

Green Bond Report 2020

Allocation & Impact Report



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About this document:

This document is the **second annual report of La Banque Postale’s first Green Bond** issued in April 2019. The allocation and impact were calculated with a pro rata methodology per energy type, taking into account the entire Green Bond portfolio values on the 31/12/2020, on the basis of outstandings since 01/01/2017. This report is based on La Banque Postale Green, Social & Sustainability Bond Framework, in line with the 2018 edition of the Green Bond Principles (GBP), the Social Bond Principles (SBP) and the Sustainability Bond Guidelines (SBG). This Framework has been submitted to the non-financial ratings agency Vigeo Eiris for a Second-Party Opinion. On April 1st 2019 the agency concluded that "the Green, Social & Sustainability Bond Framework of La Banque Postale is aligned with the four core components of the Green and Social Bond Principles 2018".

¹ The Framework and the Second-Party Opinion are both available on La Banque Postale’s institutional website: <https://www.labanquepostale.com/en/investors/debt.greensocialbonds.html>

I. La Banque Postale at a glance: Investment Case

A LARGE AND DIVERSIFIED BANCASSURER

11th largest bank in the Eurozone with total assets of €737bn and NBI of €7.7bn

10.3 million active retail customers in France
An international footprint through CNP Assurances

100% owned by Groupe La Poste (in turn 66%-owned by Caisse des Dépôts and 34% by the French state)

A balanced mix of businesses:

- Retail banking NBI: 64.5%
- Insurance NBI: 33.4%

2030 STRATEGIC PLAN: 2025 TARGETS

NBI

>3% (2020-2025 CAGR)
20% generated internationally

RWA

Controlled growth at **3.5%** (CAGR)

C/I RATIO

-10 points

RONE

Of 8% in 2023

ONE OF THE STRONGEST BALANCE SHEETS IN THE SECTOR

CET 1 ratio: **20.4%**

Cost of risk at 46 bps,
NPL at 0.7%

A Solvency II ratio of 208% for CNP Assurances

Sound credit ratings:
Fitch (A/F1+), S&P (A/A-1)

Regulatory own funds: **€21bn**

A LEADING COMMITMENT TO SUSTAINABLE FINANCE

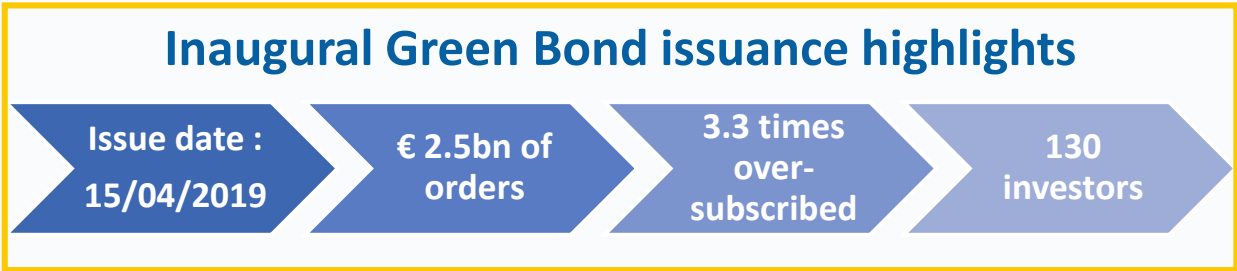
€23bn in financing for energy transition projects

Recognised leadership in ESG performance: Rated **Global No.1 by Vigeo and Global No.3 by Sustainalytics**

SRI label awarded to 100% of eligible LBP AM funds and 95% of assets under advisor-directed management by BPE

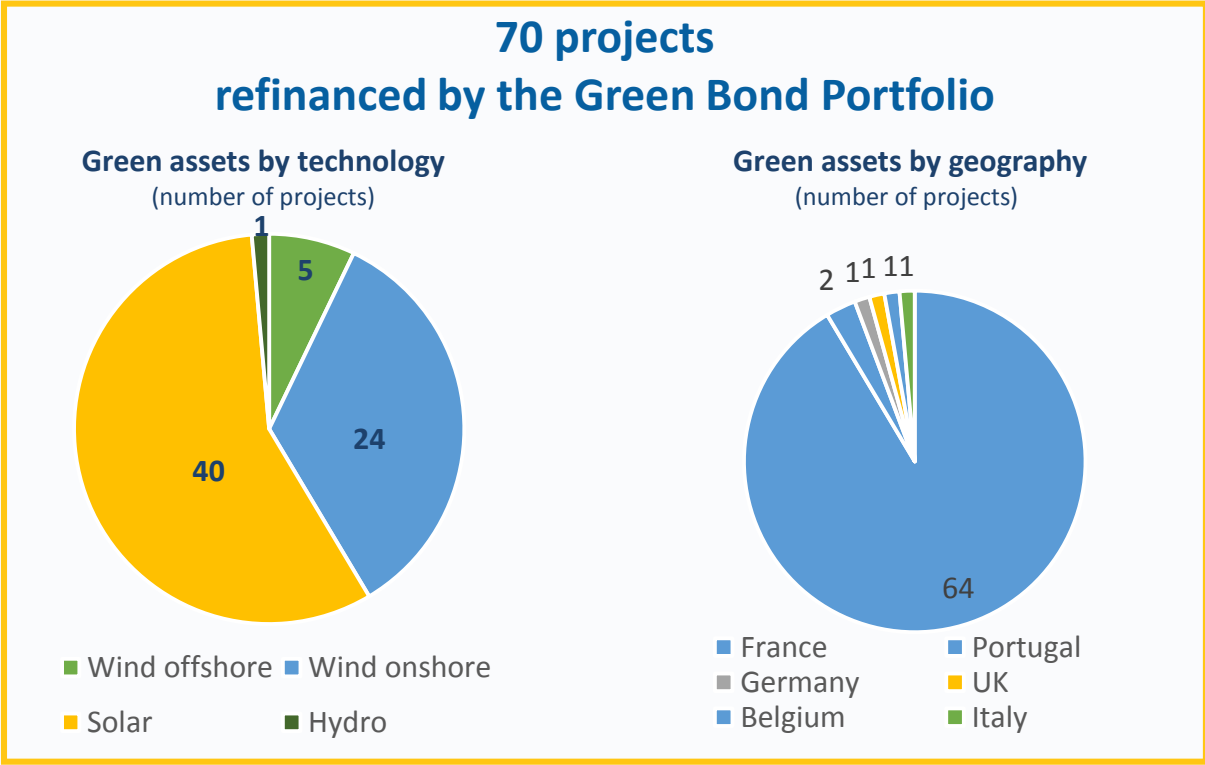
II. A Green Bond dedicated to renewable energy at the end of 2020

€ 750 m
 ISIN : FR001341Senior
 Non Preferred bond
 maturing in April 2029
 5692



Avoided CO₂ emissions per year for the inaugural Green Bond

64 444 tCO₂eq
86 tCO₂eq/€m



Sustainable Development Goals assets contribution:

La Banque Postale supports the energy transition to a low carbon economy. The projects refinanced by the Green Bond participate to climate change mitigation and the reduction of Greenhouse Gas (GHG) emissions and pollution. Through these green assets, La Banque Postale contributes to the following United Nations Sustainable Development Goals (SDG's):

7
AFFORDABLE AND CLEAN ENERGY

SDG 7: Ensure access to affordable, reliable, sustainable and modern energy for all

This SDG includes targets to:

- increase substantially the share of renewable energy in the global energy mix by 2030 (7.2)
- double the global rate of improvement in energy efficiency by 2030 (7.3)

13
CLIMATE ACTION

SDG 13: Take urgent action to tackle climate change and its impacts

This SDG includes targets to:

- Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries (13.1)

III. Allocation report – Portfolio and focus on the inaugural Green Bond in 2020

La Banque Postale required €750m debt financing. 70 eligible assets of the portfolio were qualified for the Green Bond emission accounting for €1.35 milliards.

100% of the portfolio had been channelled into refinancing projects.

Out of the € 750m issued in April 2019: € 377m had been allocated to the refinancing of solar projects, € 275m of wind onshore projects, € 84m of wind offshore projects and € 14m of hydro projects.

		Portfolio			Inaugural Green Bond issuance € 750m - April 2029 - FR0013415692		
Category	Type of assets	€m	Quantity	Breakdown (€)	€m	Breakdown (€)	Allocation breakdown (% of the portfolio)
Renewable Energy	Solar	679	40	50%	377	50%	55%
	Wind onshore	496	24	37%	275	37%	55%
	Wind offshore	151	5	11%	84	11%	55%
	Hydro	26	1	2%	14	2%	55%
TOTAL		1352	70	100%	750	100%	55%

45% of the portfolio is unallocated.

IV. Impact report – Avoided CO₂ emissions in 2020

This section reports the total avoided CO₂ emissions by the 70 projects composing the Green Bond portfolio and the 55% of the portfolio per energy type refinanced by the inaugural Green Bond (carbon impact). It also reports the total avoided CO₂ emissions for every € 1m of the refinanced by the inaugural Green Bond (carbon intensity).

In order to estimate the carbon impact of the Green Bond portfolio, La Banque Postale commissioned the French consulting firm Carbone 4, specialized in carbon measuring, to conceive a dedicated tool for calculating the avoided emissions by all of the projects refinanced by the Green Bond.



		Portfolio				
Category	Type of assets	€m	Quantity	Breakdown (€)	Installed capacity (MW)	Carbon impact (tCO ₂ eq/y)
Renewable Energy	Solar	679	40	50%	682	7 476
	Wind onshore	496	24	37%	647	53 991
	Wind offshore	151	5	11%	111	54 701
	Hydro	26	1	2%	5	0
TOTAL		1 352	70	100%	1 444	116 168
		Inaugural Green Bond issuance € 750m - April 2029 - FR0013415692				
Category	Type of assets	€m	Carbon impact (tCO ₂ eq /y)		Carbon intensity (tCO ₂ eq /€m.y)	
Renewable Energy	Solar	377	4 147		11	
	Wind onshore	275	29 952		109	
	Wind offshore	84	30 345		362	
	Hydro	14	0		0	
TOTAL		750	64 444		86	

Methodology appendix

A rigorous projects selection and allocation

La Banque Postale's Green Bond Eligibility Criteria :

La Banque Postale asserts that the entire green bond asset portfolio was used to refinance projects that meet the eligibility criteria described in the Green Bond Framework¹ available on La Banque Postale's website and detailed below. The eligible green loans proceeds include loans financing renewable energy (RE) projects granted by La Banque Postale in France and Europe, up to 36 months prior to the Green Bond issue date. The eligible RE assets in portfolio are projects meeting the following criteria:

Loan Category	Definition	Eligibility Criteria	Objectives	Environmental Benefits
Renewable Energy (RE)	Loans aiming at financing the equipment, development, manufacturing, construction, operation, distribution and maintenance and decommissioning of local renewable energy	Wind projects Onshore and offshore wind energy projects Solar projects Self-generated photovoltaic energy projects	Support energy transition to a low-carbon economy (contribution to SDG 7 & SDG 13 ²)	<input type="checkbox"/> Climate change mitigation <input type="checkbox"/> Greenhouse Gas (GHG) emissions reduction <input type="checkbox"/> Pollution reduction

Assets allocation methodology :

Projects selected for the first green bond allocation were related to earliest deals.

In order to reach the exact inaugural Green Bond issuance amount (€ 750m), the most recent asset refinanced by the Green Bond has been proportionally taken into account, especially regarding the project allocated amount to the Green Bond, its installed capacity and its carbon impact.

¹ <https://www.labanquepostale.com/en/investors/debt.greensocialbonds.html>

² See *A Green Bond dedicated to renewable energy* (page 8) for further details

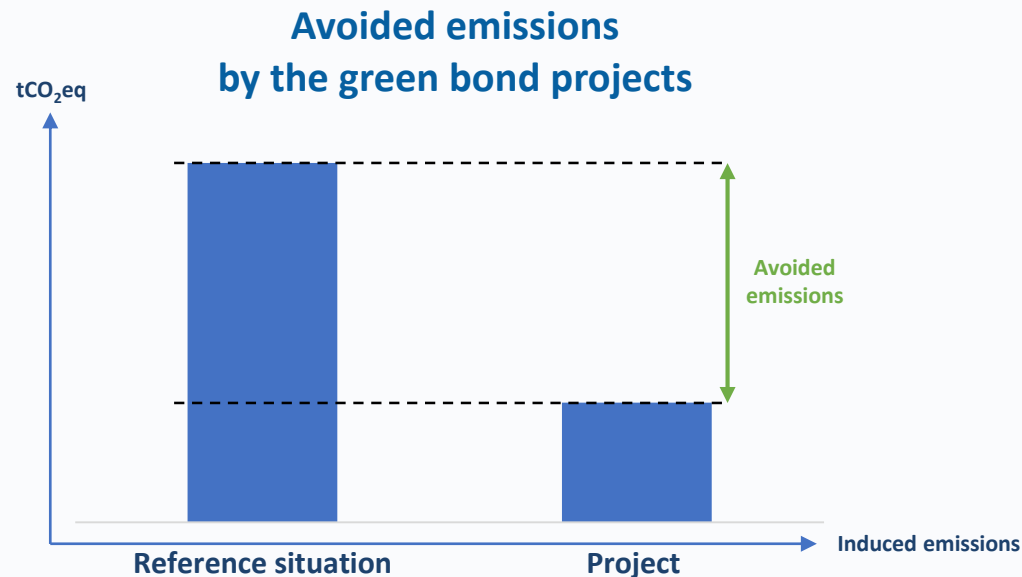
A strong carbon impact methodology supported by Carbone 4

Carbon impact accounting methodology :

In order to estimate the carbon impact (avoided CO₂ emissions in tCO₂eq) of the Green Bond portfolio, La Banque Postale commissioned the French consulting firm Carbone 4, specialized in carbon measuring, to conceive a dedicated tool for calculating the emissions avoided by all of the projects refinanced by the Green Bond.

In this tool emissions avoided by a renewable energy generation structure are calculated as presented below:

Avoided emissions = induced emissions in a reference situation - induced emissions by the project



Asset allocation methodology :

- ❑ **Project induced emissions** are equal to the emissions of the project within the scopes 1 (direct emissions), 2 (indirect emissions from electricity usage) and 3 (upstream energy emissions and construction). The emissions allocated to the projects cover both construction and exploitation phases. In case of renewable energy projects induced emissions during the exploitation phase equal 0.

Conceptually, induced emissions are similar to what is commonly called the carbon footprint

- ❑ **Reference situation induced emissions** are determined by the OMBM methodology¹. This methodology creates a theoretical emission factor for the reference situation according to each country's power generation characteristics and their recent evolution.
- ❑ **Avoided emissions** are calculated by comparing the emissions induced by the project and the emissions of the reference situation. In the electricity sector, avoided emissions are calculated as the difference between the actual carbon intensity of the project's production or installed capacity (depending on the information available) and a reference electricity mix for the geographic zone (source of information : IEA²).

Avoided emissions equal 0 when project induced emissions exceed reference situation induced emissions.

Regarding projects located in France the reference situation is the French average electricity production. Thanks to a low carbon energy mix in France, reference situation induced emissions are lower than project induced emissions during its construction phase. This explains why avoided emissions equal 0 for solar projects located in France. The avoided emissions are presented in tonnes of carbon dioxide equivalent per year (tCO₂eq/y) using emissions factors from 2018.

Emission factors are applied to each project according to the project's:

- ❑ type: wind onshore/wind offshore/solar (sources of information: ADEME³, IPCC⁴)
- ❑ implementation country (source of information: IEA)
- ❑ life expectancy: calculated from the deal signature date, 25 years for wind and solar projects (source of information: IEA).

Portfolio & assets' carbon impact calculation :

For each project, emissions are calculated with the annual MWh of electricity produced. If this information is not available, we proceed with the MW of installed capacity (total net installed capacity per La Banque Postale's share in the project). If none of these are available, we calculate emissions with the total CAPEX of the project (total investment into the project by La Banque Postale when it originally financed the project).

Within this report the presented **carbon impact** (tCO₂eq/y) refers to the total avoided CO₂ emissions per year compared to a reference situation. It is calculated for the overall portfolio as well as for the pro rata part which corresponds to the Green Bond financial amount per energy type.

La Banque Postale also reports the **carbon intensity** (tCO₂eq/€m.y) that refers to the total avoided CO₂ emissions per year compared to a reference situation for every €1 million refinanced.

¹ The OMBM methodology developed by the United Nations Organisation (UNO) is based on two values: the "Operating Margin" (OM) representing the carbon intensity of the electric system and the "Build Margin" (BM) representing the carbon intensity of the future installations. It is considered that a new source of electricity production avoids the existing production source, on the one hand, and the production source that would have existed instead of the new production source, on the other hand.

² International Energy Agency (IEA)

³ French Environment & Energy Management Agency (ADEME)

⁴ Intergovernmental Panel on Climate Change (IPCC)



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