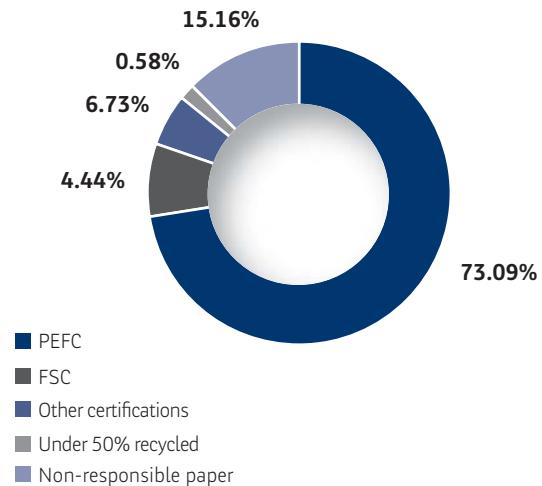
For the second consecutive year, La Banque Postale was able to integrate into its scope of publication (with historic reprocessing) the greenhouse gas emissions connected to the consumption of paper of the Banking Advisory Line (allocation external consumption direct to customers and communication).

Thus, of the 7,314 tonnes of paper consumed in 2017 (compared to 8,162 tonnes in 2016, i.e. an 10.4% reduction):

- ▶ 9% was consumed internally, representing 22 kg per employee, or, on average, an 2 kg reduction in the paper consumed by each employee compared to 2016;
- ▶ 91% was external (directly to customers and communications) and represented 0.63 kg per active customer.

In 2017, the **portion of "responsible" paper**, in other words, recycled or sourced from forests that are sustainably managed, was 88.5%.

BREAKDOWN OF PAPER PER TYPE OF CERTIFICATION (EXCL. LCB)



In the LBP scope, Financial Services, 84.64% of Subsidiaries and excluding LCB, or 71% of total consumption.

Total paper consumption fell by 19% between 2013 and 2017 after the Banking Advisory Line was incorporated in the reporting scope for paper in 2013. Over the same period, this decrease resulted, in particular, from a 18% drop in "external paper" consumption for customers and communications as a result of a paperless approach for example, online account statements, etc.), and from a 29% drop in "internal paper" consumption, notably thanks to the awareness-raising among, and increased accountability of, employees concerning paper consumption.

It should be noted that, since 2014, till receipts have not included bisphenol A.

* Data restated on a historical basis.

6.2.4.2 Management of indirect GHG emissions linked to La Banque Postale's products

La Banque Postale's goal is to control the indirect greenhouse gas emissions related to its products. In this framework, La Banque Postale Asset Management calculated the carbon intensity (which corresponds to greenhouse gas emissions based on the level of activity) of about 2,000 businesses, with the aid of a database dedicated to environmental impacts. As an initial step for an improved **integration of the efforts to combat climate change in investments**, this information is made available to all LBPAM's fund managers.

2017 was marked by the growing awareness of investors of the major role they have to play in the necessary energy transition. This movement was symbolised by two major international events held in France in December 2017 marking the 2nd anniversary of the signing of the Paris Agreement during COP21 in 2015: the "*One Planet Summit*" and the "*Climate Finance Day*" international climate summit, bringing together international financial players around the theme of financing and the fight against climate change. In France, Article 173 of the Energy Transition Act for Green Growth has, since 2017, created **new requirements for transparency and commitment for institutional investors** with respect to incorporating environmental (E), social (S) and governance (G) criteria in their investment policy and the means that they implement to contribute to the energy and ecological transition.

The regulation and events enabled LBPAM to highlight its SRI approach that it initiated in 1997. To better accompany customers in the challenges of Article 173, LBPAM put in place a **portfolio analysis and reporting tool** enabling to measure the carbon intensity of each portfolio (invested in shares or in bonds,) the share of the portfolio invested in energy transition solutions (companies with at least 20% of their activities linked to environmental solutions, "green bonds") and finally the portfolio's exposure to companies with coal-related activities.

For four SRI funds in the *Investir Autrement* range (LBPAM Responsable Actions Euro, LBPAM Responsable Actions Europe, LBPAM Responsable Actions Environnement and Libertés et Solidarité), LBPAM calculates the **carbon intensity of the portfolio** compared to that of its benchmark index as well as the portion of the portfolio invested in companies that comply with the sustainable development themes. This information is sent monthly to investors via the LBPAM website.

Moreover, **supporting the energy and economic transition** is one of the four analysis criteria on which LBPAM bases its SRI philosophy. LBPAM's SRI analysis thus looks at the exposure to climate change of each company and their ability to face environmental challenges. These criteria (carbon exposure, carbon intensity, current and future fossil fuel exposure, integration of the energy transition strategy in the Company's strategy, offer of products and services to face the challenges of climate change, etc.) aim to measure how companies are exposed to transition risks (legislation, carbon price, etc.).

Other projects support this ambition:

- ▶ the creation of a thematic fund dedicated to the energy transition: the LBPAM Responsable Actions Environnement fund, created in 2009, which aims to invest via European markets in environmental themes, notably the fight against climate change. The assets under management of this fund increased by more than 40% in 2017;

- ▶ investments in "green bonds": since the end of 2013, LBPAM has implemented a specific methodology to evaluate "green bonds". These bonds stand out from conventional instruments by the issuer's commitment to use the funds raised for environmental or social projects. The issuers of these bonds are varied, including business development banks and local authorities, and now States (in January 2017, France issued its first green bond"). Built jointly by the SRI analysts and credit fund managers, this methodology factors in the issuer's ESG rating and a qualitative evaluation of the projects related to the issue (ESG quality of the issue, transparency regarding the projects financed, reporting). Via this dedicated rating, fund managers are encouraged to pay special attention to responsible bond issues. The total assets invested in responsible bonds by LBPAM amounted to €1,195 million at end-2017 (compared to €514 million at the end of 2016), i.e. a 132% increase over the year.

Within this framework, LBPAM has proven its commitment to the energy transition by associating itself with various initiatives in place:

- ▶ in 2015, LBPAM joined the IIGCC (*Institutional Investors Group on Climate Change*), a forum whose mission is to change investment practices by encouraging the adoption of public policies promoting transition towards a low carbon economy and the development of solutions for adaptation to climate change;
- ▶ in 2015, LBPAM also signed the Montreal Carbon Pledge, thus undertaking to measure and publish the average intensity of its open equity portfolio investments.

On 31 December 2016:

- ▶ the average carbon intensity of its open funds invested in equities totalled 250.7 tonnes of CO₂ equivalent per million euros of revenue;
- ▶ the exposure to companies with more than 15% of revenue or the energy mix stemming from carbon was 0.36% on average;
- ▶ the average share of investments in green solutions (only European equity funds) was 11.29%.

These calculations were done for all shares held in equity funds available to the general public, i.e. a total of 12.3 billion euros (except for the third indicator for which the calculation was made for European public equity funds, i.e. a total of 9.9 billion euros).

In comparison, the average carbon intensity of the "Euro Stoxx 300" and "MSCI World" indices were, respectively, 280 and 304 tonnes of CO₂ equivalent per million euros of revenue. The results of these two market indices – the first in the euro zone and the second global – are presented here for illustrative purposes.

6.2.4.3 Promoting a circular economy

La Banque Postale, in parallel to reinforcing social and environmental criteria and specifications for the service providers that clean and manage waste at its premises, has also, for several years, offered awareness-raising activities to its employees, notably during the **European Week for Waste Reduction (EWWR)**. Numerous actions were again carried out at national and regional entities during the 2017 EWWR. Among the events organised by CSR correspondents, with the help of several local associations, we can cite: donations, collection and recycling of used objects (toys, furniture, books, clothes, bottle caps, pens, etc.), workshops for making cosmetics and cleaning products, visiting recycling plants, the "day without disposable cups" challenge; the presentation of the application of recycling

guidelines, etc. To organise these events, the CSR correspondents used the "Reduce our waste" toolbox, circulated by the CSR Division in 2016. This toolbox aims to facilitate the "turnkey" implementation of different awareness-raising actions to promote the circular economy among employees in accordance with the "3Rs" rule: Reduce waste – Reuse products – Recycle materials. In addition to these awareness-raising operations, La Banque Postale works every day to reduce, reuse and recycle the materials used in its business activity.

Collecting WEEE

Like any other company in the service sector, the management of end-of-life WEEE is an important challenge for waste management policies. The PAPREC service provider is responsible for the majority of WEEE collection and recycling processes at La Banque Postale. In 2017, close to 80 tonnes of WEEE were collected inside the Financial and National Centres. Since 2012, the DISFE, which is responsible for La Banque Postale's IT assets, also set up a policy for processing and recycling WEEE with Valdelec, a service provider which collects, dismantles and processes the WEEE of the IT network.

Combating food waste

The catering offering of the DNAS (National Social Activities Directorate) of the Le Groupe La Poste, which partly manages La Banque Postale's catering facilities, includes various initiatives to promote responsible collective catering by combating food wastage and encouraging healthy eating by its users.

The specifications for collective catering incorporate CSR requirements, notably with regard to combating waste, which are reflected by:

- ▶ setting up processes and methods to avoid daily waste and food losses. For example, inventorying before ordering, analysing the number of users of restaurants to adapt the quantities produced daily, FIFO stock management, etc.;
- ▶ raising the awareness of kitchen teams: daily briefings, training on eco-gestures, communicating with users in order to serve quantities matching their requirements.

We can therefore cite the following 2017 best practices:

- ▶ experimenting with weighing waste as part of the fight against food waste;
- ▶ continuation of the work to implement extra-financial indicators with service providers;
- ▶ awareness-raising campaigns regarding food wastage, a balanced diet, labels, the sustainable development week, organic products, local products, the "Bleu Blanc Cœur" label.

Recy'go, the paper recycling offer

Recy'go, created by the La Poste Group, demonstrates its commitment to the energy transition. This **office paper recycling service** is offered by the mail and parcel service branch (Branche Service Courrier Colis).

The principle is simple: the paper is directly picked up from the offices by the postal worker. The paper is then delivered to Nouvelle Attitude, a subsidiary of the Le Groupe La Poste that helps the long-term unemployed rejoin the workforce. Nouvelle Attitude then carries out the sorting of the paper, in order to enhance its value, before transmitting it to nearby paper recyclers located in France.

Recy'go has two positive results:

- ▶ first of all, on the environment, through its initiative of circular savings (recycling) and of neutral carbon emission inverse logistics, thanks to the optimisation of the return trips of the postal workers to their mail platform;
- ▶ secondly, on solidarity, through Nouvelle Attitude, a Le Groupe La Poste subsidiary that operates with the vocational integration sector through economic activity. Nouvelle Attitude employs persons needing vocational integration, provides them with training, and promotes their return to work.

In tune with the Group and its CSR policy, La Banque Postale has been deploying, since 2013, the Recy'go paper service in its Financial and National Centres.

At end-2017, 19 Financial and National Centres were thus equipped, as well as the Bords de Seine II head office.

In 2017, Recy'go made it possible to collect 620 tonnes of paper for recycling, i.e. 2.4% less than in 2016 (635 tonnes collected in 2016).

It should be noted that the Recy'go solution also enabled 444 tonnes of paper and 85 tonnes of cardboard to be collected for recycling inside the La Poste Network.

Collecting used ink cartridges from post offices

The recycling solution in partnership with Lexmark was expanded further this year, with 38,000 used cartridges returned by the post offices and the management sites to our service provider.

Thanks to this eco-gesture made by employees and all the stages of sorting, cleaning and tests carried out by Lexmark:

- ▶ 49% of reused printer cartridges were refilled for reuse by following the same manufacturing processes as new cartridges during the reconditioning phases (change of used or defective parts, tests, same quality processes);
- ▶ 51% of cartridges were recycled.

The total recycled materials in 2017 as part of this programme came to 25,000 kg, i.e. the equivalent of 121,000 kg of CO₂ savings. This represents energy consumption savings of 13 houses in one year. The cartridges of the Lexmark-La Poste programme are neither incinerated nor put in landfills.

6.3 CSR INDICATORS

The CSR indicators published in this section support La Banque Postale's transparency objective and substantiate the qualitative elements described in the previous sections. They were grouped into four categories: economic indicators, employment indicators, societal indicators, and environmental indicators.

As an introduction to the indicator tables, the following methodology notice provides the required information for the proper understanding of the indicators, their scope and their possible limitations.

6.3.1 Note on methodology

The reporting protocol supports the definition of the CSR indicators established in order to report on the CSR performance of La Banque Postale. The information is reported by a network of over one hundred CSR correspondents who contribute to the extra-financial reporting process.

The CSR indicators were built with regard to the indicators suggested by the French NRE Act on new economic regulations, Article 225 of the Grenelle II Act, and according to their relevance to La Banque Postale's business activity. The indicators put forward by the Global Reporting Initiative (GRI), in particular in its Financial Services Sector Supplement (FSSS), were also taken into account. National methodology such as ADEME's Bilan Carbone® (carbon footprint) was used as a guideline, particularly for the calculation of environmental indicators.

For each indicator, the figures for the last three years were included whenever possible. The data is presented on a like-for-like basis and the changes in the scope are explained. Due to a change in scope, a change in methodology and a subsequent data correction, the 2013, 2014 and 2015 data have been adjusted since the previous publications for comparison purposes and are therefore followed by an asterisk*.

The aim of La Banque Postale's feedback process is to cover all of the Bank's business activities and their impacts, all of the physical entities (buildings) and all of the players at La Banque Postale. Various scopes have therefore been defined in order to account for the corporate, social and environmental impacts of business activities in a relevant way. The table below presents the data from the **targeted extra-financial scope as at 31 December 2016**.

La Banque Postale (legal entity)	<ul style="list-style-type: none"> ▶ Head office of La Banque Postale ▶ Department of Regional Compliance 	2,739 employees (i.e. 9% of the personnel of La Banque Postale Branch) as at 31 December 2017
Financial Services (employees of the La Poste Group working under the name of and on behalf of La Banque Postale)	<ul style="list-style-type: none"> ▶ 20 metropolitan Financial Centres, four Financial Centres in the French overseas departments, four National Centres ▶ IT Department of Financial Services and the Retail Brand (DISFE) ▶ Bank Marketing Department ▶ Department of Businesses and Regional Development 	38,899 m² (i.e. 3% of the occupied surface area) at 31 December 2017
Banking Advisory Line (employees of the La Poste Group working under the name of and on behalf of La Banque Postale) -The functions taken into account in the LCB are as follows: customer advisor, financial advisor, customer manager, wealth management advisors, specialist real estate advisor, CFAS, CPCI, banking support function (ASB); banking sales monitor, youth coordinator, credit assistant and DOPI.	<ul style="list-style-type: none"> ▶ Advisors working in post offices 	14,413 employees (i.e. 49% of the personnel of La Banque Postale Branch) as at 31 December 2017
Subsidiaries (16 subsidiaries are consolidated in the extra-financial report)	<ul style="list-style-type: none"> ▶ Employees working in the 16 subsidiaries within the scope 	281,594 m² (or 21% of the occupied surface area) at 31 December 2017
		10,069 employees (i.e. 35% of the personnel of La Banque Postale Branch) as at 31 December 2017
		980,093 m² (i.e. 73% of the occupied surface area) as at 31 December 2017 Operating in post offices, the surface area and the energy and paper consumption of the Banking Advisory Line is calculated on the basis of the financial pro rata used for breaking down the charges, i.e.: 52.6 %.
		1,942 employees (i.e. 7% of the personnel of La Banque Postale Branch) as at 31 December 2017
		40,465 m² (i.e. 3% of the surface area occupied – excluding LCB) as at 31 December 2017

Note that the counter staff of the post offices, who work for the different businesses of the La Poste Group, are not included in the extra-financial scope of La Banque Postale.

The scope is the same for all the economic indicators which cover all of La Banque Postale. However, for the other indicator categories, the scope may vary from one indicator to another. For each indicator, the scopes actually covered are specified in a reference box as shown below and followed by an explanatory sentence where required:

Scope covered: **Entity** Scope not covered: **Entity**

Where applicable, for the employment and social indicators, the coverage rate is calculated according to the number of employees. For the environmental indicators, it is calculated according to the area occupied.

Consolidation of subsidiaries

The consolidation of subsidiaries within the extra-financial scope is based on the principle of accounting consistency as well as on the principle of relevance of their various impacts. The goal is thus to include all consolidated subsidiaries in which the Group holds an interest of at least 50% (fully consolidated), as well as certain non-consolidated subsidiaries which have relevant impacts on the Bank's interests (see organisation chart in Section 1.4 of the Registration Document). In 2016, the 16 consolidated subsidiaries were the following:

- ▶ Retail Banking: La Banque Postale Financement (LBPF), EasyBourse, Titres Cadeaux, La Banque Postale Immobilier Conseil (LBPIC), La Banque Postale Crédit Entreprises (LBPCE), La Banque Postale Collectivités Locales (LBPCL), BPE (merger with LBP Gestion Privé), SOFIAP and SFH Home Loan;
- ▶ asset management: La Banque Postale Asset Management (LBPAM) (integrates LBPSAM and Fédérés following a merger in January 2016), Tocqueville Finance SA;
- ▶ insurance: La Banque Postale Prévoyance (LBPP), La Banque Postale Conseil en Assurances (LBPCA), La Banque Postale Assurances IARD (LBPIARD), La Banque Postale Assurances Santé (LBPAS) and SOP ASSURE.

In 2016, these 16 subsidiaries were either all included, all excluded, or partially included in the calculation of the indicators. Where only part of the subsidiaries was covered, in addition to the coverage rate shown in the scope reference box, details of the subsidiaries covered are given below the indicator.

SOP ASSURE and SFH HOME LOAN, having neither staff nor area at their disposal, are in effect excluded from the scope of extra-financial reporting.

Fédérés (merged with LBPAM) was deliberately left out of the extra-financial environmental reporting consolidation scope, pending the setting up of a reliable reporting procedure to integrate it.

The scope of the corporate and societal indicators covers 14 subsidiaries (excluding SFH Home Loan and SOP ASSURE).

The scope of the environmental indicators covers 14 subsidiaries (excluding SFH Home Loan and SOP ASSURE).

6.3.1.2 Information feedback in 2017

Economic indicators

- ▶ The assets under management of funds where at least 90% of assets integrate ESG criteria (environmental, social and governance) are included in the SRI assets under management.
- ▶ For more clarity, the notion of ESG integration used in the previous publications has been removed and is replaced by a graduation of the SRI assets under management on three levels (moderate impact, significant impact, conviction), inspired by the Novethic research centre. The 2014 and 2015 data were recalculated using the new definition.
- ▶ Included in the calculation of the SRI portion in the employee savings plans for 2015, 2014 and 2013 are investments made

in all of La Banque Postale's Décisiel funds, and no longer in the one Décisiel solidarity fund, as was the case for the preceding 2014 report.

- ▶ Support for financially vulnerable customers is provided by CRESUS across all of France. From 2017, the customers of Greater Paris are supported by the Crédit Municipal de Paris (CMP).
- ▶ Since 2017, the level of exposure to ESG risks is measured on a scale from 1 to 10, with 10 being the highest level of risk. As the risk measurement methodology was reviewed, the data from 2015 and 2016 cannot be compared with those for 2017.

Social and societal indicators

- ▶ The 14 subsidiaries included in the extra-financial scope were covered by most of the social indicators.
- ▶ Only working employees are included in the total workforce (staff on permanent contracts, civil servants, staff on permanent contracts and emplois d'avenir ("jobs of the future" contracts). Work/study contracts (apprenticeship contracts, occupational contracts) and corporate officers are no longer included in the total workforce as part of the protocol harmonisation process with the Le Groupe La Poste. The distribution by age of the staff numbers only takes into account permanent contracts.
- ▶ The permanent workforce is made up of permanent employees and civil servants.
- ▶ The Banking Advisory Line has no strategic women executives and thus reports 0. In 2015, the Tocqueville subsidiary was taken into account in the indicator.
- ▶ Days of absence for work-related accidents are monitored on a calendar basis.
- ▶ Monitoring of occupational diseases is performed by La Banque Postale but the quantification is not consolidated at present, since the materiality of this indicator is not considered relevant to its service activity.
- ▶ The number of sick days is reported in calendar days, and takes into account permanent employees and State employees. The indicator takes account of the days of absence over the period from 1 January of year Y to 31 December of year Y.
- ▶ Dismissals do not include the revocation of the appointments of state employees and the termination of trial periods at the employer's initiative.
- ▶ The training indicator takes into account completed training to date, chargeable or non-chargeable, and e-learning.
- ▶ Subcontracting at La Banque Postale is not significant and does not concern La Banque Postale's core business activities. Subcontractors remain in all circumstances under the authority of the Service Provider, who retains sole responsibility for performance of all the services, and more specifically for compliance with quality, security and confidentiality levels. See Article 28 of the contracts signed by suppliers.
- ▶ Concerning the number of employees doing skills-based volunteering: these are employees who have benefited from training in the budget workshops in the aim to deploy their acquired skills among those benefiting from the *Garantie Jeunes en Mission Locale* or in skills-based training programmes such as *Entreprendre Pour Apprendre* and *La Finance pour Tous*.
- ▶ Concerning the number of employees committed to L'Envol: these are the number of new employees that have answered calls for mentors and have committed to being a mentor in L'Envol during year Y.
- ▶ Concerning the number of young people benefiting from the L'Envol programme: these are the number of young people benefiting from the L'Envol programme at 31 December of year Y.

Environmental indicators

- ▶ Indicators are tracked over a rolling 12-month period, from 1 December of Y-1 to 30 November of year Y, with regard to: energy consumption and greenhouse-gas emissions related to buildings, greenhouse-gas emissions related to vehicles, the number of employees trained in eco-responsible driving, water consumption and tonnes of Waste from Electrical and Electronic Equipment (WEEE) collected.
- ▶ Energy consumption is monitored mainly on the basis of invoices and, in the possible case of an invoicing delay, on the basis of meter readings, in order to report the most exhaustive data possible.
- ▶ In 2017, the data was converted into CO₂ equivalents based on Version 13.0 of ADEME's Bilan Carbone®. All data has been adjusted on a historical basis since 2012. The emission factors only include combustion (excluding upstream) for gas, propane gas, fuel oil, diesel and petrol. The emission factor used for the conversion of LCB's district heating consumption is the French average of the District Heating Energy Factor of Version 13.0 of the Bilan Carbone.
- ▶ Particularities since 2017: CO₂ emissions generated by employees' business travel by rail or air are calculated based on the data given by transport services providers, who apply their own emissions factors to the journeys made by employees. The 2015 and 2016 data have been adjusted.
- ▶ The emission factor for electricity consumption does not include online losses; grey electricity is calculated separately from green electricity. The average emission factor for the renewable energy mix in France is used for green electricity.
- ▶ Since 2015, the Banking Advisory Line has been integrated in the scope of publication of building-related energy consumption and paper consumption, according to a distribution key based upon the accounting base, making it possible to distribute the charges attributable to LCB employees working in the name and on behalf of La Banque Postale.

- ▶ The four Financial Centres located in the French overseas departments are not included in the environmental criteria, except for the vehicle indicators.
- ▶ The water consumption of four sites of the IT Department of the Financial Services and the Retail Brand (DISFE) is not included in the extra-financial report.
- ▶ Paper scrap in production is included in total consumption. "Urgent" paper consumption excluding framework contracts is not taken into account in the graphic chain's paper consumption. The contribution is marginal.
- ▶ For certain missing data, and in cases where such an approach would be considered relevant, an extrapolation of missing or erroneous consumption could be performed based on the actual consumption data deemed most reliable.

6.3.1.3 Data verification

In 2011, La Banque Postale initiated a verification process for its CSR indicators by an independent third party. In the framework of Article 225 of the Grenelle II Act, La Banque Postale has since continued this process. All of the audit missions were the subject of a moderate assurance opinion, published in La Banque Postale's Registration Documents. In 2016, for the second year running, certain indicators will be the subject of a reasonable assurance opinion.

On 13 May 2013, the decree determining the procedures used by the independent third party to carry out its mission was published. Accordingly, pursuant to Article L. 225-102-1 of the French Commercial Code, the report of one of the statutory auditors of La Banque Postale, designated as an independent third party, can be found after this section on responsible development indicators. This report concerns the presence of the CSR Information set out by Article R. 225-105-1 of the French Commercial Code, and expresses a reasoned opinion on the sincerity of the information published in the Management report included in the Registration Document for the financial year ended 31 December 2017.

6.3.2 Economic indicators

The indicators presented in the following table supplement the Banking Accessibility, Responsible Customer Relations, Responsible

Offering and Management of Extra-Financial Risks sections of this document. For all of these indicators, the scope is as follows:

ECONOMIC INDICATORS	2017	2016	2015
BANKING ACCESSIBILITY			
Number of personal micro-loans disbursed (including home micro-loans)	2,114	2,226	2,024
In 2017, there were 146 active partnerships with social assistance organisations in 70 French regional departments			
Percentage of consumer loans less than or equal to €1,500	6.30%	7.00%	7.00%
Percentage of home loan borrowers earning less than 2 minimum wages per month	22.20%	22.40%	20.32%
Percentage of Livret A accounts with a balance of less than €150	50.50%	51.00%	54.00%

	2017	2016	2015
RESPONSIBLE CUSTOMER RELATIONS			
Customer satisfaction rate	85.00%	87.00%	91.80%
Customer claims rate	14.00%	11.70%	8.90%
Rate of doubtful home loans	1.20%	1.00%	0.71%

La Banque Postale's doubtful loan rate is among the lowest on the market (the market average as of the end of 2016 was close to 2%).

Number of customers having received support from CRESUS during the year	334	296	735
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Support for financially vulnerable customers is provided by CRESUS across France. From 2017, customers in the Greater Paris region are supported by Cr dit Municipal de Paris (CMP).

Number of customers supported by l'Appui	15,425	14,691	12,277
Number of deaf and hard of hearing supported by Deafi	5,053	0	0

Since February 2017, customer service in French for deaf or hard of hearing customers is accessible to current and prospective customers on labanquepostale.fr and the Deafi mobile application.

Please refer to the information dedicated to La Banque Postale's Responsible Customer Relations in the Societal Commitment for more information

	2017	2016	2015
RESPONSIBLE OFFERING			
socially responsible investment (SRI) assets in € billions V	109.14	97.18	98.03
o/w conviction SRI	3.09	2.20	1.78
o/w significant impact SRI	0.99	1.01	0.90
o/w moderate impact SRI	105.06	93.98	95.35

In 2017, SRI investments accounted for 50% of all investments managed by LBPAM

	2017	2016	2015
MANAGEMENT OF EXTRA-FINANCIAL RISKS			
ESG risk exposure of the CIB activity (non-sovereign issuers)	5.12	NA	NA
ESG risk exposure of the CIB activity (sovereign issuers)	4.63	NA	NA
Level of exposure to climate risks of the CIB activity (corporate issuers) in t.CO₂/€m of revenue	95.00	91.02	103.25

Since 2017, the level of exposure to ESG risks is measured on a scale from 1 to 10, with 10 being the highest level of risk.

As the risk measurement methodology has been reviewed, the data from 2015 and 2016 cannot be compared with 2017 data.

	2017	2016	2015
Number or Percentage of employees trained in combating money laundering and terrorism financing over the last three years			
La Banque Postale Employees	56.80%	46.40%	61.00%
Financial Centre Employees	81.30%	86.30%	90.00%
Network employees	94.00%	85.20%	89.00%

The percentage La Banque employees has dropped sharply, due to major incidents on the e-learning training platform in 2016.

	2017	2016	2015
Amount of the incentive plans in euros	10,708,928	12,298,963	18,480,534
Amount of profit sharing in euros	8,583,423	2,862,417	10,513,569
Amount of employer's contribution in euros	7,516,943	5,218,271	5,519,269
Portion of socially responsible investment in employee savings	33.69%	37.26%	29.06%

Includes amounts paid yearly in respect of the previous financial year.

Scope:	La Banque Postale	Financial Services	Banking Advisory Line	Subsidiaries
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Excluding Easybourse and SOFIAP in 2017. Excluding subsidiaries in 2016.

	2017	2016	2015	
FIGHT AGAINST DISCRIMINATION: gender equality at work and employment of disabled persons				
Percentage of women in the workforce	61.84%	61.98%	61.81%	
Percentage of women in executive positions	56.62%	56.57%	55.77%	
Percentage of women in strategic executive posts √	37.20%	36.59%	35.80%	
Scope:	La Banque Postale	Financial Services	Banking Advisory Line	Subsidiaries

	2017	2016	2015	
Percentage of women on the Executive Board of La Banque Postale	23%	27%	33%	
Percentage of women on the Supervisory Board of La Banque Postale	40%	40%	40%	
Scope:	La Banque Postale	Financial Services	Banking Advisory Line	Subsidiaries

	2017	2016	2015
Percentage of Employment Obligation Beneficiaries	3.03%	3.21%	2.97%

Percentage calculated according to AGEFIPH rules.

In 2016, indirect employment represented 39.04 units resulting from contracts concluded with the adapted/protected sector.

Scope:	La Banque Postale	Financial Services	Banking Advisory Line	Subsidiaries
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	2017	2016	2015
Number of disabled employees assisted	898	859	812

Moreover, the percentage of Employee Obligation Beneficiaries is only calculated at the Le Groupe La Poste level.

Scope:	La Banque Postale	Financial Services	Banking Advisory Line	Subsidiaries
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	2017	2016	2015
WORK ORGANISATION: OVERTIME, PART-TIME, ACCIDENTS AND ABSENCES			
Amount of overtime per employee in hours	2.51	1.89	1.88

Includes the number of overtime hours declared by each employee under permanent contract and State employees.

Scope:	La Banque Postale	Financial Services	Banking Advisory Line	Subsidiaries
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	2017	2016	2015
Percentage of part-time employees in the workforce	9.19%	9.63%	9.01%

Includes employees on permanent contracts and State employees who have chosen to work part-time.

In 2017, 88.6% of part-time employees were women (88.9% in 2016).

Scope:	La Banque Postale	Financial Services	Banking Advisory Line	Subsidiaries
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	2017	2016	2015	
Number of teleworking employees	527	444	237	
Scope:	La Banque Postale	Financial Services	Banking Advisory Line	Subsidiaries
Excluding subsidiaries in 2016				

	2017	2016	2015
Frequency rate of work accidents	4.51	5.00	4.62
Severity rate of work accidents	0.16	0.18	0.14
Number of days of work stoppage due to work accidents and travel per employee	0.59	0.58	0.49

Includes accidents and days off work for permanent, state and temporary employees.

Scope:	La Banque Postale	Financial Services	Banking Advisory Line	Subsidiaries
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	2017	2016	2015
Rate of absenteeism due to illness	5.60%	5.61%	5.23%
Number of days of work stoppage due to illness per employee	20.65	20.81	19.56

Includes accidents and days off work for permanent and state employees

Scope:	La Banque Postale	Financial Services	Banking Advisory Line	Subsidiaries
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	2017	2016	2015	
EMPLOYEE RELATIONS				
Number of collective agreements signed	51	29*	36*	
Scope:	La Banque Postale	Financial Services	Banking Advisory Line	Subsidiaries

	2017	2016	2015
TRAINING			
Number of training hours	1,028,953	888,559	730,807
Number of training hours per employee	35	30	24

In 2017, 26,579 employees attended at least one training programme during the year.

Excluding LBPCE and LBPCA in 2015, 2016, 2017. Excluding LBP FI and CILOGER in 2015.

Scope:	La Banque Postale	Financial Services	Banking Advisory Line	Subsidiaries
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	2017	2016	2015
Number of employees on banking courses leading to a qualification or diploma	1,415	2,351	138

Added to this are 2,794 customer advisors who followed the qualifying course for the generalisation of mortgages.

Scope:	La Banque Postale	Financial Services	Banking Advisory Line	Subsidiaries
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* Adjusted data.

6.3.4 Manufacturer's Crushutility

	2017	2016	2015
RESPONSIBLE PURCHASING			
Number of Responsible Purchasing Charters signed by suppliers	434	399	298

Certain subsidiaries use La Banque Postale contracts.

Please refer to the information dedicated to La Banque Postale's responsible purchasing in the Societal Responsibility section for more information regarding the integration of extra-financial issues and supplier and subcontractor relationships.

In order to ensure the reliability of the data, we have used, since 2015, information obtained from the www.provigis.com internet platform, on which La Banque Postale's suppliers have agreed to file and update the various contractual documents, including the Responsible Purchasing Charter.

Scope:	La Banque Postale	Financial Services	Banking Advisory Line	Subsidiaries
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	2017	2016	2015
Increase in purchases from the adapted/protected sector	9%	10%	2%

Change calculated relative to the previous year.

Please refer to the subsections on diversity, disability and equal opportunity in the Social Responsibility section for further information.

Scope:	La Banque Postale	Financial Services	Banking Advisory Line	Subsidiaries
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	2017	2016	2015
CIVIC COMMITMENT			
Financial commitment for sponsorship in euros	5,027,395	3,798,630	3,210,782

Scope:	La Banque Postale	Financial Services	Banking Advisory Line	Subsidiaries
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	2017	2016	2015
Number of employees in skilled-based volunteering	74	NC	NC

Scope:	La Banque Postale	Financial Services	Banking Advisory Line	Subsidiaries
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	2017	2016	2015
Number of employees committed to L'Envol	85	NC	NC
Number of young people benefiting from the L'Envol programme	387	NC	NC

Scope:	La Banque Postale	Financial Services	Banking Advisory Line	Subsidiaries
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Territorial, economic and social impact and stakeholder relations

Please refer to the Societal Responsibility section of this document as well as the Social Responsibility section in which a paragraph is dedicated to La Banque Postale's relationships with academic institutions.

Compliance with the fundamental conventions of the ILO (International Labour Organisation)

Please refer to the end of the Societal Responsibility section of this document regarding compliance with fundamental labour rights for employees, suppliers and subcontractors.

Corruption Prevention

Please refer to the end of the Management of extra-financial risks section of this document focusing on business ethics.

Health and Safety of customers

Please refer to the Banking Accessibility (combating banking exclusion) and Responsible Customer Relations (preventing over-indebtedness and support in the event of financial insecurity) sections of this document.

* Adjusted data

6.3.5 Environmental indicators

The indicators presented in the following table supplement the Environmental Responsibility section of this document.

	2017	2016	2015
Total Carbon footprint of La Banque Postale (tonnes of CO₂ equivalent)	56,796	64,451 *	70,818*

* Adjusted data
The carbon footprint takes account of the following sources of emissions: buildings, business travel, travel between home and work, paper consumption.
The consumption of LCB is included under buildings and paper consumption..

	2017	2016	2015
BUILDINGS			
Energy consumed (in Gwh)	232.31	241.09	243.99
Emissions related to buildings in tonnes of CO ₂ equivalent	29,871	32,457	38,699
Emissions avoided thanks to the 100% green electricity contract in tonnes of CO ₂ equivalent	8,225	6,334	
Emissions per employee in kg of CO ₂ equivalent	1,025	1,124	1,268

The total energy consumption includes the consumption of electricity natural gas, fuel oil, district heating, and propane gas.

Scope:	La Banque Postale	Financial Services	Banking Advisory Line	Subsidiaries: 99.33% of m ²
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13 of the 14 BP subsidiaries: LBPFI, LBPIARD, Easybourse, LBPAM, Titres Cadeaux, LBPCE, LBPAS, LBPCL, Tocqueville Finance SA, LBPP, BPE, SOFIAP, LBPIC.

The Banking Advisory Line is integrated on an accounting pro rata basis.

	2017	2016	2015
TRAVEL			
Emissions related to vehicles in tonnes of CO ₂ eq.	5,063	5,840	5,566
Emissions per vehicle in tonnes eq. CO ₂ eq.	3.8	3.8	4.0

Scope:	La Banque Postale	Financial Services	Banking Advisory Line	Subsidiaries: 81.11% of m ²
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14 subsidiaries: BPE, Easybourse, LBP AS, LBP CA, LBP CE, LBP FI, LBP GP, LBP IARD, LBP IC, LBP P, LBP AM, SOFIAP, Titres Cadeaux, Tocqueville Finance

	2017	2016	2015
Emissions related to business travel by train in tonnes of CO ₂ equivalent	96	132*	110*
Emissions related to business travel by plane in tonnes of CO ₂ equivalent	1,368	1,431*	1,320*

Scope:	La Banque Postale	Financial Services	Banking Advisory Line	Subsidiaries: 81.49% m ²
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14 subsidiaries included: LBPFI, LBPAS, Titres Cadeaux, LBPIC, Tocqueville, Transactifs, LBPCE, Easybourse, LBP IARD, LBP GP, LBP CA, BPE, SFIL, LBPAM

	2017	2016	2015
Emissions related to work-home travel in CO ₂ equivalent	20,397	16,266	16,266

Scope:	La Banque Postale	Financial Services	Banking Advisory Line	Subsidiaries
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	2017	2016	2015
Number of videoconference terminals	199	153	139
Number of videoconference connections	48,692	38,593	22,335

Scope:	La Banque Postale	Financial Services	Banking Advisory Line	Subsidiaries
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		2017	2016	2015
Number of employees trained in eco-responsible driving		16	22	38
Scope:	La Banque Postale	Financial Services	Banking Advisory Line	Subsidiaries

By the end of 2017, 2,174 employees had therefore been trained since 2008 in the Financial Centres and in the head offices (excluding awareness-raising actions).

		2017	2016	2015
RESOURCES				
Paper consumption in tonnes		7,314	8,162	8,684
Emissions related to paper in tonnes of CO ₂ equivalent		7,460	8,326	8,858
Portion of responsible paper out of total paper consumption		88.85%	91.19%	97.06%
Consumption of paper for internal purposes per employee in kg		22.15	23.70	26.27
Consumption of paper for external purposes per active customer in kg		0.63	0.70	0.73

Paper is the main raw material used by La Banque Postale, which pays close attention to both the quality of paper used and the volumes consumed.

	La Banque Postale	Financial Services	Banking Advisory Line	Subsidiaries: 84.48% of m ²
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Nine of the fourteen subsidiaries are included: LBP FI, LBP IARD, LBP AS, LBP P, LBP AM, LBP CE, LBP CL, Tocqueville and BPE. The banking advisory line is accounted for on a pro-rata basis.

		2017	2016	2015
Water consumption in millions of litres		114.21	131.25*	139.91*
Consumption per employee per day in litres		29.65	33.49*	34.60*

With respect to La Banque Postale's business activities, only the water consumed by Company restaurants and sanitary appliances is taken into account. La Banque Postale consumes only potable water coming from French municipal utilities and is therefore not faced with the issue of depletion of water resources. However, as part of its policy of controlling the use of resources, reducing water consumption is a constant operating objective of the sites and is covered by monitoring and reporting.

	La Banque Postale	Financial Services	Banking Advisory Line	Subsidiaries: 84.44% of m ²
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9 of the 14 subsidiaries included: LBP FI, LBP IARD (excluding Customer Relations Centre), LBP AM, LBPAS, Tocqueville Finance SA, BPE, LBP Prévoyance, SOFIAP, LBP IC.

		2017	2016	2015
CIRCULAR ECONOMY				
Number of tonnes of paper waste collected by Recygo for recycling		620.00	635.10	407.70
Scope:	La Banque Postale	Financial Services	Banking Advisory Line	Subsidiaries

Including: the head office of Bords de Seine and 19 Financial and National Centres (excluding DISFE).

		2017	2016	2015
Collection of WEEE (waste electrical and electronic equipment) in tonnes		78.1	81.7	87.9
Scope:	La Banque Postale	Financial Services	Banking Advisory Line	Subsidiaries

Only the Financial Centres, which account for 88.2% of the area occupied by Financial Services, are included in the scope.

Use of soil

This item does not apply to La Banque Postale's business activities.

Atmospheric discharges

Please refer to the environmental responsibility section of this document concerning the fight against climate change as well as the related environmental indicators in this section. For further information, also refer to La Banque Postale's response to Article 75 of the Grenelle II Act.

Discharges into the soil and water

This item does not apply to La Banque Postale's business activities.

Noise and olfactory pollution

This item does not apply to La Banque Postale's business activities.

Measures taken to ensure compliance with legal provisions relating to the environment

In view of its business activities and its culture as a public-interest organisation, La Banque Postale has implemented particularly thorough procedures to control its business activities, which involve the Risk Department (in a regulatory monitoring) and the Compliance Department. La Banque Postale therefore fulfils its obligations in respect of caring for the environment, particularly in terms of collecting and sorting its waste, and of the renovation work done on its buildings.

Measures taken to preserve and promote biodiversity

The actions and initiatives conducted by La Banque Postale, particularly to control its CO₂ emissions, or through the inclusion of environmental criteria in purchasing specifications, help to limit its impact on the environment. Furthermore, La Banque Postale took part in the French Banking Federation (FBF) Working Group on the carbon footprint of means of payment, with a view to moving the banking sector forward on this issue. In addition, La Banque Postale installed beehives on the roofs of its Paris head office in 2012, thereby contributing to plant pollination and the protection of biodiversity.

Company environmental assessment or certification initiatives

Please refer to the paragraph concerning the extra-financial agency ratings in the societal responsibility section of this document.

Expenses incurred in order to prevent the Bank's activities from having a negative impact on the environment

The expenses incurred in order to protect the environment are not identified among the overall expenses incurred by La Banque Postale's CSR section.

Internal organisation, employee training and awareness-raising

Please refer to the Governance of responsible development at La Banque Postale section of this document on governance bodies and employee awareness-raising.

Resources dedicated to preventing risks

Please refer to the Management of extra-financial risks section of this document.

Amount of provisions and guarantees for environmental risks

The nature of La Banque Postale's business activities does not require provisions or guarantees for environmental risks.

Combating food waste

6.4 REPORT BY ONE OF THE STATUTORY AUDITORS, DESIGNATED AS AN INDEPENDENT THIRD PARTY, ON THE CONSOLIDATED SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION IN THE MANAGEMENT REPORT

In our capacity as statutory auditors, designated as an independent third party of La Banque Postale S.A., accredited by COFRAC under number 3-1049 ⁽¹⁾, we hereby present our report on the consolidated social, environmental and societal information for the financial year ended 31 December 2017 presented in the management report (hereinafter, the «CSR Information»), pursuant to the provisions of Article L. 225-102-1 of the French Commercial Code.

Responsibility of the Company

It is the responsibility of the Executive Board to prepare a management report that includes the CSR Information pursuant to Article R. 225-105-1 of the French Commercial Code, prepared in accordance with the reporting protocol used by the Company (hereinafter, the «Framework»), a summary of which is included in the management report and available upon request at the Company's registered office.

Independence and quality control

Our independence is defined by regulatory provisions, the professional code of ethics and the provisions of Article L. 822-11-3 of the French Commercial Code. In addition, we have implemented quality control procedures that include documented policies and procedures whose purpose is to ensure compliance with the applicable ethical rules and legal and regulatory provisions.

Responsibility of the independent third-party organisation

It is our duty, based on our work:

- ▶ to certify that the required CSR Information is included in the management report or, if it is omitted, that such omission is explained in accordance with Article R. 225-105, paragraph 3, of the French Commercial Code (Certification of presentation of CSR Information);
- ▶ to provide limited assurance as to whether the CSR Information, taken as a whole, is fairly presented in all material respects in accordance with the Framework (Reasoned opinion as to the fair presentation of the CSR Information);
- ▶ to express, on the Company's request and outside the scope of accreditation, a conclusion of reasonable assurance on the fact that the information selected by the Company and identified by the symbol V in Chapter 6.3 «CSR indicators» of the management report, have been drawn up, with regard to all their significant elements, pursuant to the Framework (report of reasonable assurance on selected CSR Information).

On the other hand, it is not our responsibility to rule on the compliance with the other legal provisions applicable if necessary, in particular those envisaged by Article L. 225-102-4 of the French Commercial Code (surveillance plan) and by Law No. 2016-1691 of 9 December 2016 known as the Sapin II Law (anti-corruption).

Our work, mobilising six people, took place between September 2017 and February 2018 for a total intervention of approximately eight weeks. We called upon our experts in CSR to assist us.

We performed the work described hereinafter in accordance with the order of 13 May 2013 determining the terms and conditions under which the independent third-party organisation performs its mission as well as the professional doctrine of the National Association of Statutory Auditors relating to this intervention and, with respect to the motivated opinion of genuineness and the reasonable assurance report, with international standard ISAE 3000 ⁽²⁾.

(1) The scope of which is available on the www.cofrac.fr website

(2) ISAE 3000 - Assurance engagements other than audits or reviews of historical financial information

1. Certificate of presentation of CSR Information

Nature and extent of work

On the basis of interviews with the relevant department managers, we have familiarised ourselves with the Company's sustainable development policies, in terms of the social and environmental consequences of the Company's activity and its societal commitments, as well as, where applicable, the actions or programmes arising therefrom.

We have compared the CSR Information presented in the management report with the list provided for in Article R. 225-105-1 of the French Commercial Code.

Where certain consolidated information was missing, we verified that explanations were provided in accordance with the provisions of Article R. 225-105, Paragraph 3 of the French Commercial Code.

We have verified that the CSR Information covers the consolidation scope, namely the Company and its subsidiaries within the meaning of Article L. 233-1, as well as the companies that it controls within the meaning of Article L. 233-3 of the French Commercial Code, subject to the limits specified in Paragraph 6.3.1 entitled «Methodology Notice» in the management report.

Conclusion

On the basis of this work, and in light of the limits referred to above, we attest that the required CSR Information is presented in the management report.

2. Reasoned opinion on the fairness of the CSR Information

Nature and extent of work

We conducted approximately 20 interviews with the persons responsible for preparing the CSR Information within the departments charged with collecting information. Where necessary, we also interviewed the persons responsible for internal control and risk management procedures. We conducted these interviews in order to:

- ▶ analyse the appropriateness of the Framework in terms of its relevance, completeness, reliability, neutrality and clarity, taking into consideration industry best practices;
- ▶ verify the implementation of procedures for collecting, compiling, processing and auditing the CSR Information to ensure that it is exhaustive and consistent, and to familiarize ourselves with the internal control and risk management procedures with respect to the preparation of CSR Information.

We determined the nature and extent of our tests and audits based on the nature and amount of CSR Information and in light of the Company's Characteristics, the social and environmental effects of its activities, its sustainable development policies and industry best practices.

For the CSR Information that we deemed the most significant ⁽¹⁾:

- ▶ at the level of the consolidating entity, we reviewed documents and conducted interviews to corroborate the qualitative information (such as organisation, policies, and actions), we implemented analytic procedures with respect to the quantitative information, and we verified, on a sampling basis, the calculations and consolidation of data. We verified the consistency of the information and its concordance with the other information included in the management report;
- ▶ using a representative sample of entities that we chose ⁽²⁾ based on their activity, their contribution to consolidated indicators, their location and a risk analysis, we conducted interviews to verify the proper implementation of procedures and to identify possible omissions, and implemented detailed tests based on sampling, which consisted in verifying the calculations performed and reconciling the data with the supporting documentation. The sample thus selected represents 29% of the workforce, considered to be a characteristic quantity for the employment segment, between 17% and 77% of the environmental data, considered to be a characteristic ⁽³⁾ quantity for the environmental segment, and 100% of the quantitative societal and economic information presented.

(1) Reasonable assurance

Employment information: Percentage of women in strategic executive posts.

Societal information: Number of microloans granted in the year, SRI (Socially Responsible Investment) outstanding.

Qualitative Information: the Carbon Fund.

Moderate Assurance

Employment information: Total number and distribution by age, gender and geographical area, Number of permanent hires, Number of layoffs, Number of sick leave days, Number of training hours, Number of employees working from home.

Environmental information: Energy consumption and associated CO2 emissions, CO2 emissions related to vehicles, Paper consumed and responsible paper use, Carbon Fund.

Societal information: Number of employees trained against money laundering, number of customers supported and breakdown by type of customer orientation by the Support.

Qualitative information: Policies implemented in the field of training, The organisation of the company to take into account environmental issues, and where applicable environmental assessment or certification procedures, Adaptation to the consequences of climate change, Actions taken to prevent corruption, Measures taken for the health and safety of consumers, Territorial, economic and social impact of the company's activity on local populations.

(2) The Financial Centres of Dijon, Toulouse and Bordeaux, Poste Immo, Véhiposte, Purchasing Department, the Head Office of La Banque Postale, the Center for Human Resources Services (CSRH) of Dijon, the Compliance Department and the Retail Banking Department .

(3) See the list of environmental indicators mentioned in footnote 3 of this report.

For the other consolidated CSR Information, we analysed its consistency with our knowledge of the company.

Finally, we analysed the relevance of any explanations relating to the total or partial omission of certain information.

We believe that the sampling methods and sample sizes that we used, exercising our professional judgement, enable us to reach a conclusion of limited assurance. A higher level of assurance would have required more extensive verification work. Due to the use of sampling techniques, as well as other Limits inherent in the functioning of any information and internal control system, the risk of a failure to detect a significant anomaly in the CSR Information cannot be entirely eliminated.

Conclusion

On the basis of this work, we have found no significant anomalies that would cause us to doubt that the CSR Information, taken as a whole, is fairly presented in accordance with the Framework.

3. Report of reasonable assurance on selected CSR Information

Nature and extent of work

Concerning the information selected by the Company and identified by the symbol √, we carried out work of a similar nature to that described in Paragraph 2 above for the CSR Information considered to be the most important, but in a more in-depth manner, in particular with respect to the number of tests.

The selected sample represents 100% of the workforce and 100% of the societal information identified by the sign √.

We consider that this work makes it possible for us to state a reasonable assurance as to the information selected by the Company and identified by the sign √.

Conclusion

In our opinion, the information selected by the Company and identified by the sign √ was established, in all its significant aspects, in accordance with the Framework.

Paris La Défense, On 28 February 2018

KPMG S.A.

Anne Garans
Partner
Sustainability Services

Marie-Christine Jolys
Partner