A photograph of a modern multi-story building with a light-colored wooden facade. The building features several balconies with dark metal railings. Some balconies have blue planters with green plants. The image is used as a background for the report cover.

# **Social Bonds Annual allocation & impact report 2021**

# Contents

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# Introduction

La Banque Postale was created with the ambition of making a positive contribution to society. Anchored in its DNA along with its accessible banking mission, La Banque Postale's commitment to society lies at the heart of its 2021-2030 strategic plan.

Today, the group is reaffirming and renewing its commitment in support of a just transition, i.e., an environmental transition that is socially acceptable to all.

This ambition is expressed in the bank's new corporate purpose (raison d'être) unveiled in June 2021. In February 2022, La Banque Postale entered a new phase of its transformation by becoming a mission-led company. It confirms the group's commitment to ensure a "just transition" by including social and environmental targets at the heart of its governance.

A just transition is the perfect balance between economic development and positive impact to meet the social, environmental, regional, and digital challenges facing the bank.

In order to work concretely towards this just transition, its role is to offer all its customers accessible and efficient banking and financial services, which make them players in a society that is more mindful of the needs of people and the environment.

Since the publication of La Banque Postale's green, social and sustainable framework in 2019, the group has issued 6 bonds totaling €831m that have supported 342 projects to date. All proceeds of the social bonds are managed and allocated to infrastructure projects in accordance with the Bank's Framework.

Projects financed through the program fall into one of the four eligible categories described in below and contribute to the Sustainable Development Goals defined by the United Nations.

## About this report

This report provides details of La Banque Postale's social bonds issued in 2021, and the composition and amount of the Group's Social Bonds Asset Portfolio.

La Banque Postale's Green, Social and Sustainability Bond Framework is in line with the 2018 edition of the Green Bond Principles (GBP), the Social Bond Principles (SBP) and the Sustainability Bond Guidelines (SBG).

Vigeo Eiris, now part of Moody's ESG Solutions, an independent provider of sustainability ratings, research and advisory services, provided second party opinions that La Banque Postale's Green, Social & Sustainability Bond Framework is well aligned with the Principles mentioned previously.

KPMG LLP is the independent third-party attestation provider of our Social Bond Report and their review report is provided following this report

# Overview of La Banque Postale's Green, Social & Sustainability Framework

## RATIONAL FOR SUSTAINABLE FINANCING

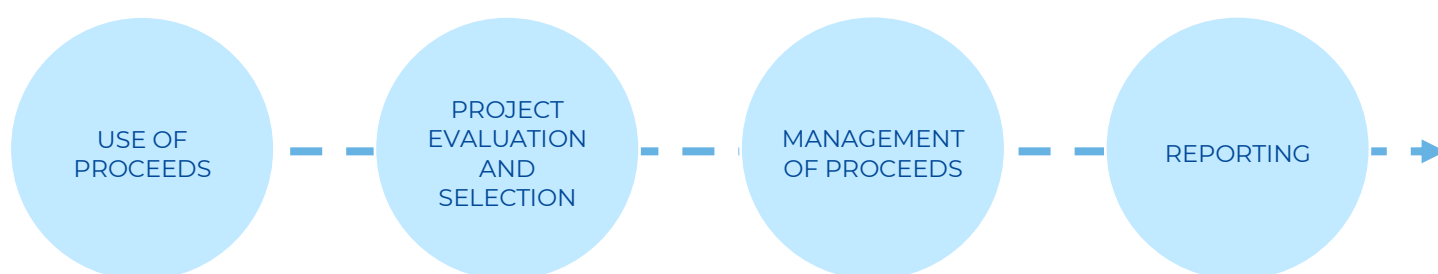
As part of its strategic plan for 2015-2020, La Banque Postale set up its Green, Social and Sustainability Framework with the goal of reinforcing the bank's capabilities in financing green and social projects and support the energy transition to a low carbon economy.

La Banque Postale's Green, Social and Sustainability Framework is designed as an umbrella Framework that will allow La Banque Postale SA and La Banque Postale Home Loan SFH to issue 3 types of Bonds:

- Green Bonds to finance and/or refinance Eligible Green Loans as defined in the Use of Proceeds;
- Social Bonds to finance and/or refinance Eligible Social Loans as defined in the Use of Proceeds;
- Sustainability Bonds to finance and/or refinance a mix of Eligible Green Loans and Eligible Social Loans as defined in the Use of Proceeds.

## LA BANQUE POSTALE'S FRAMEWORK: FOUR COMPONENTS

La Banque Postale's Framework<sup>1</sup> was developed in 2019. In line with established market practice, the framework centres around four main pillars, described below. The framework is aligned with the green and social bond principles of the International Capital Market Association (ICMA). In line with standard practice, it has been reviewed by a second party opinion provider, Vigeo Eiris, now part of Moody's ESG Solutions.



<sup>1</sup> [La Banque Postale 2019 Framework](#)

Component	Detail
Use of proceeds	<p><b>Eligible Green Loan categories</b></p> <p><b>Affordable housing</b>  SDG 1: No poverty, SDG 10: Reduce inequalities  Loans aiming at financing social home ownership</p> <ul style="list-style-type: none"> <li>• <i>Prêt à l'Accession sociale</i> (PAS): acquisition or construction of primary residence respecting the eligibility criteria established in the French 2003 Finance Law</li> <li>• Loan to social housing landlords: new construction and/or renovation of existing social housing</li> </ul> <p><b>Access to essential services</b>  SDG 3: Good health and well-being, SDG 10: Reduce inequalities.  Loans aiming at financing access to healthcare, such as healthcare public providers and facilities:</p> <ul style="list-style-type: none"> <li>• Public hospitals</li> <li>• Elderly care facilities</li> <li>• Cancer research centers</li> </ul> <p><b>Sustainable and inclusive finance</b>  SDG 1: No poverty, SDG 8: Decent work and economic growth, SDG 10: Reduce inequalities.  Loans aiming at fostering inclusive finance, by financing banking accessibility for vulnerable groups through initiatives such as:</p> <ul style="list-style-type: none"> <li>• Interest free loans (PTZ – Prêt à taux zéro)</li> <li>• Micro-credit loans (créa-sol, micro-crédit habitat)</li> </ul>
Project evaluation and selection	<p>A Green, Social and Sustainability Bond Committee is in charge of monitoring the Process for Project Evaluation and Selection. The Committee is responsible for:</p> <ul style="list-style-type: none"> <li>• Selecting the Eligible Loans to be included in the Green, Social and Sustainability Bonds Portfolio “the Portfolio”.</li> <li>• Monitoring the Eligible Loans over the lifetime of the bond.</li> <li>• Validating the published Allocation Report and Impact Report.</li> <li>• Deciding for new issuance under the framework, in relation with the prevailing funding program.</li> </ul>
Management of proceeds	<ul style="list-style-type: none"> <li>• La Banque Postale maintains an Eligible Loan Portfolio that matches or exceeds the balance of net proceeds from its outstanding Green, Social and Sustainability Bonds, until the maturity of such bonds.</li> <li>• Internal tracking process will be established to track Eligible Loan Portfolio</li> </ul>
Reporting	<p>Annual publication of Green, Social &amp; Sustainability report on La Banque Postale website, including allocation &amp; impact reporting.</p>

# Social bonds allocation and impact reporting

In 2021, La Banque Postale raised €831m through 6 social bonds to develop the social economy, fight against inequalities, support regional development, support access to an affordable housing and to essential services.

True to its values of local presence, transparency and fight against inequalities, La Banque Postale aims at financing social housing, to be able to provide a home for people with limited resources and making the just transition a reality for everyone.

In line with its framework, the Group allocated 100% to eligible social projects.

## SOCIAL BONDS ISSUED

Instrument type	ISIN	Issue date	Tenor (years)	Nominal amount (€m)	% Allocation
Senior non preferred	FR0014001R00	15.02.2021	13	2	100%
Senior non preferred	FR0014003C39	10.05.2021	10	1	100%
Senior non preferred	FR00140044X1	23.06.2021	8	750	100%
Structured senior preferred	FR0014004768	15.07.2021	10	1	100%
Structured senior preferred	FR0014003NL8	02.11.2021	8	72	100%
Structured senior preferred	FR0014007BQ3	21.12.2021	10	5	100%
Total				831	100%

# 2021 Impact Highlights

## SOCIAL BONDS OVERVIEW

### ACCESS TO AFFORDABLE HOUSING DIRECT IMPACT



€617m

invested



239

projects supported



22,012

Beneficiaries<sup>2</sup>



10,482

social dwellings  
newly built or rehabilitated<sup>3</sup>

54

departments

### ACCESS TO ESSENTIAL SERVICES DIRECT IMPACT



€214m

invested



103

projects supported

>49%

invested in hospital activities

<sup>2</sup> La Banque Postale, along with other players, helped 22,012 inhabitants, at a rate of 2,1 inhab./Housing unit

<sup>3</sup> La Banque Postale contributed to the financing of 10,482 social dwellings newly build or rehabilitated

# ACCESS TO AFFORDABLE HOUSING

"Having a roof over their head" remains a priority for most of the French people who aspire to a certain security.

Affordable housing is essential to improve the quality of life of beneficiaries by leading to better health, adequate jobs, financial stability, security, promote social diversity and reduce territorial inequalities.

In France, social housing benefits from public funds, directly or indirectly; it is rented at a regulated price, lower than the market price, and attributed following an administered procedure to households that meet certain conditions, particularly in terms of income.

The purpose of social housing is to provide accommodation for individuals or families whose resources are too limited to be able to afford a home in the private sector. It aims also to provide a home for people living in shelters or in very vulnerable situations.

Social housing government policy also aims to promote social diversity and reduce territorial inequalities.

Given the recent sanitary, economic and social crises, the level of poverty has increased drastically. As housing is one of the first household expense, it has a significant impact on the purchasing power and living conditions of people especially the most vulnerable ones. The number of applicants drastically increased by 30% in 9 years.

To address this issue, the French Minister in charge of Housing called for a global effort in January 2021, underlining the need to build 250,000 social housing units by the end of 2022. As of January 2022, 15.6% of main residences are social rental housing, representing 5.3 million social housing units<sup>4</sup>.

Despite the number of social housing units, unfilled demand for social housing has exceeded 2 million at the end of 2021<sup>5</sup>.

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## OVERVIEW OF SOCIAL HOUSING IN FRANCE<sup>6</sup>



<sup>4</sup> 2021 Directory of social landlords' rental units (RPLS)

<sup>5</sup> 2021 Social Housing Demand – Union Habitat

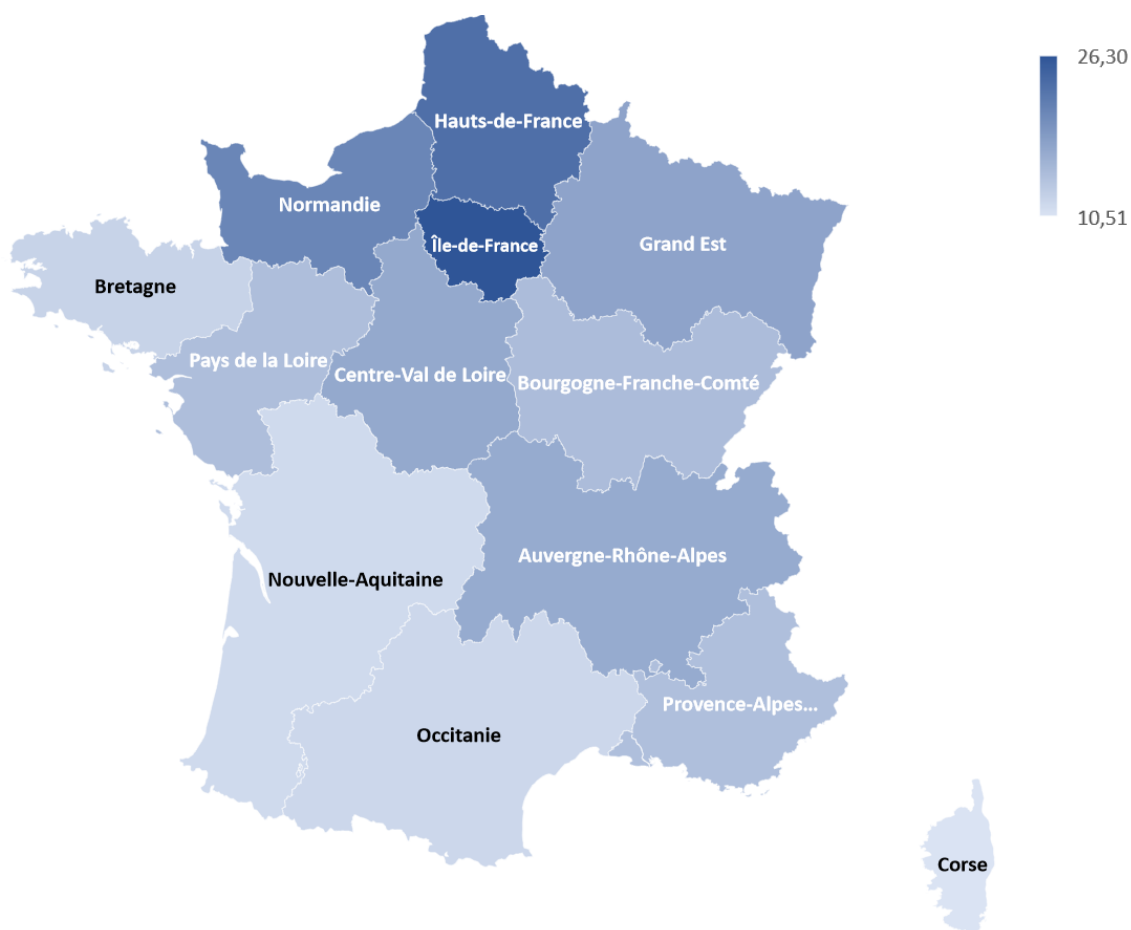
<sup>6</sup> Union sociale pour l'habitat – Rapport au congrès



## SHARE OF SOCIAL HOUSING AMONG MAIN RESIDENCES IN FRANCE AS OF 1<sup>ST</sup> JANUARY 2022

In 2021, 75,900 units were first leased in the social housing French portfolio. Over the same period, 14,700 units were demolished and 13,900 were sold. As a result, the social housing stock grew by 1.1% for the year 2021.

*Share of social housing among main residences in France, as of 1<sup>st</sup> January 2022<sup>7</sup>*



## VERY SPECIFIC RULES FOR SOCIAL HOUSING

Rents, as well as the designation of tenants, are regulated by the State. The rental amount per square meter is capped and the tenant must go through a committee to get a dwelling. This committee examines applicants' requests according to specific criteria, especially the income threshold: access to social housing is dependent on maximum resources.

Since 1979, it has been the signature of an agreement between the social landlord and the state, which allows a dwelling to belong to the category of social housing: the APL (Personalised Housing Aid) convention. This convention triggers aid for tenants, but also for landlords for construction.

It is this same agreement that will determine the rent per square meter. This is one of the main features of social housing: the nature of the loan granted by the State to finance the construction of the building will determine the price of the rent. The higher the loans and grants, the more the landlord will have to offer low rents, aimed at people with limited resources.

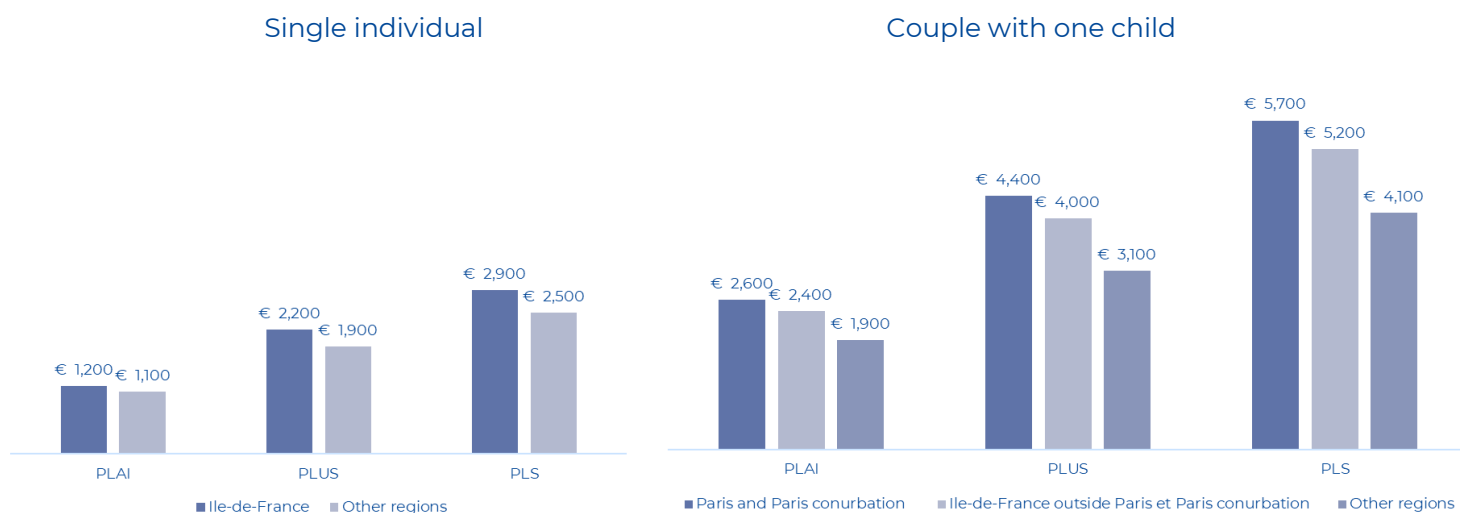
<sup>7</sup> Sources : SDES, RPLS, INSEE

## CATEGORIES OF SOCIAL HOUSING

The regulation distinguishes three categories of social housing according to the loans and subsidies granted to organizations during their construction:

- The PLAI (Integration Rental Loan) dedicated to people in very vulnerable situations who have both social and economic difficulties. Rents are between 4.56 €/m<sup>2</sup> and 5.97 €/m<sup>2</sup> depending on the location.
- The PLUS (Rental Loan for Social Use) refers to traditional social housing. Rents are between 5.14 €/m<sup>2</sup> and 6.70 €/m<sup>2</sup> depending on the area. More than 80% of social housing is regulated by this rent and resources threshold.
- The PLS (Social Rental Loan) provides funding for housing located primarily in areas where the real estate market is the most under pressure. The maximum rent is €13.34/m<sup>2</sup> for Paris and certain municipalities in the Paris conurbation (zone A bis).

## RESOURCES - ELIGIBILITY THRESHOLDS FOR SOCIAL HOUSING IN 2021<sup>8</sup>



The limits of reference resources presented here are based on monthly income. The income threshold to be met upon entry into the social housing portfolio depends on the family situation, the location of the dwelling and the nature of the loan that financed its construction (or acquisition), which also determines the rental price level.

<sup>8</sup> Revenus plafonds 2021 - Union social pour l'habitat

## KEY FIGURES – LA BANQUE POSTALE CONTRIBUTION



### ESTIMATED DIRECT IMPACT

La Banque Postale considers access to social housing essential to improve the quality of life of beneficiaries by leading to better health, adequate jobs, financial stability, security, promote social diversity and reduce territorial inequalities. Along with other players, helped 22,012 inhabitants by providing them with new or rehabilitated homes.

From 1 January 2021 to 31 December 2021, the group contributed to support 240 projects dedicated to the development or renovation of social housing units. 56% of the amount allocated was dedicated to the construction of new social housing units, and 44% consisted in the rehabilitation of some of them.



22,012

overall inhabitants supported<sup>9</sup>

€617m

invested

239

projects supported

105

beneficiaries' company

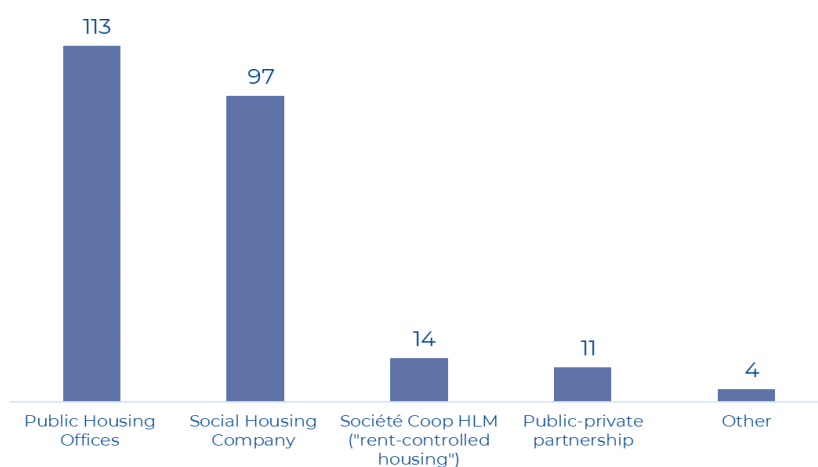
10,482

social dwellings  
newly built or rehabilitated<sup>10</sup>

12.7%

of newly built social housing in  
France in 2020<sup>11</sup>

*Project distribution by type of companies benefiting from by La Banque Postale's financing*

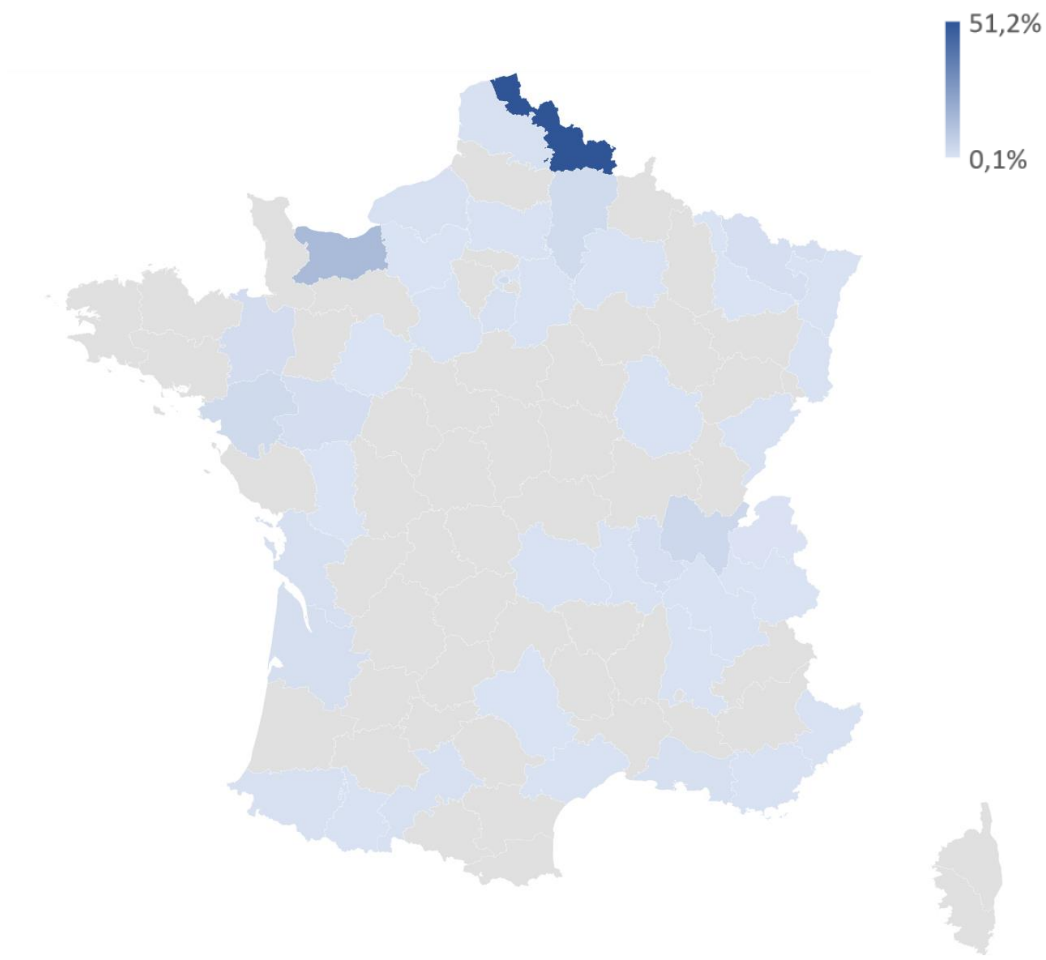


<sup>9</sup> La Banque Postale, along with other players, helped 22,012 inhabitants, at a rate of 2.1 inhab. / Housing unit

<sup>10</sup> La Banque Postale contributed to the financing of 10,482 social dwellings newly build or rehabilitated

<sup>11</sup> 52,585 newly built in France in 2020

Geographical distribution (excluding overseas) of the number of dwellings built with financing from La Banque Postale



## INCREASE IN PURCHASING POWER

As one of the basic needs of individuals, access to affordable housing is essential for those who cannot access the private sector.

On average, social housing rents are half as high as those of the private sector, and sometimes three times lower in areas where there is a higher demand for social housing<sup>12</sup>.

In France, the inhabitants of social housing are more likely to be single-parent families (22% of families housed by social housing providers, compared to 10% of the population as a whole) and to have modest incomes.

61% of families housed by social housing agencies have incomes below 60% of the income limit, and slightly more than a third of residents have incomes below the national poverty line (compared to 15% for all households).

	SOCIAL SECTOR <sup>13</sup>	PRIVATE SECTOR <sup>14</sup>
AVERAGE RENTAL PRICE	5.99 €/m <sup>2</sup>	11.5 €/m <sup>2</sup>
AVERAGE MONTHLY RENT	407 €	782 €

Considering this cost differential, which can vary according to the geographical location, an **annual saving of €4,500** can be estimated per household.

This cost differential may also vary depending on the household composition.

Affordable housing helps increase the discretionary income that low-income families have available to meet important family needs or save for the future.

## LOCAL ECONOMIC DEVELOPMENT

Affordable housing created more job opportunities, both during the construction or rehabilitation phases or through long-term social growth.

Considering the projects in which La Banque Postale has invested along with other players, 34,000 jobs were created or retained.

The loans from La Banque Postale would contribute between 300 and 3,900 direct full time equivalent to the companies benefiting from the investments (for more information, please see the methodology p.23).

**Estimated number of jobs within the entities benefiting from La Banque Postale's financing<sup>15</sup>**

300 ← → 3,900

It is estimated that the loans represent approximately, and on average, depending on the methodology used (short term or long term), between 1 and 11% of the financial resources used by these beneficiaries, thereby supporting "direct" employment of Social Housing portfolio beneficiaries in similar proportions.

In total, the loans would contribute between 300 and 3,900 direct Full Time Equivalent (FTE) to the beneficiary's activity. This represents a total of 34,000 direct jobs created or retained within the entities benefiting from La Banque Postale's financing.

<sup>12</sup> Rental price for social housing - Ministry of Ecology and Territorial Cohesion

<sup>13</sup> RPLS 2021 data for the average rental price per m2 – the average surface area of a social housing unit is 68 m<sup>2</sup>

<sup>14</sup> Clameur 2021 data

<sup>15</sup> Depending on La Banque Postale's contribution to the financing.



## ESTIMATED INDIRECT IMPACT

Affordable housing development also generates employment opportunities for the community and stimulates the local economy.

A socio-economic footprint measurement methodology, developed by the French consultancy Utopies, has been crafted to estimate the jobs supported, the added value created, the volume of purchases made, and the taxes paid by all the players benefiting from the flow of financing.

The economic flows generated by La Banque Postale's financing activities were estimated. Since they supported the production of goods and services, household consumer spending, and public administration, they contributed to enrich the local economy.

6,000  
indirect jobs and wealth supported in the supply chain

2,500  
induced jobs and wealth supported by household consumption

2,100  
induced jobs and wealth supported by public administration expenses



# ACCESS TO ESSENTIAL SERVICES

The question of access to medical care has become central in the current context of major changes in the hospital sector and the future decline in the number of healthcare professionals in the country.

Recently, the Covid-19 pandemic has highlighted the hospital crisis to light in the public debate: often overcrowded, unattractive for caregivers, the hospital also suffers from outdated equipment and declining public investment.

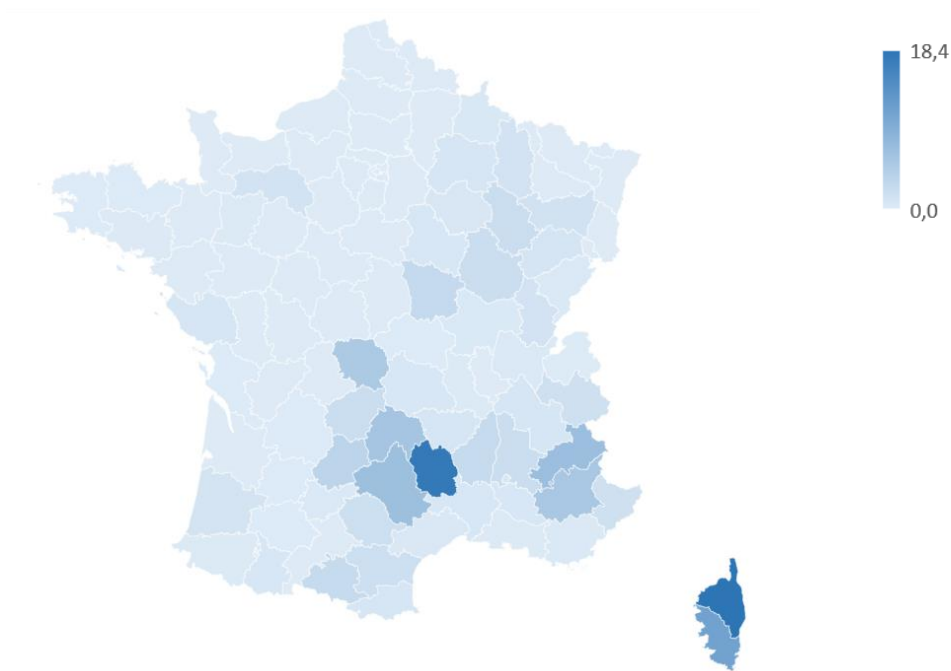
While the number of healthcare professionals has increased in most European countries over the past decade, it has remained stable in France. As a result, it is well below the EU average, at 3.2 doctors per 1,000 population in 2019, compared with 3.9 across the EU. There are wide disparities in the density of doctors and other health professionals across regions, with some areas facing shortages.<sup>16</sup>

Concerns are also rising that shortages of doctors, especially of general practitioners, may be exacerbated in the future, as a large proportion will retire in the next decade. The number of nurses in France has increased from 7.9 per 1 000 population in 2008 to 11.1 in 2019 – above the EU average of 8.4.

However, access to care remains essential: in 2019, in France, 1.3% of the population was located more than 20 minutes from a local health facility (this figure varies from 0% in Paris to 18% in Haute-Corse).

By partnering with private hospitals or public interest groups, La Banque Postale is helping to promote access to healthcare, maintain a good level of equipment and improve the working environment for healthcare professionals.

*Share of the population located more than 20 minutes away from local health facilities<sup>17</sup>*



<sup>16</sup> [State of health in the EU – France 2021](#)

<sup>17</sup> [INSEE resources](#)

## A VERY DIVERSE LANDSCAPE<sup>18</sup>

In France, at the end of 2020, 2,989 healthcare facilities were providing diagnosis, monitoring and treatment of patients. They offer 387,000 full hospitalization capacity (with overnight stays) and 80,000 partial hospitalization capacity (i.e. without overnight stays). These hospital structures may be of very different types and sizes.

Among these 2,989 healthcare facilities: 1,347 public hospitals, and private facilities such as 972 clinics and 670 non-profits, including 20 cancer centers.

Among the 1,347 geographical entities in the public sector, four types of facilities coexist: 180 regional hospital centers; 936 hospital centers; 92 hospital centers specialized in psychiatry; and 139 other public facilities, mainly dedicated to long-term care units.

## PUBLIC AND PRIVATE INSTITUTIONS

Among the 1,347 public institutions, three types of institutions can be found. They are identified according to their missions: 180 regional hospital centers provide the most specialized care to the population of the region as well as routine care to the nearest population; 936 hospital centers (including the former local hospitals), an intermediate category of establishments, provide most of the short-stay care, as well as care for seniors; and 92 hospital centers are specialized in psychiatry. Finally, the 139 other public hospitals are mainly long-term care facilities.

Among private hospitals, two types of establishments exist side by side: private for-profit hospitals (972 in number), and private non-profit hospitals (670 in total). The last type includes the 20 cancer centers and 650 other private non-profit establishments.

## SPECIFIC FACILITIES

### LAUNCH OF THE NATIONAL CANCER PLAN 2021-30 IN FRANCE, TO IMPROVE CANCER PREVENTION AND CARE<sup>19</sup>

In February 2021, the National Cancer Plan 2021-30 was launched, with the goal of reducing the number of avoidable deaths from cancer by 50 000 per year. The Plan is structured around four key priorities: a) improving prevention and early diagnosis; b) improving the quality of life of cancer patients; c) increasing cancer survival among adults and children, particularly for cancers with low prognosis; d) ensuring that all population groups can benefit equally from progress in cancer care.

### FACILITIES DEDICATED TO DEPENDANT SENIORS<sup>20</sup>

In a context of an ageing population and an increase in chronic pathologies, private and public structures, whose numbers continue to decrease, are adapting.

In France, at the end of 2019, 730,000 people were living in a residential facility for seniors, representing 10% of people over 75 years old, and a little less than a third of those over 90 years old. Facilities for seniors are designed to support vulnerable people over the age of 60 and preserve their autonomy. They provide a global service including accommodation, catering, entertainment and care.

In France, as of January 1, 2020, there were 144 places for every 1,000 people over 75 with wide disparities between departments. Even though there is no national target in terms of number of places, this percentage is not sufficient in terms of quantity and quality, given the population's ageing and the related welfare challenges. As a sign of the magnitude of the issues at stake, the French government has launched a massive investment plan of 2.1 billion euros between 2021 and 2024, to create more accessible, more human and more medicalized structures.

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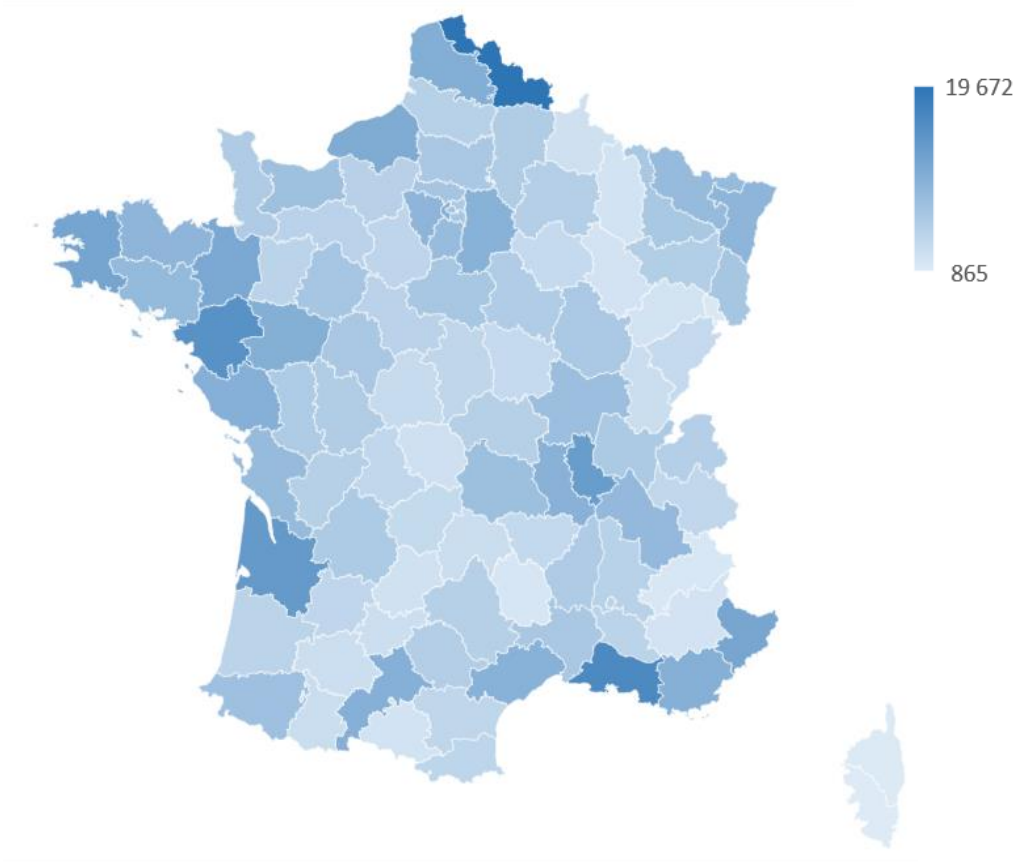
<sup>18</sup> [Healthcare Facilities in France - Department of Research, Studies, Evaluation and Statistics](#)

<sup>19</sup> [EU 2021 - France health profile](#)

<sup>20</sup> [Seniors in France statistics](#)



Distribution of EHPAD by number of places (elderly dependent people)<sup>21</sup>



<sup>21</sup> [Insee statistics](#)

## KEY FIGURES – LA BANQUE POSTALE CONTRIBUTION

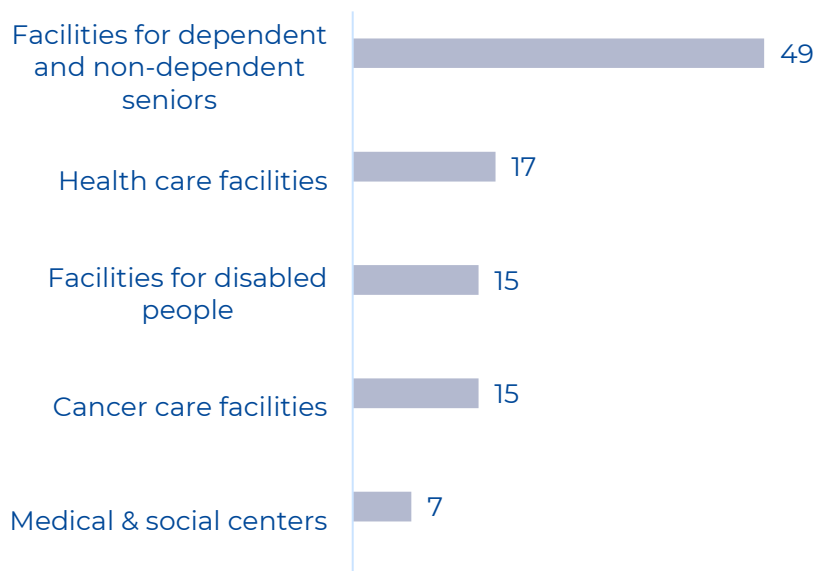
There are growing public health, inequality, economic and environmental challenges that need to be addressed. La Banque Postale wants to fight against those inequalities by supporting access to essential services, since it is a fundamental human right.

In 2021, la Banque Postale invested €214 million loans to public and non-profit organisations in France which manage health and medical-social facilities. The loans were granted to finance the construction, acquisition and renovation of institutions for the elderly and the disabled, and for the acquisition of medical equipment for healthcare facilities.

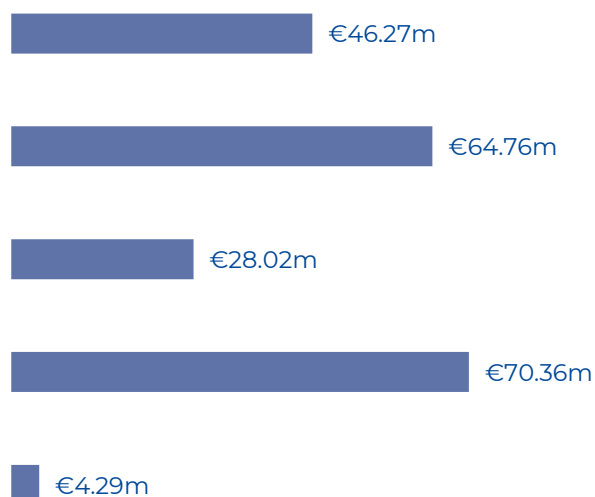


### Project distribution by type of facilities & beneficiaries

#### by number



#### by allocated amount



## CONTRIBUTION TO THE DEVELOPMENT OF HOSPITAL ACTIVITIES

Fully aware of the challenges of hospital activities and the resulting inequalities in France, la Banque Postale decided to contribute on its own scale by investing 105 m€ in hospital activities.

Hospital activities are defined as construction, investments, medical equipment for cancer care facilities, and participation in projects with groups of different players (GIP, GIE, GCS)<sup>22</sup>.

- 31 % of these investments, i.e 32,7 m€, was dedicated to the development of new facilities.
- 29 % was dedicated to the acquisition of state-of-the-art equipment and medical devices
- 23% was spent on the rehabilitation or structuring of existing facilities

*Breakdown of La Banque Postale's investment in hospital activities by purpose*



## CONTRIBUTION TO THE DEVELOPMENT OF FACILITIES FOR DEPENDENT SENIORS

In 2030<sup>23</sup>, 21 million people aged 60 or over will be living in France, i.e. 3 million more than in 2019. With no change in practices, 108,000 more seniors are expected to be living in facilities for dependent seniors by 2030.

As of today, the population aged 60 or more lives mainly in three types of living facilities: personal housing, intermediate housing for autonomous seniors, and residential facilities for dependent seniors. The type of living environment depends heavily on the level of autonomy, but also on the number of places available.

*Breakdown of La Banque Postale's investment by purpose in dependent seniors facilities*



<sup>22</sup> Please see Glossary

<sup>23</sup> Department of Research, Studies, Evaluation and Statistics - 2020

## LOCAL ECONOMIC DEVELOPMENT

Access to essential services created more job opportunities, both during the construction or rehabilitation phases of health facilities or through long-term social growth. Considering the projects in which La Banque Postale has invested along with other players, 24,000 jobs were created or retained.

The loans from La Banque Postale would contribute between 200 and 2,500 direct full time equivalent to the companies benefiting from the investments (please see methodology p.23).

**Estimated number of jobs, created or retained, within the entities benefiting from La Banque Postale's financing<sup>24</sup>**

200 ← → 2,500

It is estimated that the loans represent approximately, and on average<sup>25</sup>, depending on the methodology used (short term or long term), between 1 and 11% of the financial resources used by these beneficiaries, thereby supporting "direct" employment of Social Housing portfolio beneficiaries in similar proportions. In total, the loans would contribute between 200 and 2,500 direct Full Time Equivalent (FTE) to the beneficiary's activity. This represents a total of 24,000 direct jobs created or retained within the entities benefiting from La Banque Postale's financing

## ESTIMATED INDIRECT IMPACT

Access to essential services development generates employment opportunities and stimulates the local economy. A socio-economic footprint measurement methodology, developed by the French consultancy Utopies, has been crafted to estimate the jobs supported, the added value created, the volume of purchases made, and the taxes paid by all the players benefiting from the flow of financing. The economic flows generated by La Banque Postale's financing activities was estimated and supported the production of goods and services, household consumer spending, and public administration. They contributed to enrich the local economy.

1,500 €106m  
indirect jobs and wealth supported in the supply chain

650 €43m  
induced jobs and wealth supported by household consumption

750 €45m  
induced jobs and wealth supported by public administration expenses



<sup>24</sup> Depending on La Banque Postale's contribution to the financing.

<sup>25</sup> Sources and ratios of debt per sector, market share, and share of bank loans in the medium and long-term debt respectively provided by Base ESANE 2019 – INSEE, La Banque Postale & Kantar Tns 2021 study, Ministry of Housing (Banque de France for Health

## EXAMPLE OF ELIGIBLE ASSETS



### CANCER CENTER

Henri Becquerel  
Rouen, Seine-Maritime  
France

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La Banque Postale helped funding a particle physics and imaging equipment. With a shortage of beds, this center was waiting for €100m in investments to expand and accommodate 30% more beds. La Banque Postale provided 24 M€ for its restructuring.



### FACILITIES FOR SENIORS

René Marion  
Roybon, Isère  
France

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In Isère, a French department where the equipment rate is lower than the French average (120 places per 1,000 people over 75), La Banque Postale invested €8.8 million in the construction of the new René Marion center, a facility with 127 places

# GLOSSARY

## **OPH – Office public de l'habitat**

Public housing office is a local public institution, with an industrial and commercial focus, created by a local public authority (municipality, group of municipalities or department) and subject to the public procurement regulations, the French construction and housing code.

## **ESH - Entreprises sociales pour l'habitat**

Non-profit limited company subject to commercial company law. Since Ordinance n°2015-899 of July 23, 2015 on public procurement, which transposes the EU directives adopted in 2014, ESHs are subject to the public procurement code, French construction and housing code.

## **SEM - Société d'économie mixte**

Public limited company in which the majority of the capital is held by the State or by local authorities. An SEM can develop, build or operate public services of an industrial or commercial nature, or any other activity of general interest. Like ESHs, SEMs have been subject to the public procurement code since Ordinance no. 2015 - 899 of July 23, 2015 on public procurement, French construction and housing code.

## **EHPAD – Etablissements d'hébergement pour personnes âgées dépendantes**

Residential facilities for the dependent seniors are medical structures that provide care and home for dependent elderly people.

## **GIP - Groupement d'intérêt public**

The Public Interest Grouping (GIP) allows public and private partners to join resources for the implementation of missions of general interest.



## **GIE - Groupement d'intérêt économique**

Economic interest group allows several pre-existing companies to join together to support or develop their economic activity, while maintaining their independence.

## **GCS - Groupement de coopération sanitaire**

The GCS is usually the main tool for cooperation between the public and private sectors, but also between the city and the hospital. Its purpose is to ease, improve or develop the activity of its members, thus allowing the mutualization of resources of any kind. It pursues a non-profit goal.

# Methodological notes

		La Banque Postale loans to outstanding 2021/12/31)	Social bonds issued	Coefficient to apply
Social Bonds	 Social housing	€709.53m	€831.1m	87%
	 Access to essential services / healthcare	€245.56m		
	<b>Total</b>	<b>€955.09m</b>		

## SOCIO-ECONOMIC FOOTPRINT CALCULATION

La Banque Postale was assisted by the French firm Utopies in the calculation of the social impacts of its social bonds, using the LOCAL FOOTPRINT® tool developed by Utopies.

### Estimation of direct impacts on the funding recipient

Thanks to La Banque Postale financing, the beneficiaries' short term and long-term activity is supported (via opportunities to take out loans and initiate projects) and "direct" jobs are supported at beneficiary level. Utopies has determined 2 ways of estimating the direct supported jobs: one with a short-term approach (using outstanding annualised amount) and one with a medium to long-term approach (using sector-specific ratios).

Estimating the "direct" impacts of a loan requires using several sets of assumptions. In particular, the role of debt and the consequences of investment are difficult to assess in any given year, even if the results of investment support business activity for years. It is difficult to estimate direct employment through an annual analysis (such as this social bond assessment) and the value of loans outstanding at a given time. For these reasons, it was decided to report the results using two complementary approaches, which provide a very wide range of supported jobs: one estimate considering the outstanding amount, and another considering the medium- to long-term approach (without using any outstanding amount).

Given the exploratory nature of these quantitative approaches, the most conservative assumptions have been used. For all these reasons, the number of direct jobs supported is presented in the form of a range of confidence.

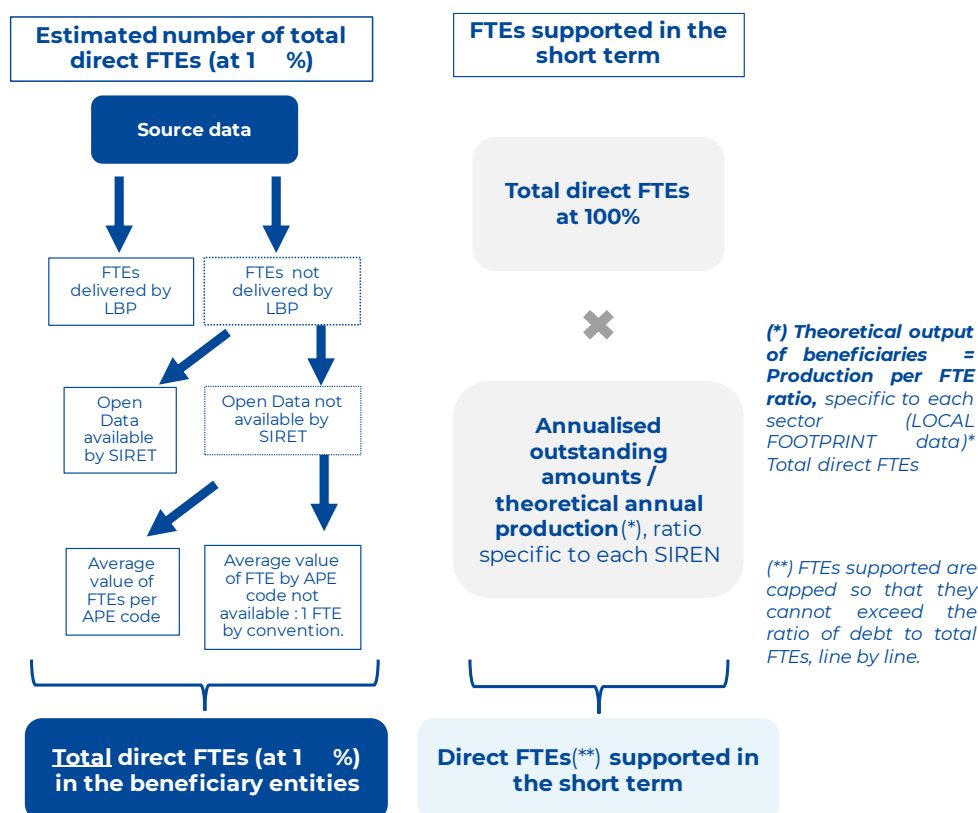
Future assessment exercises could use complementary methods, based on interviews with beneficiaries, to fine-tune the quantitative and modeling methodology.

## METHODOLOGY FOR ESTIMATING “DIRECT” IMPACTS

### FIRST METHODOLOGY FOR ESTIMATING “DIRECT” IMPACTS – OVER THE SHORT TERM

It was first necessary to assess the total number of jobs of the entities benefiting from the loans. This was based on information collected by La Banque Postale, completed by INSEE data on each SIRET. This estimation is meant to be as conservative as possible. When employee data was not available in the Sirene Open Data database (INSEE), the average value of the number of FTEs per APE code was used. When no average calculation was possible and the number of employees remained unavailable or zero, 1 FTE has been used by agreement.

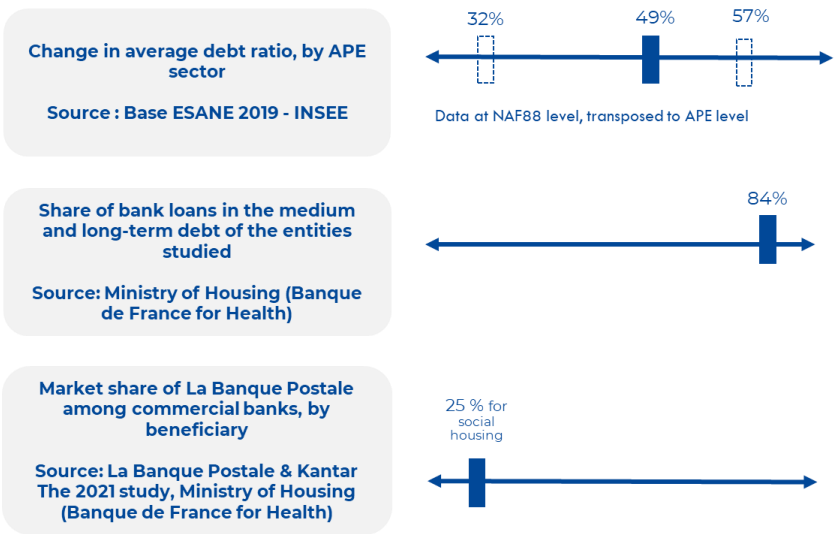
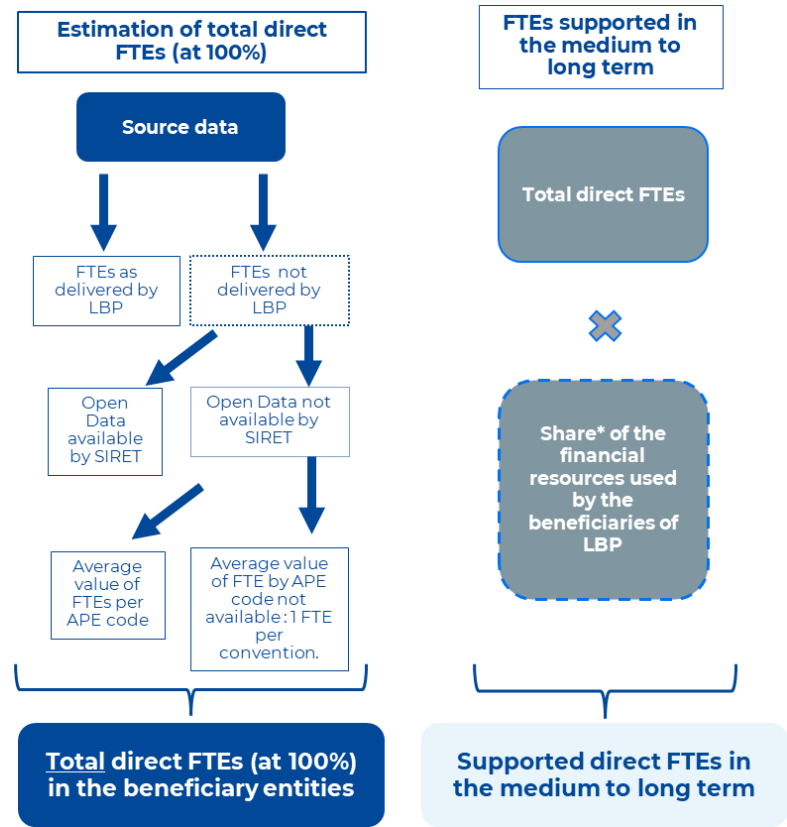
The number of direct jobs supported in “the short term” is estimated by weighting the total FTEs of each beneficiary by the ratio between the annualized outstanding amount and the annual theoretical output. This approach aims to evaluate the number of direct jobs supported on average by La Banque Postale financing. For each loan, the outstanding amount is annualized based on the term of the loan, in order to bring it closer to the theoretical annual output of each beneficiary. The assumption is then made that, each year, a portion of the loan refinanced by the social bond supports the activity of each beneficiary and thus contributes to supporting jobs.





SECOND METHODOLOGY FOR ESTIMATING “DIRECT” IMPACTS – OVER THE MEDIUM- TO LONG-TERM

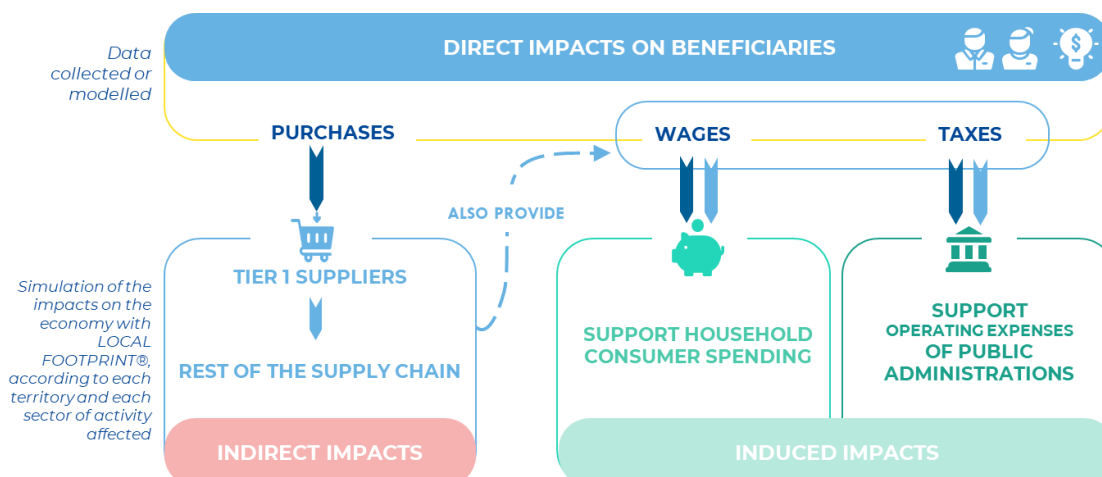
The estimation of supported direct jobs in the medium to long term assumes that, through its financing, La Banque Postale finances a portion of the activity of its beneficiaries. Therefore, total direct jobs are reconciled with the proportion of the activity financed by medium-term loan granted by La Banque Postale. The latter is calculated based on three ratios (sources described in the appendix): the average debt ratio of each beneficiary, the share of medium- and long-term debt in the total debt and the share of debt financed on average by La Banque Postale. The estimate does not consider the outstanding amount.



## MODELING OF INDIRECT & INDUCED IMPACTS, BEYOND DIRECT BENEFICIARIES

Estimation of indirect and induced impacts resulting from the use of social bond funds

The proceeds of social bonds issued by La Banque Postale, depending on their purpose (construction, equipment, etc.), support companies across the entire value chain. These operations have both “indirect” (supply chain) and “induced” (household consumer spending and public administration expenses) impacts on employment.



### THE LIMITATIONS OF THE LOCAL FOOTPRINT MODEL

A rigorous economic impact analysis requires a good knowledge of how the model operates, but also the ability to interpret the results according to the inherent limits and assumptions of the model used: the reliability of the model's results depends on the reliability of the data table, which are, moreover, an accounting representation of economic interactions for a given year. The model therefore does not take into consideration the notion of time. It is a "static" representation of the economy at a given time, following expenditure "shocks". The production function of a given industry is fixed and there are no economies of scale. The model does not consider the phenomenon of resource scarcity. LOCAL FOOTPRINT® is a linear model. All other things being equal, a shock of €10m to a productive sector is equal to 10 shocks of €1m to the same sector.

## Third-party review report



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## La Banque Postale

**Independent practitioner's limited assurance report on selected information published in the "Social Bond 2021 - Allocation & Impact Report" related to the Social Bonds issuances on February 15<sup>th</sup> 2021, May 10<sup>th</sup> 2021, July 15<sup>th</sup> 2021, June 23<sup>rd</sup> 2021, November 2<sup>nd</sup> 2021, December 21<sup>st</sup> 2021 by La Banque Postale.**

La Banque Postale

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*This report contains 5 pages and 4 pages of appendix*



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To the Directors of La Banque Postale,

In our capacity, and appointed, as external reviewer of the Social Bond 2021 - Allocation & Impact Report (the "**Report**") of La Banque Postale (the "**Company**"), and in accordance with your request, we have undertaken a limited assurance engagement on the following information detailed in the Report ("**the Information**"), available on the company website:

- the allocation, as of December 31<sup>st</sup>, 2021 of funds raised by La Banque Postale, through the Social Bonds issued on January 26th 2021, February 3rd 2021, March 12th 2021, March 19th 2021, April 26th 2021 and November 18th 2021 ("**the Issuing**") contained in the Social Bond 2021 - Allocation & Impact Report.
- the projects financed by the Issuing and identified as eligible by the Company ("**Eligible Projects**");
- The impact indicators regarding the eligible projects.

The Information has been prepared in the context of the Green, Social & Sustainability Bond Framework defined by the Company, available on the Company website<sup>1</sup>.

## Our Limited Assurance Conclusion

Based on the procedures we have performed as described under the section "Summary of the work we performed as the basis for our assurance conclusion" and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Information is not prepared, in all material respects, in accordance with the Green, Social & Sustainability Bond Framework (see below under "Understanding how La Banque Postale has prepared the Information").

<sup>1</sup> <https://www.labanquepostale.com/legroupe/investisseurs/dette.obligationsvertes.html>

## **Understanding how La Banque Postale has Prepared the Information**

The absence of a commonly used generally accepted reporting framework or a significant body of established practice on which to draw to evaluate and measure sustainability information allows for different, but acceptable, measurement techniques that can affect comparability between entities and over time. In addition, greenhouse gas quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Consequently, the Information needs to be read and understood together with the Green, Social & Sustainability Bond Framework.

## **La Banque Postale responsibilities**

Management of La Banque Postale are responsible for:

- Selecting or establishing suitable criteria for preparing the Information;
- Selecting the Eligible Projects regarding the eligible criteria;
- Preparation of the Information in compliance with the Issuing and the Green, Social & Sustainability Bond Framework;
- Designing, implementing and maintaining internal control over information relevant to the preparation of the Information that is free from material misstatement, whether due to fraud or error.

## **Our responsibilities**

We are responsible for:

- Planning and performing the engagement to obtain limited assurance about whether the Information is free from material misstatement, whether due to fraud or error;
- Forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- Reporting our conclusion to the Directors of La Banque Postale.

As we are engaged to form an independent conclusion on the Information as prepared by management, we are not permitted to be involved in the preparation of the Information as doing so may compromise our independence.

However, we have no responsibility for:

- Challenging the eligibility criteria as defined in the Green, Social & Sustainability Bond Framework, and, in particular, we give no interpretation on the final terms of this Framework;
- Forming an opinion on the effective use of the funds allocated to the Eligible Projects after such funds have been allocated.

## **Professional Standards Applied**

We performed a limited assurance engagement in accordance with the International Standard on Assurance Engagements 3000 (Revised) Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board].

## **Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants].

In addition, [our firm applies International Standard on Quality Control 1 and accordingly] we have implemented a system of quality control including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, the ethical requirements, [professional standards] and French professional guidance.

Our work was carried out by an independent and multidisciplinary team with experience in sustainability reporting and assurance.

## **Summary of the Work we Performed as the Basis for our Assurance Conclusion**

We used our professional judgement to select procedures for our limited assurance engagement, and to assess the risk of material misstatement in the Verified Information, whether due to fraud or error.

To assess this risk, we took into account the Company's internal controls on the preparation of the Verified information in order to design appropriate assurance procedures, and not to express a conclusion as to the effectiveness of the Group's internal control system.

We conducted several interviews with the persons responsible for preparing the Verified Information, with those in charge of collecting the information and, where appropriate, with those responsible for internal control and risk management procedures.

Our work entailed :

- identify the persons responsible for the collect of information regarding the Report Information within the Company and, if applicable, for internal control and risk management procedures ;
- assessing the robustness of the reporting procedures in terms of relevance, completeness, reliability, neutrality and understandability ;
- verify the existence of internal control and risk management procedures implemented by the entity ;
- verify the consistency of the published information presented in the Report with the accounting records and underlying data ;

- verifying that the methods for measuring the impact indicators related to the selected eligible projects, as summarized in the methodological note, presented in the "Methodology appendix" section of the Annual report, have been properly applied, without calling them into question, by reconciling:
  - input data in the spreadsheets prepared by the Group and the consulting firm Utopies with regards to the selected projects to which the proceeds have been allocated for fiscal year 2021, by category of eligible projects;
  - other source documents that we deemed necessary for the calculations;
  - the results of the spreadsheets related to the impact indicators;
- On the basis of a representative sample of projects:
  - verify the eligibility of these projects with regard to the eligibility criteria defined in the Green, Social & Sustainability Framework;
  - verify the concordance of the amounts of the projects as of December 31<sup>st</sup>, 2021, with the accounts and the data underlying the accounts.
- verify that the amount of funds allocated to projects is less than or equal to the amount of these projects as of December 31<sup>st</sup>, 2021.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

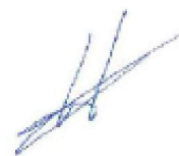
This report has been prepared within the context described above and may not be used, distributed or referred to for any other purpose

Paris La Défense, December 23rd 2022

KPMG S.A.



Brice Javaux  
ESG Expert  
ESG Center of Excellence



Xavier De Coninck  
Partner



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- to evaluate precisely the extent to which the occurrence of a risk or a combination of risks could cause actual results to differ materially from those provided in this presentation.*

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A woman with blonde hair tied back, wearing a blue tank top and denim overalls, is seen from the side, painting a large, colorful mural. She is using a brush to apply paint to a section of the mural that features a large white circle with a black outline. The mural is composed of various bold colors including red, yellow, blue, black, and white, with abstract shapes and patterns. The woman is wearing a white glove on her right hand.

## Our company purpose

Because it was created with the purpose of serving the public, La Banque Postale believes there can be no long-lasting value creation without redistribution, no economic growth without local prosperity and no sustainable development without respect for planet boundaries.

By offering quality and accessible services, our purpose is to enable everyone to fulfil their potential and to contribute, through their investment, savings, insurance and consumption choices, to building a society that is more attentive to the planet and all who live on it.

As a committed banker and insurer, it is our desire to work towards this just transition alongside our customers and employees

