Publication of decarbonisation trajectories

Objective : Net Zero Emissions

Operational scope:
Carbon neutrality achieved since 2018

LA BANQUE POSTALE

Scope 3
– Financing and investment portfolio

1 **Financed emissions: 10,288 $ktCO_2e$. They cover 91% of the combined outstandings of La Banque Postale's "corporate client" (financing and investment activities), commercial property and residential property portfolios**
(not restated for scope 3 multi-counts)

2 **A 1.5°C alignment already achieved in 2 carbon-intensive sectors(*)**

	Sector	
	Power generation	100% of the projects financed are renewable energy production projects
	Coal	A sectoral policy in line with scientific recommendations No portfolio exposure to the coal sector(**)

3 **1.5°C alignment trajectories defined for 5 carbon-intensive sectors**

	Sector	Metric used	Starting point 2020	Target 2030	Reduction 2020-2030	Scopes	Scenario
	Residential property («Mortgages»)	$kgCO_2e/m^2$	22,19	11,98	- 46 %	1 & 2	IEA 2017B2D – SBTi validation
	Commercial Real Estate	$kgCO_2e/m^2$	23,63	15,02	- 36 %	1 & 2	IEA 2017B2D – SBTi validation
	Automotive	$gCO_2e/v.km$	111	103	- 7 %	3	IEA NZE2050
	Aviation	$gCO_2e/p.km$	143	63	- 56 %	1 & 2	IEA NZE2050
	Cement	kgCO2e/t cement	511	357	- 30 %	1 & 2	IEA NZE2050

4 **A 1.5°C alignment by 2030 for the oil and gas sector**

	Sector	Alignment 1,5 °C	
	Oil and Gas	2030	Since October 2021, a pioneering sectoral policy: La Banque Postale only finances companies that have a transition plan based on science.

(*) The Net Zero Banking Alliance has identified 9 sectors with high greenhouse gas emissions (known as "carbon intensive") in which banks must define decarbonisation paths as a priority: agriculture, aluminium, cement, coal, real estate, steel and iron, oil and gas, electricity production and transport. To identify them, La Banque Postale uses a sectoral classification defined on the basis of NACE codes.
(**) Coal sector: NACE code B5

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Calculation of financed emissions

Corporate portfolio

Formule : $$Financed\ Emissions_{Scope\ i} = \sum_{i}^{N} \frac{Company\ Emissions_{Scope\ i}}{Company\ Revenue} \times Company\ Exposure$$

CO_2e emissions data

Priority of use	Source	Description	Format
1a	**Bloomberg Published** Emissions	• Actual emissions data for several years at company level [$ktCO_2e$] • Actual Scope 1 / 2 / 3 - Emissions from published company data	Absolute emissions
1b	**Bloomberg Estimated** Emissions	• Multi-year emissions data at company level [$ktCO_2e$]. • Scopes 1 / 2 / 3 estimated by a machine learning algorithm established by Bloomberg with a sectoral approach	Absolute emissions
2	**CDP**	• Emissions data on scopes 1 / 2 / 3	Absolute emissions
3	**ADEME**	• Database of carbon footprints of 2,500 French companies. The year of calculation is generally not the current year • Actual emissions data for several years at company level [tCO_2e]. • Scopes 1 / 2 / 3	Absolute emissions
4	**PCAF**	• Emission factor matrix expressed in [tCO2e/€m revenue]. • 163 economic sectors and 44 geographical areas covered: possibility to link to NACE code • Scopes 1 / 2 / 3 • Requires revenue data	Emission factors

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Methodology

Residential and commercial property sectors

The SBT initiative's approach to measuring the carbon footprint of real estate assets is based on the **Global GHG Accounting and Reporting Standard for the Financial Industry** (PCAF). Published in November 2020 and validated by the GHG Protocol, this standard provides best practice for measuring the carbon footprint of financed emissions.

Residential property	Commercial real estate
On-balance-sheet loans for the purchase and refinancing of housing	On-balance sheet loans for the purchase and refinancing of commercial real estate
The property is used solely for residential purposes and not for income generating activities	Investments in commercial property
Renovation and construction loans are outside the scope of this report	The owner rents out the property which is used for commercial purposes

Scope of emissions considered: emissions from energy use

- Scope 1, direct emissions from on-site energy consumption
- Scope 2, indirect emissions from electricity consumption (combustion at the power plant)

For tertiary buildings, emissions from common and private areas are accounted for.

Emissions are collected or estimated at the individual property level and then aggregated at the portfolio level using an allocation factor:

$$\textit{Financed emissions} \quad (\text{with b = building}) = \sum_{b} \frac{\textit{Outstanding amount}_b}{\textit{Property value at origination}_b} \times \textit{Building emissions}_b$$

Definition of trajectories

1. Calculation of the volume of allocated emissions for the reference year (tCO2 e):
   - Calculation of emissions for each property, based on the energy consumption assumptions of the French housing stock and after taking into account climate zones
   - Allocation of emissions to the lender according to the appropriate factor
   - Consolidation of financed emissions at portfolio level
2. Calculation of the surface area held in the reference year (m^2)
   - Collection (or estimation) of surface areas (in m^2) for each property
   - Calculation of the area held using the allocation factor
   - Consolidation at portfolio level
3. Calculation of the physical emission intensity of the portfolio (tCO_2e/m^2) for the reference year.
4. In the absence of a Net Zero scenario in France, definition of the physical emission intensity trajectory until 2030 using the SBT tool, based on the IEA B2DS ETP 2017 scenario

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Methodology

Automotive, aviation and cement sectors

The decarbonisation trajectories for these sectors by 2030 have been defined using a proprietary method.

This method is a hybrid approach combining a modelling of the climate transition plans of La Banque Postale's main counterparties and a modelling of the IEA's "Net Zero 2050" scenario.

Scope of emissions considered:

Selection of the relevant NACE codes for the definition of each sector. La Banque Postale has chosen to position itself upstream of the value chain in each of the sectors, where the counterparties operate for which a calculation of emissions using physical carbon intensity makes sense.

Calculation of each sector's overall monetary exposure (€m) («portfolio») as at 31/12/2021.

For each portfolio, identification of the main counterparties and calculation of the associated exposures (€m). Calculation of the weight of each counterparty i in the portfolio according to the formula:

$$Weight_i = \frac{Exposure_i (€m)}{Portfolio\ value\ (€m)}$$

Definition of trajectories

Identification of GHG emissions data/calculations of main counterparties. Analysis of their climate commitments, climate transition plans, reduction targets and 1.5°C alignment strategy.

Projection of the physical carbon intensities of each counterparty based on their 2020 baseline intensity and the medium-term targets they have defined. Calculation of the annual rate of change in intensity by applying a CAAGR formula.

For counterparties that do not publish or communicate information on their emissions and trajectories, attribution by default of a physical carbon intensity proposed by the IEA "Net Zero 2050" sector scenario.

Annual calculation of portfolio intensity by 2030:

$$Portfolio\ intensity_{year\ i} = \sum_i weigth_i \times intensity_{i,j}$$

where i: counterparty, j: year

The structure of each portfolio is assumed to be stable over time.