



# 6




## NON-FINANCIAL PERFORMANCE REPORT

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## 6.1 Strategic outlines and organization of the ESR policy

### 6.1.1 NATIXIS' BUSINESS MODEL

In accordance with the new French regulation on extra-financial reporting (*Déclaration de performance extra-financière*), the following outlines Natixis' business model and its main impacts on ESR issues.

<b>ADVANTAGES</b>	 <b>Resources</b>	<b>More than 18,000 employees</b> worldwide	<b>More than 100</b> different nationalities	<b>78% of the EuroStoxx 50</b> are Natixis' clients
	 <b>Financial</b>	<b>71% owned</b> by Groupe BPCE	<b>€11.8 bn</b> of equity	<b>High long-term ratings</b> Moody's : A1 Standard and Poor's : A Fitch rating : A+
	 <b>Our model</b>	<b>Beyond Banking:</b> 67% of revenues from non-banking activities	<b>Asset light:</b> 70% of Real Assets distributed	<b>International:</b> Present in 38 countries

#### NEW DIMENSION STRATEGIC PLAN (2018-2020)

<b>Business growth</b> 5% Net revenues AAGR 2017/2020	+	<b>Strong management of the resources</b> 11% CET1 after distribution	+	<b>5 cross-functional levers</b> Digital   Talents   Brand Way We Work   ESR
<b>OUR ACTIVITIES</b>	<b>ASSET &amp; WEALTH MANAGEMENT</b>	<b>CORPORATE AND INVESTMENT BANKING</b>	<b>INSURANCE</b>	<b>SPECIALIZED FINANCIAL SERVICES</b>
<b>KEY INDICATORS</b>	€808 bn assets under management at the end of 2018	€50.6 bn underwritten in 2018	€60.1 bn of assets under management in life insurance at the end of 2018	Leader of employee savings in France with 2.8 millions of accounts
<b>NBI BY ACTIVITY IN 2018 (IN €M)</b>	3,419	3,169	790	1,472

<b>IMPACTS</b>	 <b>Clients</b>	€65 bn of assets integrating ESG criteria	68% of power generation projects are renewable energy	Systematic green or ISR products offered when opening a new live insurance product	8% of hybrid and electric vehicles in the long term rental car fleet
	 <b>Staff</b>	Natixis certified as "Top Employer 2019"	97.6% of permanent jobs in the world	No more financing of coal, tobacco, and extreme oil	Mirova and Natixis Insurance portfolios announced alignment with 2°C scenario
	 <b>Society</b>	More than 20 hours of training per trained employee	Pride of belonging to Natixis for 79% of employees	Leader in solidarity asset management in France	Corporate Tax rate 2018: 30 %

**6.1.2 STRATEGIC PILLARS OF ESR**

As a key source of financing for the economy, Natixis has a role to play in the transition to sustainable development, and since 2017 it has decided to further its environmental and social responsibility (ESR) ambitions.

ESR is one of the main cross-business drivers used to achieve the goals of the New Dimension 2018-2020 strategic plan, which is aimed at creating lasting value. It is backed by enhanced governance, with the establishment of a dedicated department reporting directly to a member of the Senior Management Committee.

Drawing on a strong, widely recognized range of expertise, Natixis' objective in terms of ESR requires the commitment of all of its business lines (CIB, Asset Management, Insurance, Services) and functions, and incorporates all aspects of ESR: environmental, social/societal and economic concerns.

It involves an assessment of the social and environmental risks run by Natixis' business lines, while driving performance and development: ESR fuels the Company's strategic dialog with clients and support their own transition to a more sustainable model, with the development of innovative offers.

In accordance with the new requirements of the non-financial performance report (the "DPEF" under French regulation),

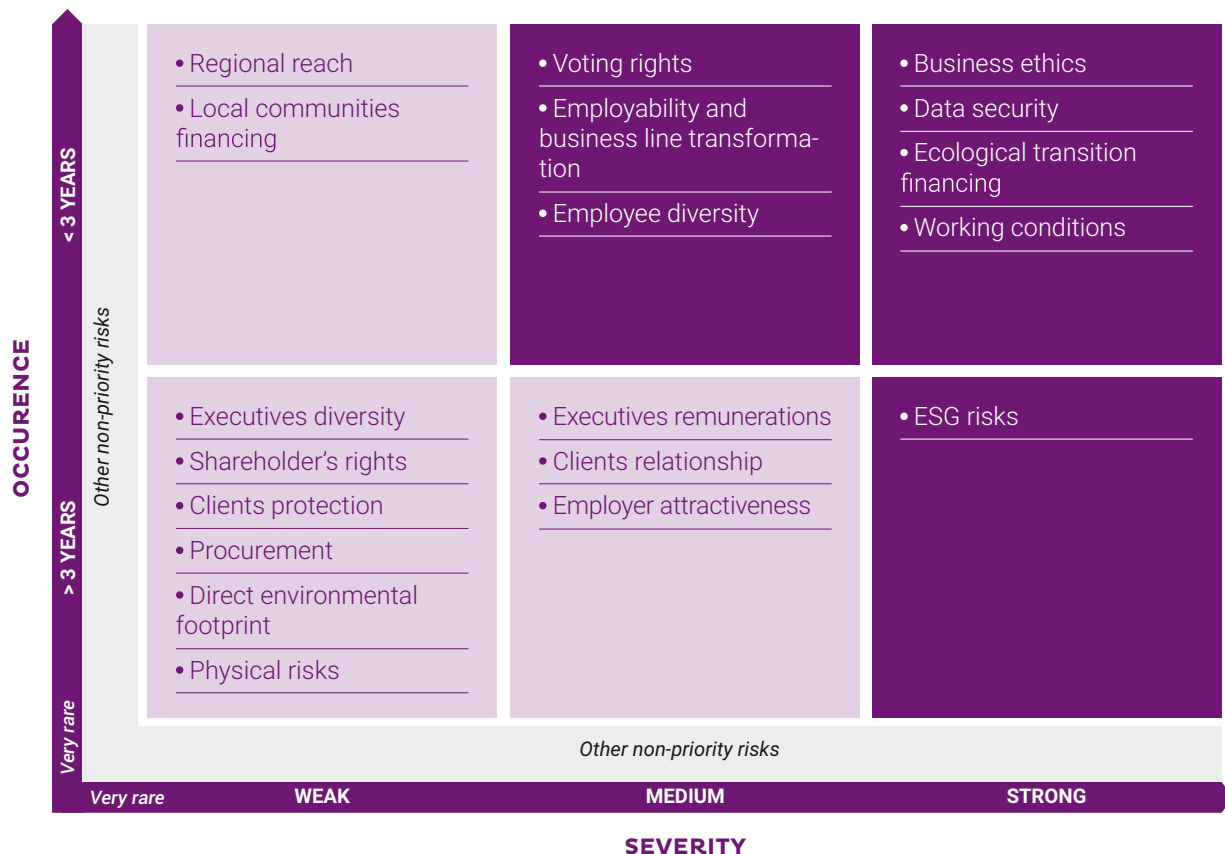
Natixis has described its business model (*see Introduction to this registration document*) and identified the main risks and opportunities arising from the social and environmental impact of its activities, the respect for human rights, and the fight against corruption and tax avoidance.

Natixis contributed to Groupe BPCE's risk rating policy, based on the risk analysis methodology established by the Group Risk, Compliance and Permanent Control division, which established:

- a universe of twenty ESR risks broken down into three types: governance, products and services, and internal operations. These risks were identified in terms of regulations, industry practice, ESG rating agencies' assessment criteria and requests from clients and investors;
- a method for ranking the risks by their frequency and severity;
- an assessment of the corresponding risk management system.

Firstly, the exercise carried out for Natixis made it possible to position risks in a matrix in order to identify priorities.

The analysis performed for Natixis identified eight major ESR issues associated with risks and/or opportunities in terms of ethics, and social and environmental responsibility.



## IDENTIFICATION OF THE MAIN ESR ISSUES

Nature of ESR issue	Risk identified	Risk management system	Key performance indicators	See chapter
<b>Ethics/Governance</b>	Conduct risk	<ul style="list-style-type: none"> <li>Code of Conduct framework</li> </ul>	Existence of a Code of Conduct and its implementation	6.2
	Non-compliance risk	<ul style="list-style-type: none"> <li>Professional ethics and conflicts of interest</li> <li>Customer protection</li> <li>Anti-money laundering and counter-terrorist financing policies</li> <li>Anti-tax fraud measures</li> <li>Prevention of corruption</li> </ul>	Non-compliance risk management	3.2.8
	Data security risk	<ul style="list-style-type: none"> <li>Information systems security</li> <li>Personal data protection</li> </ul>		3.2.8
<b>Social/Societal</b>	Risks relating to a loss of employee value for members of staff	<ul style="list-style-type: none"> <li>Training policy</li> </ul>	Number of training hours per employee	6.6.1.3
	Risks relating to a lack of diversity among employees	<ul style="list-style-type: none"> <li>Diversity policy</li> </ul>	Presence of women in senior management positions	6.6.1.2
	Social/Societal risks relating to our activities	<ul style="list-style-type: none"> <li>Socially responsible financing</li> <li>ESG criteria in investment and financing activities</li> </ul>	Social bond origination amount arranged	6.3.1.5
			Assets under management in responsible investment products (incorporation of ESG criteria, solidarity investments)	6.3.1.3
<b>Environment</b>	Climate risks relating to our activities	Application of the Green Weighting Factor	Description of policy	6.3.2.1
	Other environmental risks (pollution, harm to biodiversity, etc.) relating to our activities	<ul style="list-style-type: none"> <li>Financing for green and sustainable growth</li> </ul>	Outstanding loans used to finance renewable energy and sustainable real estate	6.3.2.2
		<ul style="list-style-type: none"> <li>ESG criteria in investment and financing activities</li> </ul>	Integration of the protection of natural capital in our activities	6.3.3

The main ESR risks were identified and were already managed in internal risk management systems, in particular the Risk Appetite Framework, which was reviewed in 2018.

Conduct, non-compliance and cybersecurity risks are recognized as material risks that could significantly impact Natixis' financial

performance (liquidity, solvency and profitability), its strategic development or its reputation.

Environment and climate risk has been identified as a strategic and reputational risk and will be subject to a materiality assessment in 2019.

Based on this analysis of major ESR risks, Natixis structures its ESR policy to manage risks and seek new opportunities, with three priorities:



■ MAJOR ESR PROJECTS FOR 2018/2018

SUSTAINABLE BUSINESS DEVELOPMENT	CSR RISK MANAGEMENT	DIRECT IMPACTS AND MOBILISATION
<ul style="list-style-type: none"> <li>• Continue the implementation of the Green Weighting Factor: a mechanism favoring the most virtuous financing in terms of impact on the environment</li> <li>• Extend the integration of ESG criteria into the investment products</li> </ul>	<ul style="list-style-type: none"> <li>• Test the CSR risk measurement tool and prepare for its operational deployment</li> <li>• Review and publish CSR policies on the most sensitive sectors</li> </ul>	<p><b>Direct Impacts</b></p> <ul style="list-style-type: none"> <li>• Apply the best practices in building management of foreign premises</li> <li>• Establish a responsible IT action plan</li> <li>• Develop green spaces</li> </ul> <p><b>Mobilisation</b></p> <ul style="list-style-type: none"> <li>• Develop CSR training: putting online a CSR MOOC</li> <li>• Develop solidarity actions (skills sponsorship and donation initiatives)</li> </ul>

**6.1.3 ESR GOVERNANCE**

Through its three main areas of focus (internal mobilization, risk management, and sustainable business development), the ESR Department is responsible for steering and coordinating the integration of ESR in Natixis' operations and activities, thus helping to meet growing demand from clients, investors, and corporates to incorporate ESR criteria in their own growth model.

This department is also responsible for all regulatory and strategic ESR reports: registration document, carbon assessment, mobility plan, etc. In addition, it is in charge of relations with international and external stakeholders (clients, employees, ESG rating agencies, NGOs, etc.) with questions on Natixis' ESR policy.

Since 2017, Natixis' ESR policy has been steered by a dedicated ESR Department reporting to Natixis' Corporate Secretariat, a member of the Natixis Senior Management Committee.

The ESR team has eight permanent members of staff backed by a network of correspondents and works in coordination with BPCE's Sustainable Development Department.

To further its analysis and oversee the implementation of its ESR strategy, the ESR team regularly holds an ESR Steering Committee, attended by around twenty senior managers from the main business lines and corporate functions. This Committee discusses ESR best practice for the development of products and services and for internal operations.

A network of 200 ESR correspondents spans all business lines and corporate functions to apply ESR action on the ground and serve as local ESR representatives.

The correspondents from Natixis' business lines (Corporate & Investment Banking, Asset & Wealth Management, Insurance, Specialized Financial Services) take part in business forums aimed at developing ESR in the business lines, while correspondents from the corporate departments (Real Estate and Logistics, Human Resources, Compliance, etc.) are involved in projects to incorporate sustainable development in the Company's operations.

In this context, the Corporate & Investment Banking has established a Green & Sustainable Hub. This operational hub comprises experts who help issuers and investors all around the world by offering them solutions and expertise in green and sustainable financing. Its expertise extends to all asset classes: structuring and origination of loans and investment solutions in partnership with the business lines, which have appointed Green Captains, and in coordination with the ESR Department.

ESR correspondents have also been active in Asset Management for several years (for example at Mirova, Ostrum Asset Management, and AEW Europe) as well as in the Insurance business lines (Natixis Assurances, BPCE Assurances), and in the Specialized Financial Services business lines (Natixis Lease, Natixis Interépargne).

ESR correspondents have been appointed in the overseas offices in 2018 to apply the ESR policy in all geographies.

#### 6.1.4 ESR COMMITMENTS

**Natixis' ESR strategy** is based on a set of international agreements and consultations within the banking industry, including:

- the United Nations Global Compact since 2007;
- the Carbon Disclosure Project (CDP) since 2007;
- the United Nations Principles for Responsible Investment (UN-PRI) since 2008;
- the Equator Principles since 2010;
- the OECD Guidelines for Multinational Enterprises;
- the Green Bond Principles and the Social Bond Principles (ICMA);
- the Climate Bonds Initiative;
- the Diversity Charter since 2009;
- the Responsible Purchasing Charter since 2017.

In 2018, Natixis also decided to involve all its business lines in measures to preserve biodiversity by joining act4nature, an initiative bringing together French businesses from all sectors of activity. Under this initiative, Natixis has undertaken to incorporate nature in its business strategy and to take real action to provide solutions to preserve and restore biodiversity, ensure that natural resources are used sustainably and that the benefits derived from nature are distributed fairly.

In 2018, Natixis endorsed the UNEP-FI Principles for Responsible Banking, reflecting its commitment to aligning its strategy with the United Nations' Sustainable Development Goals and the

Paris Agreement on climate change. This is a natural extension of its pledge to make a real positive contribution to the environment and to society more broadly.

Natixis is also a member of the French Observatory for Corporate social responsibility (ORSE) and of Finance for Tomorrow (Paris Europlace) and as such participates in work to promote responsible finance.












Internationally, Natixis actively contributes to industry-wide green finance initiatives in the Asia-Pacific region through the Hong Kong Green Finance Association.

#### **Contribution to the Sustainable Development Goals (SDGs)**

The 193 member states of the United Nations adopted the SDGs at the Sustainable Development Summit in New York in 2015. The SDGs form the 2030 Agenda for sustainable development, a set of 17 global targets aimed at combating inequality, exclusion and injustice, fighting climate change, protecting biodiversity and ending extreme poverty.

Mindful of its role in achieving these goals, Natixis has identified 11 SDGs to which it already makes a material contribution that is set to expand in the years to come, through financing and investments or in its own daily operations.

The following table provides some examples.

	IN OUR ACTIVITIES (FINANCING, INVESTING)	IN HOW WE OPERATE
	Leader in solidarity asset management in favour of job creation or access to accommodation for needed people	Specific wage measures for the lowest salaries
	Exclusion of financing and investment in the tobacco industry	Support to the Gustave Roussy Foundation in cancer research
	Structured bond product focused on educational objectives of sovereign issuers	Transfer of competences and socio-educational support within the framework of solidarity leave
	Planned launch of a fund dedicated to women-led businesses	Programmes to ensure gender equality within the company
	Major player in financing renewable energies in France and worldwide	100% green electricity supply contract for all buildings in France
	Inclusion of social criteria (e.g: human rights) in funding granted	5,000 people working out of France, the majority employed locally
	Financing of sustainable infrastructures (clean transportation, green buildings)	Environmental certifications of buildings
	Investment strategy aligned with the Paris Agreement (Mirova, Natixis Insurance) Excluding financing projects in coal, tar sands and oil in the Arctic	Commitment to reduce energy consumption of buildings in the Paris region by 30% between 2010 and 2020
	"Althelia Sustainable Ocean Fund", dedicated to protecting oceans	
	"Land Degradation Neutrality Fund", dedicated to neutrality in terms of land degradation	Development of vegetated spaces in buildings
	Two new partnerships in 2018: UNEP Finance – Principles for Responsible Banking, and Act for Nature	Paris Action Climat partnership and "100 hectares" charter from the city of Paris



### 6.1.5 COMMUNICATIONS WITH STAKEHOLDERS

In the course of its business, Natixis has dealings with various stakeholders, including but not limited to:





### 6.1.6 RENOWNED ESR PERFORMANCE

Given the importance placed on ESR ratings by investors, Natixis has increased its communications with ESR rating agencies in an effort to establish more consistent and structured dialog while addressing the areas of focus identified to guide its own ESR initiatives.

Rated by various ESG rating agencies, Natixis has recorded solid performances in social, environmental and governance areas, earning its way onto the major ESR indices (Euronext Vigeo-Eurozone, Stoxx Global ESG Leaders, etc.).

The following table shows the most recent assessments by the top ESR rating agencies and their previous ratings.

Agency	2018 ESR rating	Previous ESR rating	Previous ESR rating
Vigeo	58/100	54/100	55/100
OEKOM	C/Prime	C/Prime	C/Prime
Sustainalytics	82/100	75/100	72/100



## 6.2 The Natixis Code of Conduct and its implementation

### 6.2.1 PRESENTATION OF THE CODE OF CONDUCT

The Code of Conduct published in March 2018 summarizes the general rules of conduct that apply at Natixis in a single document. It has three clear objectives:

- to develop a shared corporate culture and encourage members of staff to think about the principles that should be applied and followed in terms of their conduct;
- to manage risks, always taking into account long-term value creation and adapting activities' risk profiles accordingly; and
- to meet the expectations of Natixis' stakeholders (its clients, regulators, shareholders, and investors).

The Code of Conduct was approved by the Natixis Senior Management Committee and by the Board of Directors. It applies to all individuals employed on a permanent or temporary basis at Natixis, or in an entity at least 50% owned by Natixis, whether in France or abroad. Suppliers and contractors are also required to comply with the rules applicable to each Natixis entity, in accordance with the principles of the Code of Conduct.

The Code of Conduct has two main sections. First, it sets out Natixis' commitments (client interests take precedence, ethics, responsibility towards society, protecting the reputation of Natixis and Groupe BPCE). The second section describes the rules of conduct that must guide each member of staff in their actions and decisions.



These guidelines are illustrated using examples that are representative of the activities and duties performed at Natixis.

The Code of Conduct is available on the Natixis website at: [https://www.natixis.com/natixis/jcms/rpaz5\\_65435/fr/code-de-conduite](https://www.natixis.com/natixis/jcms/rpaz5_65435/fr/code-de-conduite)

## 6.2.2 IMPLEMENTATION OF THE CODE OF CONDUCT AT NATIXIS

### Appropriation by employees

A communications campaign was organized in March 2018 following the publication of the Code of Conduct and a new page was added to the Natixis website and Intranet. All staff are required to complete mandatory training on the Code of Conduct and must each commit to complying with the rules. In 2018, more than 99% of members of staff from all departments and all regions received e-learning or face-to-face training. Managers and leaders also ensure that their teams understand and adhere to the Code of Conduct and to the internal policies and procedures ensuring its application.

### Bespoke governance

The Global Conduct Committee was set up in June 2018. It is chaired by the Chief Executive Officer and is formed of members of the Natixis Senior Management Committee. The Committee is governed by a Charter that describes its duties and how it functions. The Global Conduct Committee is responsible for all matters concerning the Natixis Code of Conduct and its application by all subsidiaries and direct branches. It is in charge of the oversight and regular monitoring of matters pertaining to the rules of conduct, including updates to the Code and deciding on complex cases. An escalation process is also in place to consult the Committee if required.

The Committee met three times in 2018 to discuss individual cases, approve ESR procedures, and supervise the roll-out of the Code.

### Global Conduct Policy

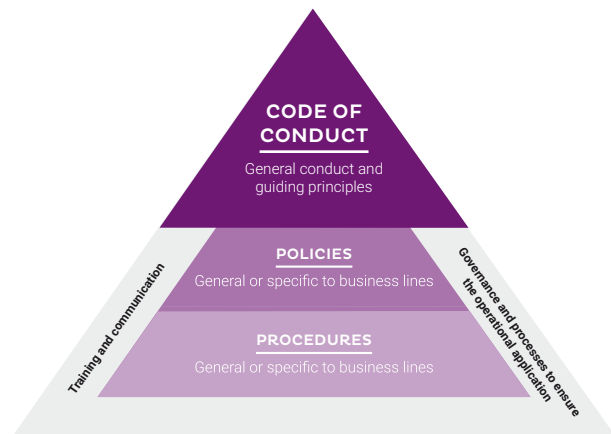
All the Natixis business lines and support functions are in charge of adapting the principles of the Code to their activities. Accordingly, conduct matters have been included in the governance of different Group entities via existing or newly created Conduct Committees.

Governing that are the rules set out in the Global Conduct Policy, which outline:

- the responsibilities imposed by the Code of Conduct and, specifically, how conduct must have a bearing on decisions, both strategic and operational, and on individual behavior;
- the terms of governance and reporting; and
- risk assessment, monitoring of indicators, and the control system. The committees all met at least once in 2018 and reviewed any shortfalls—human resources, risk, compliance or other—with respect to the Code, ensuring that these shortfalls are addressed in the annual appraisals of the employees concerned.

### Operating procedures

Compliance with the Code of Conduct is, among others, ensured by the observance of internal policies and procedures. The Code of Conduct is a master document and internal policies and procedures must be consistent with its provisions.



The policies and procedures that apply the principles of the Code of Conduct include:

- risk policies (*see section 3.2.3*)
- the corpus of procedures issued by the Compliance Department (procedures on anti-corruption, anti-money-laundering/terrorist-financing, conflicts of interest, professional ethics, etc.) relating to non-compliance risks (*see section 3.2.8*);
- ESR sectorial policies (*see section 6.4.1*)
- Responsible purchasing charter (*see section 6.4.2*)
- HR agreements and procedures (*see section 6.6.1*).

Also in 2018, Natixis adopted **the Charter for Responsible Lobbying and Advocacy Activities** with respect to Governmental Bodies and Officials, available on its website. ([https://www.natixis.com/natixis/jcms/rpaz5\\_65435/fr/code-de-conduite](https://www.natixis.com/natixis/jcms/rpaz5_65435/fr/code-de-conduite)).

With this charter, Natixis ensures the integrity and probity of its lobbying activities in compliance with its Code of Conduct and applicable laws, rules and regulations. It applies to all entities controlled by Natixis and to their employees. It covers lobbying and advocacy activities, which are coordinated by Natixis' Public Affairs Department and its parent company, BPCE. Natixis believes that dialog and respectful discussion of diverging interests are necessary to ensure the correct functioning of the democratic process. To this end, it engages in dialogue with public and government officials on proposed legislative and regulatory requirements that impact Natixis' business as well as its ability to serve its clients.

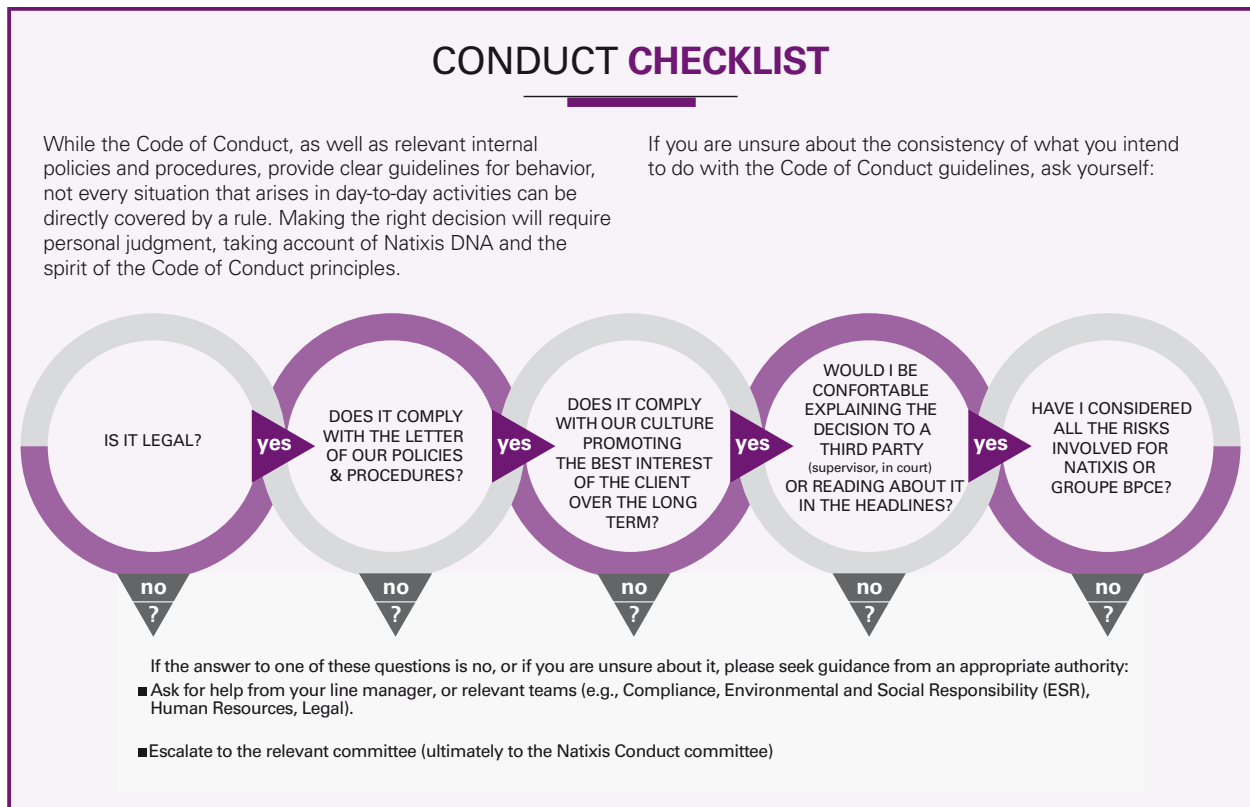
Natixis is registered with the competent European and national authorities and undertakes to observe the applicable codes of conduct. It has been included in the European Transparency Register since 2017 and is also registered in the French public register of lobbyists with the High Authority for Transparency in Public Life.

**To combat tax avoidance**, Natixis has control systems to ensure its transactions comply with tax laws and regulations. All new products, new activities and exceptional transactions must be approved with regard to these laws and regulations. In addition, Natixis reports transparently on its organizational structure and operations, and discloses its revenues and the corresponding taxes on a country-by-country basis for greater clarity on the determining factors of its tax expense. It has also adopted the UK HM Revenue & Customs Code of Practice on Taxation for Banks.

Natixis observes transparency rules intended to combat tax avoidance in France and around the world. It applies the Common Reporting Standard (CRS) for the Automatic Exchange Of Information (AEOI) on income received by participating countries' tax residents abroad, as well as US FATCA regulations to prevent tax avoidance involving foreign accounts or entities owned by US taxpayers. (See Chapter 3.2.8.3 Client protection—Know Your Client.)

Natixis also incorporates tax fraud in its anti-money laundering system. (See Chapter 3.2.8.4 Financial security.) In general, Natixis maintains professional relations and cooperates with all the tax authorities in the countries in which it does business.

Finally, the code of conduct and the policies and procedures that complement its principles does not have a rule for every situation: it is the responsibility of each individual to exercise his or her personal judgment with regard to their duties and to demonstrate meticulous professional ethics. To do so, the following conduct checklist is provided.



### Whistleblowing procedure

The whistleblowing procedure is an integral part of the Conduct system. It allows any member of staff who becomes aware of an inappropriate act or behavior (illegal acts, unethical behavior, violation of the Code of Conduct or the applicable policies and procedures) to inform the competent body within Natixis and receive the guarantees and protection set forth bylaws and regulations.

This procedure is based on a global policy that forms the minimum standard to be applied across Natixis Group. At Natixis S.A., a procedure published in July 2018 updated the existing policy to take into account the latest regulatory changes.

The whistleblowing procedure is open to:

- all individuals with a current employment contract with Natixis, regardless of the type or duration of the contract;
- employees of external companies (suppliers or subcontractors) who work with Natixis either on a permanent or irregular basis.

The process sets out a clear timeline, with:

- immediate acknowledgment of the report;
- notification within 15 business days of the date of acknowledgment of whether the information reported is eligible for further investigation;
- notification within three months of the date of acknowledgment of the steps taken to process the information reported or, if this process has been completed, the action taken (or not taken) based on the information.

The procedure provides protection to the whistleblower (who may in no circumstances be subject to disciplinary action or legal proceeding provided they have acted impartially and in good faith) and ensures the information is treated appropriately and in full confidence, in accordance with the applicable regulations.

At Natixis, each entity, subsidiary and branch office must adapt the overall policy to its activities and specific situation and/or ensure that the policy complies with its own procedures and local regulations.

## 6.3 Business line contributions to green and sustainable growth

In line with the sustainable development objectives of its New Dimension strategic plan, Natixis accelerated in 2018 the development of innovative financial products and services designed to service the environmental and social ambitions of its clients.

Several key initiatives were launched during the year to drive the transition of each business line towards sustainable finance: the business transforming Green Weighting Factor initiative, the internal working group on natural capital and biodiversity, the expanding integration of environmental, social and governance (ESG) criteria throughout asset management strategies, Natixis Assurances' commitment to align its investments on a climate trajectory compliant with the Paris Agreement.

This pioneer strategy was rewarded by outstanding market and clients' recognition in 2018. Natixis was in particular awarded

"most innovative investment bank for climate change and sustainability" by The Banker, and ranked #1 for green bond and ESG research by Euromoney.

In 2019, Natixis intends to consolidate its leading role in sustainable finance innovation, through the full implementation of its Green Weighting Factor and by expanding ESG investing further across all Natixis investment businesses. Natixis pursues its strategic objective to double sustainable finance revenues, by expanding the range of sustainable finance products and services offered to CIB clients, launching new investment solutions in its asset management affiliates, and developing sustainable investments and products for its insurance business. Offering clients investment and financing solutions that effectively address Sustainable Development Goals have today become a key priority.

### 6.3.1 SUSTAINABLE GROWTH: FINANCING THE TRANSFORMATION IN SOCIETY

Natixis uses the Sustainable Development Goals as a reference framework for all the initiatives stemming from its commitment to society besides the impact on climate change. The 17 Sustainable Development Goals for 2030 are now the benchmark for measuring progress achieved by governments and private sector companies, including financial institutions.

The SDGs are universal, inclusive, interconnected, ambitious targets that provide all of Natixis' business lines with a framework for measuring the impact of their activities, a means of raising employee awareness, a way of encouraging cooperation between business lines, and a source of business opportunities. Natixis has identified the 11 most relevant SDGs in terms of its financing and investment activities, and these goals guide the development of its products and services.

#### 2018 Key Event

#### Publication of the "Solving the Sustainable Development Goals Rubik's Cube" report

In September 2018, to mark the third anniversary of Agenda 2030, Corporate & Investment Banking's Green & Sustainable Hub (Green Hub) published its first report, entitled, "Solving the Sustainable Development Goals Rubik's Cube—An impact-based toolkit for issuers and investors"<sup>(1)</sup>. This report describes an innovative method for using the SDGs as a reference framework. It identifies eight tools for incorporating an assessment of an activity's impact on the Sustainable Development Goals in its strategy, financing or asset management approach. The method was tested by three Natixis clients (the Ile-de-France region, ICADE and Essilor) which took part in detailed case studies. The Green Hub was invited to present its conclusions and methodology to the inter-ministerial "Agenda 2030 Roadmap" working group at the French Ministry of the Ecological and Inclusive Transition, which brings together representatives from the private sector and civil society.

#### 6.3.1.1 A growing number of Natixis' asset management companies observe the Principles for Responsible Investment (PRI)

Natixis examines ESG criteria closely when preparing its investment strategies, as sustainable development issues allow it to provide investors with value-creating solutions over the long term.

In 2018, Natixis Investment Managers, which groups the expertise of 26 asset management companies around the world

and ranks among the biggest asset management companies (€808 billion in assets under management at December 31, 2018), has pursued its pledge to take **Environmental, Social and Governance (ESG)** issues into consideration in the investment models its 26 affiliates develop autonomously. Recognition of ESG criteria, which have been an integral part of the investment policies of Ostrum AM and Mirova since their creation, is gaining ground in all of Natixis Investment Managers.

The Principles for Responsible Investment (PRI) were published by the United Nations in 2006 as a voluntary commitment encouraging institutional investors and asset managers to incorporate ESG in the management of their portfolios. As of

(1) Link to full report: [https://gsh.cib.natixis.com/api\\_website\\_feature/files/download/6063/Solving-Sustainable-Development-Goals-Rubik-Cube-Report-Natixis-2018.pdf](https://gsh.cib.natixis.com/api_website_feature/files/download/6063/Solving-Sustainable-Development-Goals-Rubik-Cube-Report-Natixis-2018.pdf).

April 2018, 1,961 signatories with \$81.7 trillion in assets under management had adopted the PRI<sup>(1)</sup>.

Thirteen Natixis Investment Managers affiliates, which together hold 72% of total assets managed by Natixis Investment Managers affiliates, have signed the PRI, namely AEW, Alliance Entrepreneurs, DNCA, Flexstone Partners, Investors Mutual Limited, Loomis Sayles, Mirova, MV Credit, Naxicap Partners, Ossiam, Ostrum AM, Seeyond, and Seventure Partners.

Ostrum AM (€257.6 billion in assets under management at December 31, 2018) has been a PRI signatory since 2008 and was rated A and A+ on all its investments in the 2018 assessment cycle (on 2017 performance). These excellent scores were well above the median scores of Ostrum AM's peers. Similarly, AEW (€63.5 billion in assets under management at September 30, 2019), a Natixis Investment Managers affiliate specialized in real estate asset management, has been a PRI signatory since 2009. It was rated A+, ranking it in the 25% best performers in its category.

Four other asset managers affiliated with Natixis Investment Managers intend to sign the PRI in 2019 and to incorporate ESG criteria in their investment decisions, taking the portion of assets managed by Natixis Investment Managers affiliates that have signed the PRI to over 90%.

### 6.3.1.2 Natixis commits to the new Principles for Responsible Banking (PRB)

Following on from the Principles for Responsible Investment (PRI) established in 2006 and the Principles for Sustainable Insurance (PSI) announced in 2012, a global initiative to increase responsibility in the banking sector was launched in 2018—the Principles for Responsible Banking (PRB). The PRB were drafted by the United Nations Environment Program Finance Initiative (UNEP-FI) and 28 banks and were unveiled at the UNEP-FI annual meeting held in Paris on November 26, 2018, which was also Climate Finance Day.

Natixis was one of the first banks besides the founding members to endorse the PRB on December 10, 2018, as part of its membership of the UNEP-FI. By endorsing the PRB, Natixis undertook to sign the principles when they will be officially confirmed at the end of a six-month public consultation period, in the second half of 2019.

The PRB set out what it means to be a responsible bank and provide the first global framework for incorporating sustainability in all banking activities, be it in terms of strategy, financing, market and advisory activities or their direct impact.

Signatory banks will publicly acknowledge their positive and negative social, environmental and economic impacts. The banks agree to set public targets to address their main negative impacts and to step up their positive impacts in order to contribute to the Sustainable Development Goals (SDGs) and align with the Paris Agreement on climate change.

This endorsement is a monitored commitment. The UNEP-FI plans to exclude from the signatories banks that will not comply with transparency requirements, set up relevant targets and show progress.

By endorsing the PRB, Natixis has pledged to:

1. align its banking activities with the Paris Agreement and the United Nations SDGs;
2. step up its positive impacts and minimize its negative impacts (via its financing and direct activities);
3. act responsibly towards its clients;
4. consult its stakeholders;
5. make targeted, public commitments;
6. report on progress made.

This decision is a natural extension of the commitments already made by Natixis, which has been adjusting its activities to make a real positive contribution to the environment and society for several years now.

In 2019, Natixis will consolidate its internal tools and processes so it can publish details of its progress at least once a year.

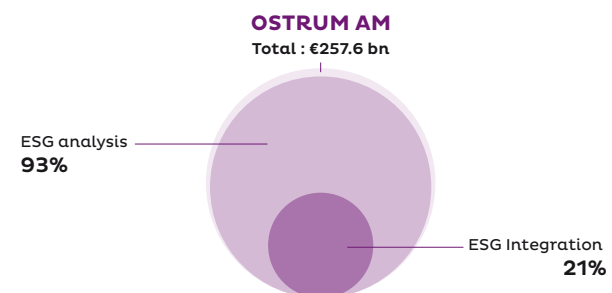
### 6.3.1.3 Socially responsible investment

The affiliates of Natixis Investment Managers offer a range of solutions built on the conviction that ESG criteria can play an important role in identifying potential risks, seizing opportunities and generating returns for investors. Different levels of ESG criteria are available in the investment strategies applied by fund managers:

- **ESG analysis:** recognition of ESG criteria in the issuer analysis;
- **ESG integration:** incorporation of ESG criteria in investment decisions (including thematic and/or impact investments and exclusion policies);
- **Certification:** certified funds.

#### Recognition of ESG criteria in the issuer analysis

**Ostrum AM** systematically incorporates material ESG aspects in its analysis for both its equity and credit funds. The companies it invests in are always asked about ESG issues and how they include them in their business model. This process applies to €240.8 billion in assets under management, representing 93% of its total assets under management.



#### Incorporation of ESG and exclusion criteria in investment decisions

**Societal exclusion policies:** Natixis has adopted exclusion policies for sectors and issuers that do not respect certain human rights and fundamental principles of corporate responsibility. Ostrum AM, Mirova, Seeyond and Natixis Assurances apply these policies to their investments, in full compliance with their fiduciary duties towards their customers.

(1) Source: unipri.org



The following sectors and issuers are excluded:

- controversial weapons;
- tobacco<sup>(1)</sup>;
- companies deemed the worst offenders (which do not observe the principles of the United Nations Global Compact or the OECD Guidelines for Multinational Enterprises);
- blacklisted countries (those on the FATF list or under US or European embargoes).

In addition, **Natixis Assurances** has gradually incorporated ESG criteria at the start of its investment process to exclude from its discretionary portfolio management mandates and dedicated funds all issuers deemed to be defying the Sustainable Development Goals. As well as excluding the sectors and companies listed above, it removes issuers with a negative rating in Mirova’s research from its investment universe. Natixis Assurances’ life insurance investments have had no exposure to these issuers since the end of 2017.

**Ostrum AM** offers its customers socially responsible products on all its asset classes with a range of investment strategies, representing a total of €54.1 billion, or 21% of its total assets under management:

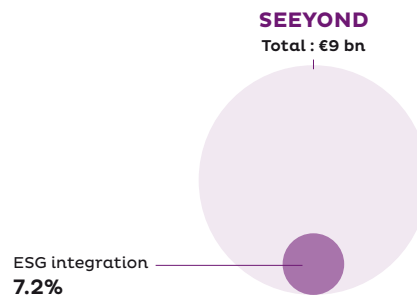
- **Best in class & Positive screening:** choice of best rated issuers from an investment universe in which issuers with a high ESG risk profile are excluded;
- **Best in universe:** choice of issuers from all sectors with the best ESG performance in the investment universe;
- **Enhanced exclusions:** exclusion of issuers with the highest ESG risk profiles;
- **Smart carbon strategies:** choice of issuers with a limited carbon impact.

In 2018, Ostrum AM converted a money market fund with €7.1 billion in assets under management into a socially responsible fund using a best-in-class approach rounded out by active positive screening. This UCITS—Ostrum Sustainable Trésorerie—has begun the process of obtaining SRI certification.

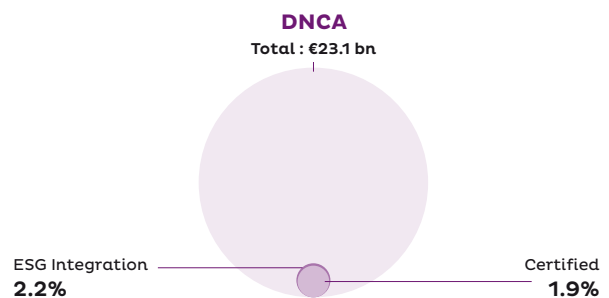
**Mirova**, the Group’s responsible investment affiliate, always includes ESG criteria in its investment filters on all asset classes, representing €10.1 billion in assets under management.

**Seeyond** applies active quantitative management seeking optimal rewards for the risk incurred. In equities, the investment team is drawing on Mirova’s ESG research expertise to adjust its business model to take ESG criteria into account. One of its equity funds, which applies a minimum volatility<sup>(2)</sup> strategy, already incorporates

ESG criteria by allocating investments based on issuers’ ESG risks and excluding the riskiest issuers. This fund totals €653 million, or 8% of Seeyond’s total assets under management.



**DNCA**, a leading European equity manager, developed in 2018 its own ESG rating model—Above & Beyond Analysis (ABA)—to analyze its portfolios by rating issuers according to extra-financial criteria. Meetings with company directors and on-site visits also help to enhance the clarity and relevance of the information collected.



DNCA manages six funds with €505 million in assets under management incorporating ESG criteria (or 2.2% of total assets under management). They are part of the Beyond range and follow a two-step investment process:

- exclusion of issuers with ESR risks from the portfolio. This filter meets the requirements set out in the government-recognized SRI certification;
- selection of issuers having a positive impact on the sustainable economic transition.

(1) Except at Seeyond.

(2) Pure equity management strategy that selects stocks based on their volatility and correlation profiles so as to reduce the overall volatility of the equity portfolio.

**ODD 5: Gender equality****Innovation in 2019****Mirova thematic fund: presence of women in management bodies**

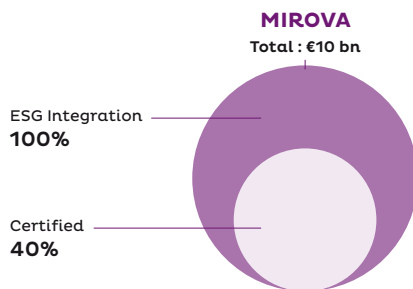
In the first quarter of 2019, Mirova will launch a global equity fund on the theme of the presence of women in companies' executive bodies. Women's presence in senior management positions is a key factor of diversity in companies and proof of their commitment to gender equality. A lack of women in senior management positions is no longer simply seen as a matter of equality and equity—many far-reaching studies have shown that it also has an impact on performance. The fund's investment strategy will select companies where women have a strong presence on management bodies. Mirova has set criteria and built an investment universe of 250 companies around the world and will build a portfolio of around 50 companies from this universe following an active fundamental management approach.

**Fund certification**

Fund managers who incorporate ESG criteria can seek certification for their funds based on the region in which they are sold (e.g. the SRI, TEEC and Finansol labels in France) and/or the investment sector (e.g. real estate sector).

**DNCA** manages €445 million in assets in SRI certified funds (European equity, international equity, European infrastructure equity). The certification of three further funds is in progress. The six funds are part of the Beyond range.

**Mirova** manages €2.8 billion in SRI-certified funds.

**ODD 11: Sustainable cities and communities**

**AEW**, the Group's real estate asset management company, set up a working group within the French association of investment property companies (Association française des sociétés de placement immobilier—ASPIM) to create a Real Estate SRI certification in France incorporating criteria covering all environmental, social and governance issues.

The industry-wide working group completed its work in 2018 and the certification process should be launched following the publication of a ministerial decree to this effect in 2019. AEW will seek certification for some of its funds.

In addition, two funds managed by AEW (Logistics and AEW UK Core Fund) were awarded the Green Star 2018 in the Global Real Estate Sustainability Benchmark (GRESB), which covers topics relating to the environment (measures to reduce the environmental footprint), social aspects (relationships with stakeholders and the social impact of activities) and governance (policies and procedures). A renovated building was also awarded the WELL Building Standard certification for employee well-being.

**Natixis Assurances** systematically includes an ESG-certified unit-linked product (SRI or TEEC certification) in all new life insurance policies. These certified unit-linked products represent €284 million end of 2018.

Several affiliates manage funds with solidarity investment certification (see 6.3.1.4 *Solidarity investment*) or climate certification (see section 6.3.2 *Green growth: financing the energy transition and combating climate change*).

**Voting and engagement policies**

Ostrum AM, Mirova and Seeyond place shareholder engagement at the center of their responsible investor approach.

Ongoing constructive dialog is established with companies to encourage them to take better account of environmental, social and governance issues in their strategic planning.

The voting and engagement policies are based on two complementary principles:

- individual ongoing engagement by using voting rights and maintaining dialog with issuers;
- collaborative engagement alongside other investors aimed at raising awareness of the importance of ESG among issuers, government authorities and regulators. Ostrum AM supported 12 commitments in 2018, mostly regarding alignment with the Paris Agreement<sup>(1)</sup>, social risks in the textile supply chain<sup>(2)</sup>, and palm oil<sup>(3)</sup>.

(1) Statement by members of the Institutional Investors Group for Climate Change (IIGCC) to encourage Royal Dutch Shell to better align its policies with the Paris Agreement (18/05/2018).

(2) Initiative on social risk in the textile supply chain organized by Mirova (15/06/2018).

(3) Initiative targeting the Round Table on Sustainable Palm Oil (RSPO) by Ceres (30/07/2018).



**ODD 8: Decent work and economic growth**

**2018 Key event**

**Ostrum AM’s commitment in Bangladesh**

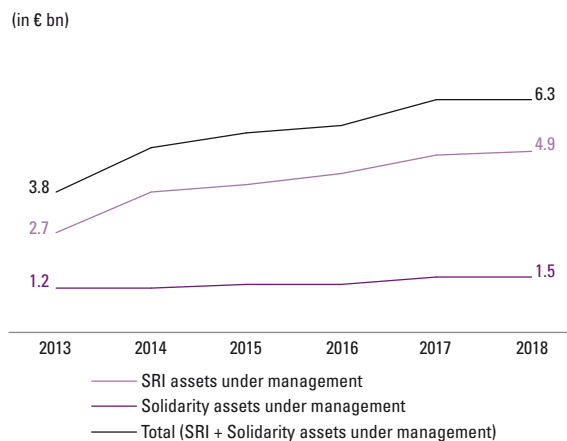
Five years after the collapse of Rana Plaza, which caused the death of over 1,100 workers, this commitment seeks to inform the Bangladesh government, the textile industry, and signatories of the Bangladesh Accord <sup>(1)</sup> and the Alliance <sup>(2)</sup> of the major efforts still required to improve the health and safety of textile workers. Ostrum AM is one of these signatories. In view of investor doubts about this issue, this new commitment also invites sector companies to use their influence to encourage the Bangladesh government to respect human rights and the freedom of association, adopt a regular pay review system and ensure restructuring in the textile sector to protect workers’ health, safety and well-being.

**6.3.1.4 Solidarity investment**

Natixis offers employee savings plans with SRI and/or Finansol (solidarity investment) certification via Natixis Interépargne, a pioneer in responsible, solidarity-based employee savings. Natixis Interépargne was the first company to offer its customers responsible and solidarity employee share ownership plans (SRI and Finansol certified respectively), even before it was legally required to do so.

Natixis Interépargne is fully committed to the sustainable development path, ranking No.1 in terms of solidarity-based employee savings inflows in France, with over €1.5 billion in AUM <sup>(3)</sup>, representing nearly 20% of the solidarity-based employee savings market. SRI assets under management by Natixis Interépargne amount to €4.9 billion, making a total of over €6 billion in certified investments in a market that totals over €20 billion.

**EVOLUTION OF NATIXIS INTERÉPARGNE SOLIDARITY AND SRI ASSETS UNDER MANAGEMENT**



Natixis Interépargne’s savings inflows and Mirova’s portfolio management expertise combine to provide financing for sustainable and solidarity-based projects. Projects such as these are developed by investing in companies that strictly observe ESG criteria, or by allocating resources to entities in the social and solidarity-based economy.

Mirova’s Insertion Emplois Dynamique fund, which was launched in 1994, was one of the first solidarity-based “90/10” funds dedicated to job creation in France. The solidarity allocation (10% of assets) finances structures with a positive social impact across the country in conjunction with France Active, while the equity

allocation (90% of assets) invests in listed companies planning to create jobs in France over 3 years, based on analysis performed by Mirova. The employee headcount in the listed companies in which the fund invests increased by an average of 10% over the review period (2014-2017), while it was stable for CAC 40 companies overall. The portfolio’s ESG profile also improved over this period, and its carbon impact improved sharply, with the climate scenario implied by its investments (expected temperature rise) estimated at +1.5°C in June 2018, compared with +4.4°C at the end of 2014. The fund has €576 million in assets under management.

(1) All investors that signed the first Accord on Fire and Building Safety in Bangladesh: [http://bangladeshaccord.org/wp-content/uploads/2013/10/the\\_accord.pdf](http://bangladeshaccord.org/wp-content/uploads/2013/10/the_accord.pdf)

(2) All textile companies that joined the first Accord signed in 2013.

(3) Excluding the Impact ISR Rendement Solidaire fund and the Cap ISR Mixte Solidaire fund, which are included in SRI AUM.

**ODD 8: Decent work and economic growth****ODD 10: Reduced inequalities****2018 Key event****Strong growth in the Mirova Solidaire fund**

The Mirova Solidaire fund recorded strong inflows in 2018, at €20 million, and its assets under management amounted to €183 million at the end of the year. The fund extended its investments to emerging countries for up to 5% of net assets, whereas previously it invested only in projects or unlisted companies with a high social and/or environmental impact in the euro zone. The fund supports microloan providers via the inclusive financing solution, Helenos, based on a public-private partnership that fosters the growth of individual enterprises and solidarity companies founded by persons excluded from the job market. As an example, Helenos financed the FAER foundation in Romania which works in rural areas of Transylvania. It mainly helps farmers invest to expand their activities.

**6.3.1.5 Social impact finance**

Natixis supported the development of several emblematic social impact financing solutions in 2018: social bonds, loans for projects with social goals, fixed income structured products.

A social bond finances only projects that have a positive social impact on one or more target populations. The projects financed by social bonds include vital infrastructure such as access to clean water, access to basic services like education, and maintaining or developing employment. Since the ICMA launched the Social Bonds Principles in 2017, the volume of social bonds has quadrupled, rising from \$2.1 billion in 2016 to \$8.8 billion at year-end 2017 (ICMA, 2018). The market is growing fast but it remains small in relation to the green bonds market. Natixis arranged the issuance of three social bonds in 2018.

**ODD 8: Decent work and economic growth****BPCE: issuance of the first social bond for local economic development**

The inaugural issuance of €300 million in green bonds by BPCE in 2015 was followed by the issuance of social bonds. In September 2018, BPCE and Natixis successfully issued the first social bond for local economic development. This issue was part of Groupe BPCE's Sustainable Bond Framework and it follows two other human development bonds issued earlier in 2018 in Japanese yen.

**ODD 1: No poverty****ODD 3: Good health and well-being****African Development Bank: social bond**

In 2018, Natixis participated in the issuance by the African Development Bank of a 10-year social bond for €1.25 billion. This bond finances projects for vulnerable people in Africa: excluded and unemployed persons with no access to healthcare.

**ODD 2 : Zero hunger****ODD 12: Responsible consumption and production****2018 Key Event****First corporate social bond issue**

Natixis worked with Danone on the first ever corporate social bond issue in 2018, raising €300 million over seven years and reflecting growing investor interest in ethical and responsible investments. The food company was the first corporation to complete such a deal aligned with the Social Bond Principles. The proceeds will be assigned to projects with a positive social impact for Danone's stakeholders, for example to encourage responsible farming practices and empower communities and social entrepreneurs.

In 2018, Natixis jointly steered and coordinated a working group on this subject within the French Observatory for Corporate social responsibility (ORSE). It published an initial report on ways to develop the social bonds market and will continue its work in 2019.

**Danone: a loan with social objectives**

Natixis took part in a €2 billion syndicated loan for Danone that factors in environmental and social criteria. This credit facility includes an innovative payable margin adjustment mechanism that will be reviewed at least once a year based on ESG metrics: the average ESG rating by Vigeo and Sustainalytics and the percentage of sales by subsidiaries covered by B Corp. certification (high level of ESG performance).

#### ODD 4: Quality education

##### Innovation in 2018

### Fixed income structured issue to finance education

Natixis' Corporate & Investment Banking Green Hub and Sustainable Development Solutions Network (a United Nations initiative) have developed a basket of sovereign bond issues focused on the Quality Education SDG. This innovative investment solution finances governments making the most efforts to achieve their education goals. The methodology selects sovereign issuers based on the budgets they assign to achieve their education goals and applies a governance filter.

The product was developed in 2018 and will be fully sold in 2019.

## 6.3.2 GREEN GROWTH: FINANCING THE ENERGY TRANSITION AND COMBATING CLIMATE CHANGE

### 6.3.2.1 GWF: an innovative solution for a greener financing portfolio

#### ODD 13: Climate action

#### ODD 15: Life on land

To accelerate its transition to green finance, at Climate Finance Day in Paris in December 2017, Natixis announced the creation of the Green Weighting Factor (GWF)—a solution that will help it gradually align its activities with the objectives of the Paris Agreement.

The GWF is an internal capital allocation model that encourages financing solutions with the most positive impact on the environment and climate change while anticipating potential changes in regulations. It adapts the expected return on different financing solutions depending on their impact on the environment and climate change by using a favorable or adverse adjustment to weighted assets. It is a purely internal model that will have no impact on prudential risk-weighted assets.

Natixis is pursuing two goals with this innovative initiative—first, to ramp up its commitment to green financing by encouraging the funding of more sustainable activities, including by helping clients active in carbon intensive sectors adopt more sustainable practices, and second, to incorporate climate risk more systematically in its assessment of financing opportunities.

Natixis built its GWF methodology throughout 2018, drawing on its own sector expertise and on external consultants specialized in measuring carbon footprints and environmental impacts. Criteria have been set for each sector to classify the purpose of each financing project in terms of its environmental and climate impact. A color rating equivalent to an environmental rating is assigned to each facility depending on criteria and thresholds specific to each sector, in particular the real estate, oil & gas, electricity, mining, transport, infrastructure, water, waste treatment, heating and commodities trading (energy, metals, agriculture) sectors. For non-specific financing lines, Natixis awards its main clients a color rating and it aims to cover 90% of unassigned outstanding loans in 2019.

The GWF methodology is open and scalable and it will incorporate the criteria included in the EU classification system on what can be considered an environmentally sustainable economic activity—the so-called taxonomy—as progress is made by the European Commission Technical Expert Group (TEG).

The color rating assigned to each financing line follows a seven point scale, ranging from dark brown (activities with an extremely harmful effect on the climate and the environment) to dark green (activities with a highly positive impact), with a neutral point for activities having no impact or a very limited impact. The portfolio will be assigned a color rating in full by end 2019.

The GWF was implemented in some of Natixis' information systems at the end of 2018. Its roll-out will continue throughout 2019 and it will gradually apply to new financing facilities granted by Natixis in all business sectors in Europe in 2019 and around the world in 2020.

After the implementation stage, Natixis will set medium-term commitments for its balance sheet decarbonization road map. The GWF will allow it to measure progress on these commitments.

### 6.3.2.2 Financing and investment in renewable energy

#### ODD 7: Affordable and clean energy

Renewable energy is constantly setting new records in terms of installed capacity: 157 GW<sup>(1)</sup> was rolled out around the world in 2017, up from 143 GW in 2016. New solar energy capacity installed in 2018 (98 GW) outstripped new fossil fuel electricity production capacity (70 GW). The proportion of electricity production from renewable sources<sup>(2)</sup> increased from 11% in 2016 to 12.1% in 2017, representing approximately 1.8 gigatons of CO<sub>2</sub> avoided.

In 2018, Natixis once again played a leading role in renewable energy financing, in particular in Latin America and in offshore wind farms in Europe. Natixis is the world's number five Mandated Lead Arranger in renewable energy financing and is the leading arranger in the Middle East and Africa region<sup>(3)</sup>.

(1) Source: Bloomberg New Energy Finance.

(2) Excluding major hydroelectric dams.

(3) IJ Global Infrastructure Renewables 2018 ranking.

#### Renewable energy financing

In 2018, CIB's infrastructure financing teams arranged 20 new deals totaling €1.786 billion, representing installed capacity of 7152 MW:

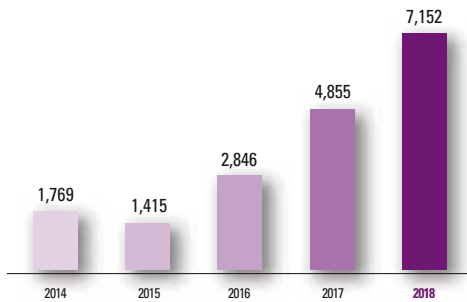
- six onshore wind farms with a total capacity of 1,726 MW;

- five offshore wind farms with a total capacity of 2,749 MW;
- nine PV and concentrated solar power projects with a capacity of 2,677 MW.

Renewable energy accounted for 71% of total financing granted by CIB in the electricity production sector.

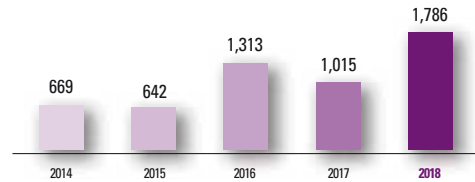
#### TOTAL INSTALLED CAPACITY OF RENEWABLE ENERGY PROJECTS FINANCED BY NATIXIS PER YEAR

(in MW)



#### AMOUNT ARRANGED BY NATIXIS FOR RENEWABLE ENERGY PROJECTS PER YEAR

(in €m)



#### 2018 Key Events

##### Financing for the first concentrated solar power system in Latin America

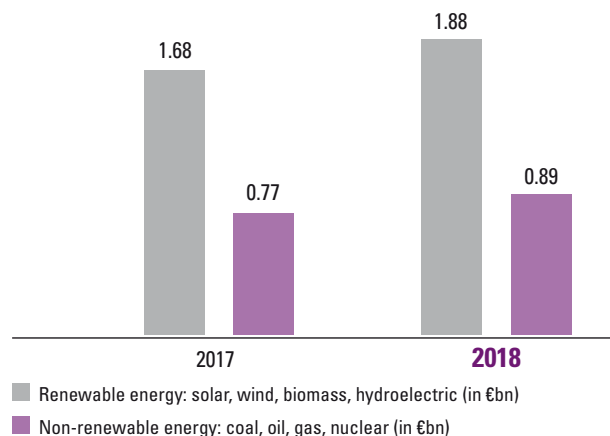
Natixis played a major role in the renewable energy sector in Latin America in 2018. Cerro Dominador, with capacity of 210 MW, was the first project in Latin America to combine PV and concentrated solar power technologies, and is currently the biggest solar power plant in the region.

##### Project Finance International issues an award for a transaction in the Middle East

Natixis participated in financing a photovoltaic power plant in Sakaka, Saudi Arabia, with installed capacity of 300 MW. The project, which is under construction, is part of the country's National Renewable Energy Program (NREP), which provides for the installation of 3.45 GW in new renewable energy capacity by 2020. Project Finance International (PFI) named this project Middle East and Africa Power Deal of the Year.

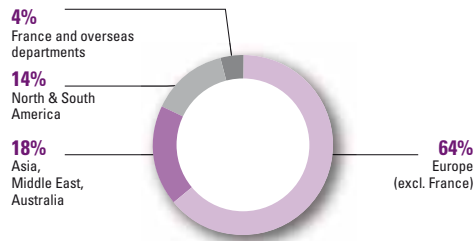
At end-2018, renewable energy accounted for 68% of total financing granted by CIB in the electricity production sector.

#### PORTFOLIO EXPOSURE TO RENEWABLE AND NON-RENEWABLE ENERGIES PER YEAR

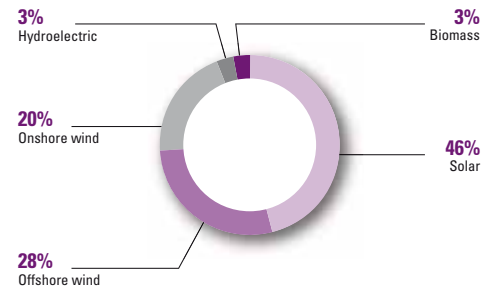


The portfolio breaks down as follows:

**REGIONAL BREAKDOWN OF THE RENEWABLE ENERGY PORTFOLIO (% OF AUM)**

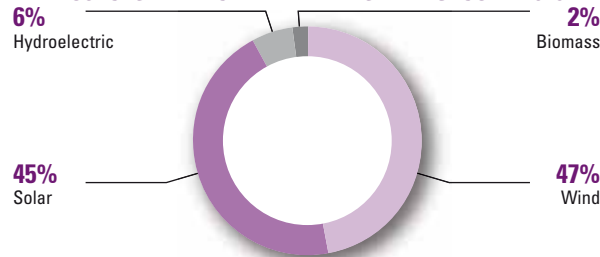


**SECTORIAL BREAKDOWN OF THE RENEWABLE ENERGY PORTFOLIO (% OF AUM)**

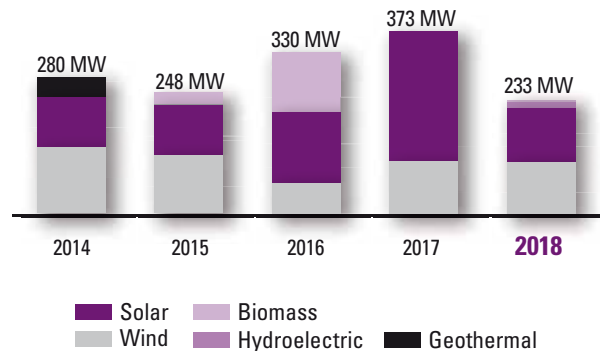


In 2018, Natixis Energéco, which specializes in renewable energy financing in France, financed 28 new projects totaling €350 million. The projects are located in mainland France and the overseas territories, and will provide additional renewable energy capacity of 233 MW.

**TOTAL INSTALLED CAPACITY OF RENEWABLE ENERGY PROJECTS FINANCED BY NATIXIS ENERGÉCO IN 2018**



**TOTAL INSTALLED CAPACITY OF RENEWABLE ENERGY PROJECTS FINANCED BY NATIXIS ENERGÉCO PER YEAR**



6

By financing these projects, Natixis Energéco supported technological innovation in storage and floating PV plants.

**2018 Key Event**

**Financing for a floating photovoltaic solar power plant**

Natixis Energéco financed an innovative project for Akuo Energy—the first of its kind in France—for the installation of a floating photovoltaic power plant with 50,000 solar panels in Piolenc in the Vaucluse department. The plant’s capacity is 17 MWc, equivalent to the electricity consumption of over 5,000 homes. This new technology solves the problem of the lack of available land for new solar energy farms by making use of space not subject to rival demand.

**Coordinator for the Neoen IPO, named IPO of the Year by Euronext**

Natixis was Global Coordinator for the initial public offering of Neoen, a major player in the renewable energy sector. The deal totaling €697 million was named IPO of the Year by Euronext and ranked in the top 10 IPOs in Europe in 2018 <sup>(1)</sup>. Neoen was founded in 2008 and is an independent electricity producer specialized in solar and wind power and actively involved in developing cutting-edge storage solutions. The group has assets in nine countries in EMEA, Australia and Latin America, with total installed capacity of 1.8 GW.

(1) Source: Bloomberg.



### Investments in renewable energy

Natixis Investment Managers finances renewable energy via the investment funds proposed by its affiliates.

Mirova launched its fourth renewable energy infrastructure fund, Mirova Eurofideme4, in 2018. This fund's strategy differs from that of the previous funds as it incorporates financing for storage and mobile electricity, which have considerable financing requirements, as well as for production capacity. The goal is to achieve the European Union's ambitious greenhouse gas reduction targets. The

fund managed by Mirova aims to raise €500 million and the first fundraising phase was held in October, attracting €250 million, including €30 million from Natixis Assurances.

The previous fund, Mirova Eurofideme3, which completed its fundraising in 2016 with €353 million, is now almost fully invested in a diversified portfolio of European renewable energy projects. With its Eurofideme range of funds, Mirova has financed over 170 projects representing installed capacity of 1.8 GW over the past fifteen years.

#### 2018 Key Event

### TEEC certification

Ostrum AM obtained TEEC (Energy and Ecological Transition for Climate) certification for its expertise in infrastructure debt for the energy transition in December 2018.

Mirova manages three TEEC certified funds, with total assets under management of €1.3 billion: Mirova Europe Environmental Equity Fund, Mirova Green Bond–Global and Mirova-Eurofideme 3.

The French Ministry for the Environment, Energy and Oceans created the TEEC label in 2015. Certified funds must respect obligations in terms of the activities they finance (renewable energy, construction, circular economy, green transport, agriculture), excluded activities (fossil fuels and the nuclear industry), and how they manage ESG controversies. They must also measure their effective impact on the energy and ecological transition.

### 6.3.2.3 Financing and investment in mobility and sustainable cities

#### Sustainable real estate

**ODD 11: Sustainable cities and communities**

**ODD 13: Climate action**

In 2018, Natixis considerably expanded its financing and arrangement business in the sustainable real estate sector, with various solutions including mortgage loans, green bonds, securitization vehicles, and green loans. It closed eleven deals, including two green loans that financed over 114,000 m<sup>2</sup> in green real estate.

#### 2018 Key Events

### The DUO towers: the first green certification for a commercial real estate loan in Europe

In February 2018, Natixis obtained the first ever green certification for a commercial real estate loan in Europe for the DUO towers project in Paris—a planned 90,000 m<sup>2</sup> tower with exceptional levels of energy efficiency. Climate Bonds Initiative awarded the Climate Bond Certified label to the €480 million loan facility set up to finance the project. DUO mandated Oekom Research AG to verify the Low Carbon Buildings Commercial Properties (real estate) standard and report on follow-up of environmental certification, energy consumption and CO<sub>2</sub> emissions. Natixis was retained to complete the certification process.

### The PACE program: green securitizations

The PACE (Property Assessed Clean Energy) program allows property owners to finance the installation of equipment to improve their environmental performance (solar panels, heating, ventilation, water consumption). PACE makes these purchases possible at a lower cost and with a longer repayment term than with traditional loans. Natixis has arranged securitizations of PACE outstandings since 2015. Two new deals were arranged in 2018 for a total of €219 million.

AEW, the real estate asset management company, continued its efforts to obtain certification for its portfolio assets throughout 2018. Its buildings received BREEAM, HQE Exploitation, LEED Existing Building or BEPOS (positive energy building) certification.

AEW aims to reduce the energy consumption of part of its portfolio by 38% by 2020. The Greco (Grenelle Compliance) project has reduced energy consumption by 30% in properties for which investors have approved the recommendations, representing 110 properties with a total floor space of 713,000 m<sup>2</sup>.

The consumption monitoring system has also reduced energy use by around 15% and water consumption by 59,000 m<sup>3</sup> on the 90 sites fitted with the system since 2012.

Natixis Assurances monitors and reports annually on the portion of its real estate investments that have environmental certification. At year-end 2018, 33% of real estate assets managed under investment mandates were certified (HQE, BREEAM, etc.). In 2019, its acquisition policy will systematically incorporate environmental criteria. An initial energy performance review was performed on all properties under investment mandates in 2018 with an assessment of carbon emissions. In 2019, Natixis Assurances will set action plans to reduce its buildings' energy consumption in line with its climate commitments<sup>(1)</sup>.

Natixis Assurances also encourages individual policyholders to save energy via its range of home insurance products. The range includes coverage of equipment such as domestic windmills, solar panels or solar-powered water heaters, energy control cabinets, storage batteries and rainwater collection tanks. In addition, as well as managing customer claims, Natixis Assurances advises on using environmentally-friendly products when repairing damage.

### Sustainable mobility

#### ODD 9: Industry, innovation and infrastructure

#### ODD 13: Climate action

Mobility is crucial to human development. Moving goods and people allows access to goods and services, in particular housing, employment, healthcare, education and culture. However, this has an impact on climate change, air quality, the use of fossil fuels, biodiversity, and health. Transport growth projections expect the number of air passengers to double by 2040 and that there will be nearly two billion vehicles in circulation by 2050. Natixis is committed to developing sustainable, low carbon transport solutions through its financing and investment activities.

Mirova factors in sustainable mobility by encouraging investments in securities issued by vehicle manufacturers and equipment suppliers that propose technical solutions to solve the challenge of offering more and more people mobility solutions while reducing the environmental and social impacts linked to transport. In 2018, Mirova published its conclusions in a report<sup>(2)</sup> on the ESG issues facing vehicle manufacturers and equipment suppliers, setting out the solutions and risks identified in order to optimize the impact of its investments.

Natixis Car Lease has had electric and hybrid vehicles available for lease since its creation and at the end of 2018, 8% of its leased vehicles were electric or hybrid.

Natixis Assurances offers preferential rates to individuals who travel less than 8,000 km per year in their car: this option applies to 26% of contracts (187,993 contracts), or €64.4 million in annual premiums in 2018. Savings of up to 30% are offered to electric vehicle owners. In the interest of supporting its customers, Natixis Assurances also offers eco-driving courses.

### 6.3.2.4 Green bonds and green loans

Green bond issuers undertake to use the funds raised to finance projects with a positive impact on the environment. Unlike traditional bonds that can finance all the issuer's activities, a green bond finances traceable investments in measures to improve environmental performance such as energy efficiency, renewable energy, sustainable transport or water management. The green bonds market totals €167.3 billion<sup>(3)</sup>.

In 2018, Natixis arranged 18 green bond issues, confirming its solid positioning on this market, especially in Europe, where Natixis is the number three issuance arranger in euros<sup>(4)</sup>, and in Asia, where it was systematically awarded the role of Green Structuring Advisor.

#### 2018 Key Events

##### ODD 11: Sustainable cities and communities

### Green bond issue for La Poste group

Natixis was Green Structuring Advisor on La Poste group's first green bond issue—a world first for a postal services company. The €500 million raised in November 2018 directly funded projects for the energy transition (solar panels, electric vehicles, green buildings).

##### ODD 12: Responsible consumption and production

### Green bond issue for Beijing Capital

Natixis was Sole Green Structuring Advisor and underwriter for Beijing Capital group's first green bond issue. The \$250 million raised over three years cover the water and waste treatment firm's entire solid waste processing chain. The issue was awarded a Green Bonds certificate by the Hong Kong Quality Assurance Agency.

(1) See section on aligning with the objectives of the Paris Agreement.

(2) <http://www.mirova.com/Content/Documents/Mirova/publications/NF/DocRecherche/MobiliteConstructeursEtEquipementiers2018.pdf>.

(3) Climate Bonds Initiative, 2018.

(4) Euro Green Bonds League Table, Bloomberg 2018.



Natixis is also active in green bond investments through its Natixis Investment Managers affiliates. At year-end 2018, Ostrum AM managed green bond investments totaling €2.4 billion in 155 funds and investment mandates. Of the €1.8 billion in fixed income assets under management by Mirova, €1 billion is invested in green bonds. One of its flagship strategies, applied by the Mirova Global Green Bond Fund, invests solely in green bonds (€294 million).

As well as green bond issuance, in 2018, Natixis also offered two types of green loans: loans earmarked to finance environment-related projects (term loans) and syndicated loans meeting ESG criteria (green revolving credit facilities or green RCF). This activity expanded sharply in 2018, with twelve deals finalized.

### ODD 13: Climate change

#### Innovation in 2018

## €4 billion green RCF for EDF

Natixis was Green Structuring Advisor on an innovative transaction for EDF. The syndicated loan's pricing mechanism incorporated the ESR goals set in EDF's CAP 2030 strategic plan: direct CO<sub>2</sub> emissions, use by EDF clients of its online consumption monitoring tools, increase in its fleet of electric vehicles.

### 6.3.2.5 Development of low carbon structured products

#### ODD 13: Climate action

A number of innovative sustainable investment solutions were produced in 2018, including fixed income structured products, climate indices, and ESG indices.

Since 2015, Natixis has developed a range of climate indices to meet the need for investment in sectors contributing to the energy and ecological transition in different regions. The selection

of securities comprising the indices factors in each issuer's climate score and is based on a transparent method designed by experts in CIB's Green Hub. The range of climate indices managed by Natixis grew in 2018 with the launch of the Euronext<sup>®</sup> ECO5E index.

A new range of three Responsible Investment indices sponsored by Euronext was also created, with the latest being launched in September 2018. The methodology was based on the approach followed by Mirova/ISS-Oekom, which reconciles value creation and sustainability. Outstanding amounts sold by Natixis on the Climate and ESG indices total €1.2 billion.

#### Innovation in 2018

## The first Green Repack structured note for a French sovereign issue

The French €9.7 billion green OAT 2039 is currently the biggest green sovereign bond ever issued in Europe. Proceeds will finance projects with a positive environmental, social and societal impact. In 2018, Natixis produced the first green structured note offering investors exposure to both the green OAT 2039 and to a bespoke coupon structure. The environmental qualities of the OAT 2019 Green Repack product were certified by Vigeo-Eiris.

### 6.3.2.6 Aligning with the objectives of the Paris Agreement

#### ODD 13: Climate action

The Green Weighting Factor created in 2018 will allow Natixis to decarbonize its balance sheet and gradually align the impact of its financing activities with the objectives of the Paris Agreement, i.e. to limit the global temperature rise at the end of the century to +2°C in relation to the pre-industrial era. Natixis intends to achieve this long-term objective while continuing to finance all economic sectors by increasing the presence of green solutions in its financing activities and helping its clients in the transition to lower carbon activities<sup>(1)</sup>.

Natixis is contributing to the objectives of the Paris Agreement in all its financing and investment activities by applying its exclusion policies on the coal industry, oil sands and oil exploration in the Arctic (see Chapter 6.4.3 Climate risks).

As well as applying exclusion policies, several Natixis entities have also committed to aligning their investments with the goals of the Paris Agreement.

In 2015, Mirova and the climate data specialist Carbone4 co-developed a method for measuring the carbon footprint of issuers in different business sectors, named Carbon Impact Analytics (CIA). The CIA model focuses primarily on two indicators:

(1) See introduction on the Green Weighting Factor in Chapter 6.3.1.



- emissions “induced” by the Company’s activity with a lifecycle approach that takes into account direct emissions as well as those of its suppliers and products;
- emissions “avoided” thanks to efficiency measures or green solutions.

Particular attention is paid to companies in the sectors with the biggest positive or negative impact on the climate, namely energy, industry, construction and public works, transport, low carbon facilities and solutions.

The methodology was enhanced in 2018 to assess portfolio coherence with the climate scenarios set in the Paris Agreement<sup>(1)</sup>, using:

- the CIA methodology;
- climate scenarios from the Intergovernmental Panel on Climate Change (IPCC);
- investment projections from the International Energy Agency (IEA).

Combining data from these three sources produces results that are easy to interpret by providing an assessment in degrees Celsius corresponding to the climate scenario implied by a portfolio’s investments.

Using this method, Mirova estimates that the climate scenario for all its equity, bond and infrastructure portfolios stands at +1.5°C, compared with +5°C for the MSCI World index<sup>(2)</sup>.

**2018 Key Event**

**Natixis Assurances aligns with the 2°C climate scenario**

In 2018, Natixis Assurances made a proactive tangible commitment to combat climate change by aligning its investment policy with the 2°C climate scenario set in the Paris Agreement. Each year, Natixis Assurances will devote nearly 10% of its new investments to green assets, with a target of 10% of its total investments being in green assets by 2030. It invested over €430 million in green bonds in 2018. With this policy, Natixis Assurances intends to encourage and give priority to companies that contribute to the energy and ecological transition. Its commitment covers all its investment portfolios (excluding unit-linked policies).

Natixis is part of a working group with other financial institutions seeking to establish industry-wide principles for calculating the carbon footprint of the portfolios managed by banks, insurers and asset managers. Given the wide variety of its business lines, Natixis is particularly keen to find common principles that will

ensure consistency in how it quantifies the carbon footprint of its different activities. These principles will provide a framework in which to establish detailed targets for reducing the carbon footprint as part of the international Science Based Targets for Finance (SBTF) initiative.

**6.3.3 GREEN GROWTH: PROTECTING AND DEVELOPING NATURAL CAPITAL**

**6.3.3.1 The act4nature commitment**

**ODD 14: Life below water**

**ODD 15 : Life on land**

Natixis is already highly involved in protecting the climate and in July 2018 it decided to commit all its business lines to preserving biodiversity by joining the act4nature<sup>(3)</sup> initiative sponsored by the non-profit Entreprises pour l’Environnement (EpE).

Under this initiative, which includes French firms from all business sectors, Natixis has formally undertaken to take real action to provide solutions to preserve and restore biodiversity, ensure that natural resources are used sustainably and that the benefits derived from nature are distributed fairly.

Natixis has signed up to the ten common principles of the act4nature initiative, which are to:

1. Incorporate biodiversity in its corporate strategy;
2. Maintain dialog with all stakeholders;
3. Measure the direct and indirect impact of its activities on biodiversity;

4. Gradually integrate biodiversity in its decisions;
5. First avoid, then reduce, and finally offset its impacts;
6. Give priority to solutions based on nature;
7. Integrate biodiversity in its dialog with the public authorities in all countries in which it operates;
8. Raise awareness and train employees in biodiversity; promote and encourage their initiatives to protect nature;
9. Assign resources and establish appropriate partnerships to support concrete actions and monitor their progress;
10. Publicly report on the implementation of its commitments.

Natixis will decide and announce individual commitments for its financing and investment activities by the end of 2019, using SMART goals (Specific, Measurable, Agreed upon, Realistic, Time-based).

(1) <http://www.mirova.com/Content/Documents/Mirova/publications/VF/DocRecherche/ImpactClimatDesPortefeuilles2018.pdf>.

(2) 2017 data.

(3) <http://www.act4nature.com/>.



To implement these commitments to biodiversity, in 2018 Natixis set up an internal working group on natural capital comprising experts from its different business lines: the ESR Department, financing (CIB and SFS), the CIB Green Hub, representatives from the Asset Management affiliates (Mirova, Ostrum AM, AEW), and Natixis Assurances. Its goal is to produce real solutions to allow Natixis' activities to systematically measure—and mitigate if necessary—the impact of their activities on nature, to systematically integrate biodiversity in dialog with clients in sensitive sectors, and to develop products and services based on nature.

### 6.3.3.2 Recognition of biodiversity in financing

Natixis already incorporates biodiversity in its project financing activities and in 2019 it will increase its recognition of natural capital preservation in all its activities:

- In accordance with the **Equator Principles**, Natixis requires its clients to examine all the risks and potential impacts of their

projects from an environmental, social, health and safety perspective and to take all the necessary steps to minimize and correct the potential impacts. Protecting biodiversity is an integral part of these requirements. The quality of the client's impact studies and management systems is also taken into account when assessing the project. The assessment is generally performed by an independent consultant and it pays particular attention to the preservation of natural and critical habitats, in compliance with the regulations applicable to the project. For projects located in non-designated countries<sup>(1)</sup>, additional action is required to meet the conditions set by the International Finance Corporation<sup>(2)</sup>.

- **Mining activities to extract**, recycle and transform commodities have a significant impact on natural capital and biodiversity. For this reason, Natixis works with its clients to plan, avoid, reduce and offset the impact of these activities at each stage in the investment process. For each transaction, the Energy & Natural Resources (ENR) team ensures that its clients observe the practices required in the sector (Equator Principles, etc.) and Natixis' internal policies.

#### 2018 Key Event

### Implementation of a program to combat deforestation by a Natixis client in Ecuador

Natixis participated in financing for the Fruta del Norte Gold project in Ecuador. Lundi Gold, the project developer, documented endangered and vulnerable species using the categories set by the International Union for Conservation of Nature (IUCN). As a result, the Company relocated over 35,000 species of flora and fauna and established a partnership with the Ecuadorian NGO Conservation International. Programs to fight deforestation and encourage sustainable practices on degraded land have been set up and biodiversity monitoring has also been implemented.

- For **agricultural commodities**, Natixis helps its clients with natural capital protection. Natixis participated in an innovative green revolving credit facility for ECOM Agroindustrial Corp. Ltd, a coffee, cocoa, sugar and cotton trading company, for \$216 million over three years and \$433.3 million over one year. The price is indexed to ECOM's environmental and social

impact goals, in particular certification and product traceability. The margin reduction is paid to the ECOM Foundation, a non-profit that supports projects for producers and their communities. Part of the reduction is also assigned to the ECOM Department that provides agronomy services and technical assistance to farmers and local communities.

#### Innovation in 2018

### Inclusion of biodiversity criteria in a green loan to Séché Environnement

The first syndicated green loan deal led by Natixis refinanced Séché Environnement's financial debt. The credit agreement takes into account the average rate of progress in biodiversity preservation via four commitments:

1. Adopt initiatives to promote biodiversity;
2. Make biodiversity a priority within the Company;
3. Use biodiversity to inspire stakeholders;
4. Raise awareness of the impact our lifestyle has on global biodiversity.

(1) As defined in the Equator Principles.

(2) IFC performance standards 6: biodiversity conservation and sustainable management of living natural resources.

**6.3.3.3 Thematic investment in natural capital**

Mirova has used a platform specialized in preserving biodiversity and natural capital since 2017 and it produces innovative investment solutions to mitigate and adapt to climate change and to protect local regions, biodiversity, soil and marine resources.

**ODD 1: No poverty**

**ODD 2: Zero hunger**

**ODD 15: Life on land**

In response to the depletion of natural capital and land degradation as global issues (relating to food security, human life and ecosystems), the Land Degradation Neutrality (LDN) Fund is an example of the type of innovative public-private partnerships needed to finance the SDGs. The Fund was created by the United Nations<sup>(1)</sup> and Mirova as a source of transformative capital bringing together public and private investors to fund triple bottom line (economic, social and financial) projects that contribute to Land Degradation Neutrality. The LDN Fund will invest in three crucial sectors: sustainable agriculture, sustainable forestry, and other projects such as green infrastructure or ecotourism as opportunities arise.

The LDN Fund aims to generate positive environmental and socio-economic impacts alongside financial returns. By addressing land degradation, the LDN Fund project aims to deliver the following benefits:

- land degradation neutrality;
- climate change mitigation;
- climate change adaptation;
- improved livelihoods;
- improved biodiversity.

The LDN Fund’s first round of fundraising at the end of 2018 raised \$60 million. Its investors include public sector entities such as the European Investment Bank, Agence Française de Développement and the Luxembourg government, as well as private investors including Fondation, Fondation de France, BNP Paribas Cardif, Garance and Natixis Investment Managers. The team is continuing to raise funds with a target of \$300 million.

The LDN Fund will use its investments to apply sustainable land management practices on 500,000 hectares of land around the world, to reduce CO<sub>2</sub> by 35 Mt, and to create or improve jobs for over 100,000 people.

**2018 Key Event**

**The Land Degradation Neutrality Fund’s first investment**

Mirova’s Land Degradation Neutrality (LDN) Fund has been operational since its first closing in late 2018 and it has finalized its first transaction with an investment in the Urapí Sustainable Land Use program. The first project developed, financed and launched by Urapí covers four coffees cooperatives in Peru and will rehabilitate nearly 9,000 hectares of degraded land as productive agroforestry systems, capture and reduce 1.3 Mt in CO<sub>2</sub> emissions and improve living conditions for 2,400 producers.

**ODD 1: No poverty**

**ODD 14: Life below water**

**ODD 13: Climate action**

Unhealthy oceans threaten all life on earth and have a particularly strong impact on small island nations and vulnerable coastal communities. Decades of poor management have led to the over-exploitation and degradation of ocean resources, in particular fish stocks and coral reef ecosystems. Improving the management of these natural resources can enhance productivity and operational efficiency and generate attractive returns for all stakeholders.

**The Sustainable Ocean Fund (SOF)**, the second fund in Mirova’s Althelia Funds range, invests in companies that harness the ocean’s natural capital sustainably, build resilience in coastal ecosystems and create sustainable economic growth. SOF holds a mixed portfolio of assets in the sustainable marine products sector, the circular economy and conservation. The fund focuses on emerging markets and small island nations.

It was launched in 2018 and has raised half of its target of \$100 million. It will invest in around twenty sustainable projects, five of which have already started.

SOF’s investments will have substantial positive impacts in terms of socio-economic development and the preservation of natural resources. The fund has set the following goals for its ESG impact:

- climate: protection of over 17,500 hectares of mangrove forest from deforestation and degradation (over 9 million tons of CO<sub>2</sub>e captured), production of 177,000 tons of fish protein (which has a smaller carbon footprint than beef);
- livelihoods: creation or continuation of over 5,500 jobs in vulnerable coastal communities and indirect support for over 14,000 additional jobs in related value chains and businesses;
- ecosystems: direct protection and sustainable management of over 175,000 ha of marine protected areas in ecosystems with high environmental value.

(1) United Nations Convention to Combat Desertification (UNCCD).

**2018 Key Event****SOF's first transaction**

SOF made its first investment in Kampachi Farms, Mexico, which sees the development of offshore aquaculture as an urgent environmental matter as well as a considerable economic opportunity. The Company sustainably produces high-quality fish and respects nature at its offshore sites by using innovative biological and engineering solutions and working closely with regulators and the conservation community. The fish is raised in deep water pens four miles off the coast and will be available on the international market in early 2019.

**6.3.3.4 Development of the circular economy****ODD 12 : Responsible consumption and production**

AEW chairs the Circolab non-profit created in February 2018 to promote the circular economy in the construction and real estate sector and in particular to encourage the reuse of materials via various initiatives: publication of reuse guidelines, promotion of best practices, development of shared tools, creation of an ecosystem of real estate sector players. Circolab currently has around thirty members (public and private sector contracting authorities, construction firms, building materials manufacturers, project managers, associations).

In 2018, it finalized several reports, including a guide on reuse in partnership with the Fédération Française de l'Assurance (French Insurance Federation) and specifications on assessing existing buildings for reuse with the Centre Scientifique et Technique du Bâtiment (a government organization providing research into innovation in the construction industry). A reuse assessment was performed on all renovation projects over 2,000 m<sup>2</sup>. In 2019, Circolab will continue to expand, increasing the number of members and pursuing its work, in particular on Building Information Modeling and maintenance.

**2018 Key Event****Reuse of materials and furniture in a building of La Défense**

The Circolab non-profit, chaired by AEW, removed construction materials from a tower building in La Défense, Paris to reuse them, with the sale amount estimated at €470,000. In addition, furniture from the staff canteen (over 150 tables and 500 chairs) was donated to a non-profit that is setting up a middle school in Haiti.

## 6.4 Managing environmental & social risks

### 6.4.1 INCORPORATING E&S CRITERIA IN FINANCING OPERATIONS AND INVESTMENTS

The ESR Department ensures environment and social (E&S) risks are taken into account in our financing and investment business lines. A risk monitoring team has therefore been assigned to track ESR policies in sensitive sectors, determine which business sectors to exclude from such policies, assess the quality of assessment and monitoring of E&S risks in transactions, and analyze the reputational risk incurred by the parties involved.

#### Implementation of ESR policies in sensitive sectors

ESR policies have been drawn up and included in the risk policies applied by the business lines working with the most sensitive sectors. These policies cover the following sectors:

#### Coal industries

Since October 15, 2015, Natixis has undertaken to stop financing coal-fired power plants and thermal coal mining around the world.

Natixis will also no longer provide general-purpose corporate financing to companies for which coal-fired power plants or thermal coal mines account for over 50% of their activity.

This commitment was set out in a sector policy published on Natixis' website at the following address:

[https://www.natixis.com/natixis/upload/docs/application/pdf/2016-07/160708\\_coal\\_policy\\_fr.pdf](https://www.natixis.com/natixis/upload/docs/application/pdf/2016-07/160708_coal_policy_fr.pdf). It also applies to investments made by Ostrum, across all directly managed portfolios, and to Natixis Assurances, across all general-purpose funds. Both Ostrum and Natixis Assurance have stopped investing in industrial companies deriving 50% or more of their business from coal-fired power plants and/or thermal coal mining.

It should be noted that the amount of Natixis' exposure to coal-industry financing has fallen steadily since the commitment made in October 2015. At the end of 2018, financing of thermal coal mines amounted to zero and was residual in coal-fired power plants.

#### Defense

Since March 2009, Natixis has excluded financing, investment and offers of services to companies involved in manufacturing, storing or trading anti-personnel mines and cluster bombs.

#### 2018 Key Event

#### Publication of defense sector policy

The commitment made by Natixis in March 2009 was extended to include a Defense sector policy published in June 2018. This policy, which is available for consultation on the Natixis website, extends the scope of arms excluded by the Group and sets specific criteria for conducting transactions, notably with respect to arms exporting and importing countries.

The policy also applies to investment operations undertaken by Natixis, Ostrum, and Natixis Assurances.

[https://www.natixis.com/natixis/jcms/rpaz5\\_68332/fr/politique-sectorielle-dans-le-secteur-de-la-defense](https://www.natixis.com/natixis/jcms/rpaz5_68332/fr/politique-sectorielle-dans-le-secteur-de-la-defense)

#### Tobacco

In December 2017, Natixis committed to discontinuing all financing of, or investment in, tobacco producers, wholesalers, and traders as well as tobacco product manufacturers. This

exclusion has deepened the bank's commitment to fighting cancer, as patron of the Gustave Roussy foundation since 2011.

#### 2018 Key Event

#### Publication of Tobacco sector policy

In light of the commitment undertaken in December 2017, Natixis published a detailed account of its tobacco sector policy in May 2018. The latter applies to Natixis, Ostrum and Natixis Assurance's financing, investment and services activities.

For more information please refer to:

[https://www.natixis.com/natixis/jcms/lpaz5\\_67146/fr/politique-sectorielle-tabac](https://www.natixis.com/natixis/jcms/lpaz5_67146/fr/politique-sectorielle-tabac)

## Oil and gas

In December 2017, Natixis committed to stop providing financing for the exploration and production of oil sands and oil in the Arctic region.

### 2018 Key Event

#### Publication of oil and gas sector policy

Natixis published its oil and gas sector policy in November 2018. This set out the conditions underlying Natixis' commitment, namely:

- to discontinue the financing of projects involving the exploration, production, transportation and storage of extra-heavy oil and oil derived from oil sands, and related export terminals;
- to no longer provide general purpose corporate financing for, and no longer invest in\*, any company of which the aforementioned activities (see above) account for 30% or more of total operations;
- to discontinue financing for onshore or offshore oil exploration and production projects in the Arctic.

For more information please refer to:

[https://www.natixis.com/natixis/upload/docs/application/pdf/2018-11/natixis\\_esr\\_sector\\_policy\\_oil\\_gas.pdf](https://www.natixis.com/natixis/upload/docs/application/pdf/2018-11/natixis_esr_sector_policy_oil_gas.pdf)

\* This applies to all Natixis Assurances investments.

This commitment to protect the Arctic upholds the position already adopted by Ostrum and Mirova, which, since 2016, have headed a group of investors having signed a declaration calling for the Arctic region to be protected against oil exploration activities, and for the adherence to national commitments to combat climate change in this particularly hydrocarbon-rich area of the world.

## Other industries

**Natixis has internal ESR policies for the nuclear, mining & metals, and palm oil sectors. These apply to financing operations and cover the following issues:**

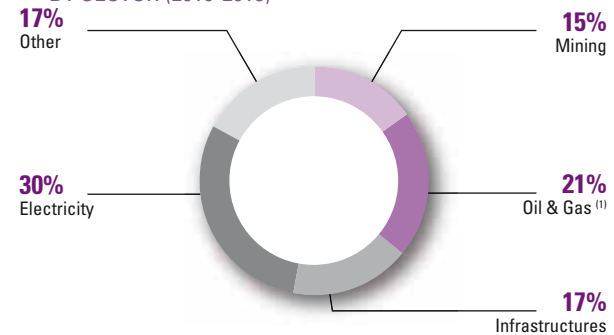
- nuclear: compliance with the strictest international security rules (IAEA, etc.), reliability of technologies, demonstration by the host country and the operator of their capacity to control and operate their nuclear industry, based on specific criteria;
- mining & metals: compliance with international mining industry standards as well as the E&S criteria established by the IFC (World Bank);
- palm oil: traceability and compliance with best practices and applicable standards.

## Overview of financing transactions over the last three years

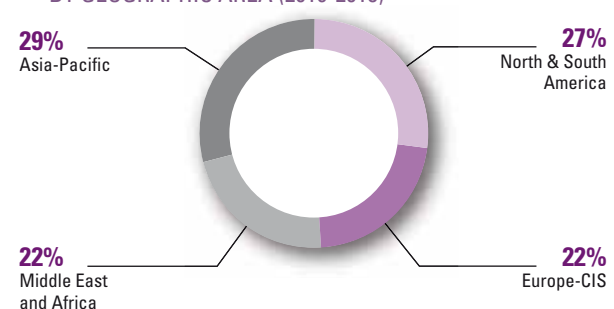
Managing environmental and social risks across Natixis' financing business lines involves analyzing clients and transactions to ensure they comply with its ESR policies and exclusion commitments, analyzing transactions according to the Equator Principles or other evaluation methods, and analyzing controversial issues that its clients may run into.

Over the last three years, 305 such transactions have been managed in this way, with the following sector breakdown:

### BREAKDOWN OF THE NUMBER OF PROJECTS REVIEWED BY SECTOR (2016-2018)<sup>(1)</sup>



### BREAKDOWN OF THE NUMBER OF PROJECTS REVIEWED BY GEOGRAPHIC AREA (2016-2018)



## Equator Principles

As a signatory of the Equator Principles since December 2010, Natixis applies an industry-wide methodology recognized by 94 member banks and financial institutions aimed at evaluating the E&S risks of the projects it finances and assessing the quality of the management systems used by its clients to manage, minimize, and remedy the impacts they cause as best they can.

This methodology applies to the financing of investments in new projects or the extension of existing projects. For Natixis it mainly concerns infrastructure, energy (oil, gas), electricity and renewable energy, and the mining and metals sectors around the world.

(1) Oil & Gas: special purpose ship and offshore platform included



An organizational structure has been set up to involve both the business lines and the ESR Department in assessing and managing transactions. The process includes an assessment of the quality of existing E&S documentation prepared by the client (or client advisory services, if such documentation has not yet been drafted), the measurement and classification of the potential E&S impacts and risks, and, where necessary, the consultation of external specialists. It also provides for the drafting of an action plan for impact mitigation and correction measures, which is included in the financial documentation. Compliance with the action plan is monitored over the life of the financing facility.

Natixis' credit approval process includes a summary of key issues used to assess a project.

Details of the analysis and decision-making process, the resources used and full information on transactions audited in this way are available in the annual Equator Principles report (published before July 31 each year and available on the Natixis website.<sup>(1)</sup>)

### Assessments performed beyond the scope of the Equator Principles

Mindful of the great diversity of client transactions and financing solutions, Natixis ensures the same level of vigilance on the underlying E&S risks of certain types of transactions outside the scope of the Equator Principles. These include acquisition financing transactions not associated with an investment program, financing that is, by nature, for multiple purposes, transactions involving portfolios of assets too large for a dedicated assessment, or certain kinds of assets.

In each of these cases, the quality of governance and management of the E&S risks inherent to the industry in question are assessed on the basis of current international best practices and standards, and the services of external consultants are called upon if necessary.

### Analysis of reputational risk associated with involved parties

For all the financing transactions referred to above, and also when deemed necessary for any other transaction, an analysis is performed to determine whether the borrowing company, its operator or main shareholder has a history of poor management of its operations, from an environmental, social or health and safety standpoint.

In the interest of establishing lasting relations with its clients, the objective is to raise awareness among the business lines—before a credit decision is made—of all the situations that can give rise to reputational risk, and where necessary to consider appropriate measures.

### A strengthened client assessment system

In respect of French law on duty of vigilance, Natixis is working on an additional tool for assessing the quality of its clients' environmental and social risk management. The system, which is currently being devised, will be used to assess clients of the Corporate & Investment Banking business in the onboarding process and, subsequently, on a regular basis, at a frequency determined on the basis of the nature and degree of E&S risks at hand. The assessment process will gradually be applied to the division's portfolio of existing clients, taking into account the schedule for periodic renewals of financing authorizations.

The screening process will involve two levels of assessment:

- the first level, covering most of the bank's clients, will involve assessing 15 different types of E&S risks relating to the client's governance, social/societal and environmental issues and its supply chain. A dedicated client assessment grid will be applied to each of the 10 business sectors best representing the bank's commitments, taking into account the characteristics of the client's business activity and its office locations. The results of the first assessment will be cross-referenced with those of a systematic controversy check, as facilitated by an external data provider;
- the second level of assessment, focusing on clients identified as being the most sensitive to risk, will involve an in-depth, qualitative analysis of the latter's E&S governance. This generally requires making direct contact with the client in order to specify the systems required for identifying and mitigating the main E&S risks.

This client assessment process is to be built into the bank's existing systems for establishing new client relationships and granting loans, involving the business lines, as well as the Compliance Department, Risks Department and ESR Department. The process is to be implemented following a test phase sometime in 2020.

## 6.4.2 DUTY OF VIGILANCE

The French law on the duty of vigilance requires Natixis to prepare, publish and implement a duty of vigilance action plan containing measures that can identify and prevent the risks of violating human rights and basic freedoms, harming the environment, and endangering occupational health and safety, associated with the activities conducted by Natixis as well as its subsidiaries, subcontractors and suppliers.

Launched in 2017, the duty of vigilance project is overseen by Natixis' ESR Department and involves several other departments: Purchasing, Human Resources, Logistics, Compliance and Legal.

Several additional projects were initiated at the same time, with the aim of establishing a duty of vigilance plan for Natixis employees at its own offices, and also for its purchases of products and services. Work was also begun to expand the due diligence procedures implemented in respect of the bank's financing activities.

Lastly, Natixis' Compliance Department adapted the bank's whistleblowing system to take new regulations into account (including, in particular, the duty of vigilance, but also the Sapin II law).

### Duty of vigilance in purchasing

Since 2017, Natixis' Purchasing Department joined forces with BPCE Procurement to create an economic interest group and share thoughts and ideas on responsible purchasing. The socially responsible purchasing policy is a source of strategic and operational leverage for implementing the BPCE and Natixis ESR policy. The main objective of the policy is to promote more eco-friendly products and services that provide guarantees, and even added value, at the social and societal levels.

(1) [https://www.natixis.com/natixis/jcms/ala\\_5415/fr/gestion-des-risques-environnementaux-et-sociaux](https://www.natixis.com/natixis/jcms/ala_5415/fr/gestion-des-risques-environnementaux-et-sociaux)

Broader objectives are also pursued through this policy:

- assessing Natixis suppliers using social and environmental responsibility criteria related to their products, services or industries;
- promoting official environmental certifications and eco-designed products;
- encouraging suppliers to be more transparent in describing the environmental characteristics of their products.

In 2017, Natixis participated in a joint initiative involving several French Banking and Insurance companies and signed the Responsible Purchasing Charter. The aim of the charter is to encourage the suppliers of the signatory banks to implement duty of vigilance measures as part of their overall ESR approach. The charter sets a series of commitments that both parties are required to observe, based largely on the basic principles of the United Nations Global Compact in the areas of human rights, labor, the environment and anti-corruption. <sup>(1)</sup>

Regarding the enforcement of the duty of vigilance law, Natixis alongside BPCE Procurement took part in a concerted effort in the bancassurance industry to map out ESR risks in purchasing activities, involving three other banking groups. The tool, which was delivered in June 2018, enables the following risks to be measured by country and by category of purchase:

Fair practices and ethics	Fraud and corruption
	Protection of personal data
	Copyright and patents
Environment	Consumption of natural resources
	Pollution (air, water, ground)
	Biodiversity
	Carbon emissions
	Waste management
Human rights	Health and safety
	Working conditions
	Discrimination
	Forced labor and modern-day slavery
	Child labor

The tool maps out risks by drawing on the expertise of the chosen supplier for each purchasing category, in addition to statistics on each country, in accordance with recognized standards.

Of the more than 100 purchasing categories in the banking sector, the mapping system identified 13 types of high ESR risk-type purchases. These are to be the subject of targeted duty of vigilance measures:

Under the new consultation procedures conducted by BPCE Procurement in sensitive categories, suppliers are assessed on the basis of their ESR performance:

- ESR questionnaire based on the risk map sent to the supplier;
- the supplier must detail their action plan to deal with the identified ESR risks;
- ESR/Procurement together assess this response;
- ESR grade built into the supplier's overall grade;

- supplier action plan to be implemented where ESR grade is below average;
- monitoring of supplier action plan.

This process was applied in 2018 (e.g. Servers category) and further consultation efforts are scheduled for 2019 (works, vehicles).

Concerning purchases made by Natixis directly in certain sensitive categories (e.g. building work, furniture, promotional objects, etc.), steps have been taken by the Real Estate and Logistics Department to question its main suppliers. In 2019, this process shall also be applied to purchases made by Natixis offices abroad.

To get the vigilance plan up and running, training courses will be provided by BPCE Procurement to help buyers become familiar with the new tools (risk mapping, ESR assessment, and implementation of appropriate risk prevention or mitigation plans).

### Duty of vigilance in everyday operations

To map out risks associated with its employees and establishments, Natixis set up two other working groups comprising the Logistics and Human Resources Departments.

A large majority of Natixis' employees and establishments are located in France (83% and 75%, respectively).

The environmental risks associated with Natixis' operations have been ruled out, as its business is not liable to generate serious adverse impacts on the environment. Furthermore, the bank already applies strict environmental regulations in Europe and the US, and has launched several initiatives to limit its impact on the environment (e.g. certified buildings, use of resources, waste management, eco-friendly business travel, etc.).

Regarding the risks incurred by Natixis employees and service providers in terms of human rights, the decision was made to extend efforts in areas deemed most important in view of Natixis' businesses: working conditions, prevention of discrimination, and personal safety.

These issues are already strictly governed by a number of prevailing regulations in France, notably including labor law, the personal and property safety policy, and the Professional Risk Assessment Document. A whole host of internal agreements have also been signed in France (relating to union law, collective bargaining, gender equality, the professional integration and retention of employees with disabilities, and quality of life at work).

Natixis also has a large number of establishments outside France, however, and it needs to ensure that employees and service providers working outside France and Europe are not subject to major occupational health and safety risks.

Natixis has decided to focus on countries in which it has a headcount (excluding financial holdings) of more than 100 employees and on countries deemed to be at risk on the country risk map, based on three indicators:

- gross national income per inhabitant in dollars: GNI/inhabitant (*source: World Bank*);
- weekly working hours (*source: International Labor Organization*);
- the index of "violence and repression of workers" (*source: ITUC<sup>(2)</sup>*).

(1) <https://back.bpce-achats.fr/storage/documents/9YMH2ecdXFSrAUhMOp4SKfZWWh64bflnKxPnW5izi.pdf>

(2) The International Trade Union Confederation represents 340 affiliated organizations across 163 countries.



A questionnaire will be sent out to platforms in the APAC, Americas and EMEA regions to identify standard working conditions in the targeted countries, as well as the specific conditions applicable to Natixis employees and external service providers in the following areas:

- working hours;
- remuneration;
- conditions of dismissal;
- maternity leave;
- welfare protection.

With respect to personal and property safety, a security road map will be rolled out internationally in 2019, notably including country risk monitoring tools with a view to ensuring the safety of Natixis employees and external service providers across all our business locations.

### Managing risks in our financing activities

For several years now, Natixis has addressed the human rights and environmental risks incurred by some of its financing activities, most notably by applying the Equator Principles for project financing or specific sector-based policies applied to sensitive sectors.

In addition to these due diligence procedures, Natixis has begun work on measuring the social and environmental risks borne by its clients when they first make contact with the bank. Using questionnaires tailored to each sector and gradually applied to existing and new clients, the project aims to compile a client ranking system based on duty of vigilance categories. (*cf. Chapter 6.4.1*).

### Whistleblowing system

The whistleblowing system forms an integral part of Natixis' Code of Conduct and is based on a company-wide policy which sets the minimum standard to be applied throughout Natixis group. In July 2018, Natixis S.A., published an updated version of its existing whistleblowing system, to reflect the latest regulatory changes. The whistleblowing system is available to any person holding an employment contract with Natixis, as well as to employees of external service providers or subcontractors (*cf. Chapter 6.2.1*).

## 6.4.3 CLIMATE RISKS

As a financial institution and major economic player, Natixis is exposed to climate risk in the running of its operations and business activities.

Incorporating climate risk is a key priority for the bank, given its potential impact on our organization and our financing and investment activities.

Natixis has taken a series of measures to **adapt to the consequences of climate change**:

- climate risks liable to have a direct impact on Natixis are addressed in the Business Continuity Plan (BCP), which includes the management of extreme weather events (e.g. storms, heatwaves, flooding of the Seine, etc.) that could affect the Company's premises around the world. Maximum impact is estimated in the operational risks map, and results in a VaR figure (95% and 99% Value at Risk) that factors in scenario analyses and external data, the quality of the BCP and insurance;
- the environmental/climate risks linked to our business operations are progressively being taken into account insofar as Natixis' clients may themselves be subject to climate risks: these include physical risks (exposure to physical consequences caused directly by climate change) and transition risks (exposure of certain sectors to the adjustments brought about by the transition to a low-carbon economy).

Pursuant to Article 173 of the French Energy Transition Act, Natixis is required to report on the climate risk management tools it has put in place and on its low-carbon strategy.

### Measuring the climate change risks associated with our activities: physical and transition risks

Since 2016, Natixis has been part of a working group to improve the incorporation of these risks: specifically, and in line with the Autorité de Contrôle Prudentiel et de Résolution (ACPR—French Prudential Supervisory Authority for the Banking and Insurance Sector), BpCE and Natixis participated in a working group addressing Article 173, Provision V of the Energy Transition for Green Growth Act of August 17, 2015, with a view to drawing up stress test scenarios. The working group reviewed the sectors most exposed to physical risk and to transition risk.

In 2018, Natixis joined the UN Environment Programme Finance Initiative (UNEP-FI) to address climate risks involving 16 international banks. Their aim is to meet the challenges of implementing some of the recommendations made by the Task Force on Climate-Related Financial Disclosure (TCFD) by establishing a joint methodology for conducting stress tests on climate change-related risks (physical and transition risks).

#### Transition risks

Transition risks can arise where a company's business model needs to be adapted to a low-carbon economy; be it due to the introduction of strict carbon regulations, a change in customer behavior, or technological innovation. These changing market conditions can give rise to stranded assets or a significant loss in revenue, thereby exacerbating the Company's credit risk.

In 2018, Natixis took the innovative step of introducing a Green Weighting Factor, to support its clients in the shift towards lower carbon activities and in gradually lowering their carbon footprint. Climate transition risk will now be systematically taken into account in the assessment of financing opportunities (*see section on Green Weighting Factor: an innovative solution for a greener financing portfolio*).

In accordance with Article 173, Provision VI of the Energy Transition for Green Growth Act, establishing new ESG reporting obligations, certain Natixis subsidiaries have conducted extensive efforts to measure the carbon footprint of their portfolios.

Ostrum AM, Mirova and Natixis Assurance use the “Carbon Impact Analytics method, co-developed by Mirova and Carbone 4, to calculate their portfolios’ carbon footprint in terms of CO<sub>2</sub> emissions (see section on Natixis’ alignment with Paris Agreement objectives).

This innovative approach covers generated emissions, prevented emissions and overall contribution to the fight against climate change. It assesses investments made relative to a benchmark scenario and compared to the principal market indices.

Applied to the strategies managed by Mirova, the methodology shows that the investments made by the Natixis subsidiary go below the 2°C scenario and are much better than the main benchmark indices.

### Physical risks

Climate change results in increased frequency and/or intensity of extreme weather events, such as hurricanes, storms, droughts, and flooding.

The economy stands to suffer from these physical risks, and some sectors and geographic regions are already proving vulnerable to such events, which can result in major financial losses (supply chain breaks, operating losses), alter the value of assets and affect borrower solvency. This could have a knock-on effect on credit and investment portfolios.

Despite this, financial institutions lack the tools needed to analyze portfolio exposure to physical risks. Natixis has therefore committed to the ClimINVEST initiative launched by a consortium of European climate change experts, notably I4CE and Météo France.

This project seeks to co-design and co-produce tools, in conjunction with financial institutions, to facilitate the inclusion of physical climate change risks in decision-making processes. The methods and tools developed will subsequently be made public to ensure these are approved by as many institutions as possible.

### Low-carbon strategy

Natixis believes it has a responsibility to actively combat climate change and has developed a proactive strategy aimed at reducing its direct and indirect impacts on the environment resulting from its financing and investment activities.

**Direct impact:** Each year, Natixis measures its carbon footprint (see Chapter 6.5.3) and takes a number of measures to limit its own impact on the climate, namely:

- carbon neutrality of power consumption via renewable energy supply contracts;
- energy-efficient buildings;
- eco-friendly business travel;
- reduced paper consumption;
- waste management.

**Indirect impact generated by its business lines:** Natixis draws on its investment and financing operations as its key means of action the fight against climate change, both in terms of risk management and business opportunities. Natixis applies a low-carbon strategy across all of its business lines: Asset & Wealth Management, Corporate & Investment Banking, Insurance and Specialized Financial Services (see Chapter 6.3.2).

- **Green Weighting Factor:** To step up its transition to green finance, Natixis is developing a tool to gradually bring its financing activities into line with the Paris Agreement goals for the climate. (see Chapter 6.3.2);
- **Green growth financing:** Natixis is a major player in renewable energy and sustainable infrastructure financing, and in green bonds;
- **Investment products helping to combat climate change:** NIM also finances renewable energy via investment funds proposed by its affiliates;
- **Climate risk projects financed by Natixis:** As a signatory of the Equator Principles, Natixis incorporates climate change into the environmental impact assessments conducted on its major projects: borrowers are required to present an analysis of the possible alternatives to their projects, and to report annually on the project’s CO<sub>2</sub> emissions once it is in operation;
- **Exclusion of carbon-intensive issuers:** Since 2015, Natixis has ceased all financing and investments in the coal sector and has also undertaken to stop financing oil sands and oil exploration in the Arctic (see Chapter 6.4.1).

## 6.5 Managing our direct environmental impact

### 6.5.1 ENVIRONMENTAL MANAGEMENT OF NATIXIS BUILDINGS

The Real Estate and Logistics Department has introduced a total cost approach to its projects and investments that allows it to factor in the environmental impact of its activities. It is especially involved in setting up and monitoring environmental certifications, optimizing energy consumption and ensuring building accessibility.

Natixis and its subsidiaries in France (with the exception of Financial investments and affiliates—see scopes in Chapter 6.7) account for 304,834 m<sup>2</sup> in office space and 19,411 workstations, as well as two data centers operated for Groupe BPCE.

#### Set-up and monitoring of certifications

For the purpose of managing its buildings and offices, Natixis chose to occupy buildings whose design and operation guarantee optimal environmental performance. The bank owns

12 certified buildings (HQE<sup>(1)</sup>, BBC<sup>(2)</sup>, HPE<sup>(3)</sup> or BREEAM<sup>(4)</sup> certifications), covering a total surface area of 136,646 m<sup>2</sup>.

Natixis' data center operating service has ISO 14001<sup>(5)</sup> certification.

After receiving ISO 14001 certification for the management of its buildings over several years, the Real Estate and Logistics Department (DIL) launched its *DIL Progress* label in 2017. This specifically covers the DILs commitments in terms of building works, property and data center management, and security, across all its business lines. The ESR aspect includes the key environment-related actions stipulated under the ISO 14001 standard:

- identifying the main sources of environmental impact;
- respecting environmental requirements;
- informing business lines of environmental actions taken.

The first *DIL Progress* audit was conducted by Bureau Veritas Certification in March 2018.

#### 2018 Key Event

#### Participation in the CUBE 2020 challenge, to save building energy

Natixis took part in the CUBE2020 challenge for the first time in 2018. The contest, which is organized by the IFPEB\*, is aimed at saving energy used in buildings. Natixis entered one of its Parisian properties, *47 Quai*. The aim is to achieve an energy saving of at least 10%, by involving employees and teams from the IT, Facilities Management, Communications and ESR departments. Awareness-raising efforts were launched in conjunction with concrete energy-saving actions, both on the IT front (automatic stand-by mode) and in terms of the building (settings).

\* IFPEB: Institut Français pour la Performance du Bâtiment—French Institute for Building Efficiency.

Abroad, Natixis occupies environmentally-certified offices: building 1251, its New York head office, which houses most of its employees, obtained the LEED gold-level environmental certification for its design and construction. It has also improved its Energy Star score from 69 to 76. In Madrid, following a major overhaul, Natixis' building is in the process of receiving BREEAM certification. Natixis' teams in Hong Kong work in the ICC building, which received several certifications for its environmental performances (platinum-level BEAM<sup>(6)</sup> certification, bronze-level LEED<sup>(7)</sup> certification for interior design).

#### Building accessibility

The Real Estate and Logistics Department implements Natixis' disability policy and carries out various projects aimed at promoting the employment of disabled persons by adapting working conditions to their needs.

In terms of building accessibility specifically, the department takes action to facilitate access to Natixis buildings for the disabled:

- installation of meeting and training rooms accessible to persons with different disabilities (employees or visitors with reduced mobility or who are visually or hearing impaired);
- signage and reserved spots in parking lots and garages.

(1) HQE: French "high environmental quality" standard.

(2) BBC: French "low-energy building" standard.

(3) HPE: French "high energy efficiency" standard.

(4) BREEAM: Building Research Establishment Environmental Assessment Method.

(5) French standard in accordance with ISO 14001: 2004.

(6) BEAM: Building Environmental Assessment Method

(7) LEED: Leader in Energy and Environmental Design

## 6.5.2 MANAGING RESOURCE CONSUMPTION

The Real Estate and Logistics Department ensures optimum resource management by closely managing the various resources used: energy (electricity, heating and cooling utilities), water and paper. Each building it manages has a budget for energy consumption, which is monitored on a monthly basis.

Natixis has optimized the energy consumption of its buildings for several years with the roll-out of various measures:

- a re-lamping policy with the use of LED light bulbs;

- installation of motion sensor lighting systems;
- Optimization of heating and cooling systems that give greater consideration to temperatures outside the building.

Combining these measures with efforts to raise employee awareness of “eco-gestures” has been steadily reducing energy consumption in Natixis buildings since 2010, per workstation and per m<sup>2</sup> of rented surface.

### Energy consumption

Scope: Natixis France—excluding data centers

Energy	2018	2017	2016
Energy consumption: electricity, heating and cooling of office buildings <i>(in MWh)</i>	56,022	56,806	57,397
Energy consumption per workstation <i>(in MWh)</i>	2.89	2.90	3.04
Energy consumption per m <sup>2</sup> of usable rented office space <i>(in MWh)</i>	0.18	0.19	0.20
Total heating oil consumption <i>(in m<sup>3</sup>)</i>	15	10	16

Several international platforms implemented actions to improve the efficiency of their buildings:

- lighting: use of motion sensors (Frankfurt, Kazakhstan, Milan), re-lamping for LEDs or energy saving light bulbs (Frankfurt, Istanbul, Kazakhstan, Moscow), automatic switch-off (Madrid, Milan)

- Air conditioning and ventilation systems optimization (Moscow, Kazakhstan).

#### 2018 Key Event

### New Paris Climate Action partnership

Following on from the commitment undertaken in 2015, Natixis signed a new Paris Climate Action agreement in October 2018. Natixis thus intends to take part in sustainable development goals (SDG) consistent with the French capital's Climate Plan. In addition, the bank has set a target to reduce the energy consumption of its buildings in the Paris region by 30% between 2010 and 2020.

Since November 2015, Natixis' buildings have run entirely on *green* electricity, i.e. from fully renewable sources of energy, pursuant to the terms of its energy supply contract with Engie. This energy source is guaranteed by the supplier and certified *AlpEnergie 2015*.

Abroad, the Natixis office in Kazakhstan, along with the other 47 residents of the Kulan Business Center building, participated in a pilot project to produce renewable energy on site: the installation of solar panels on the roof of the building parking lot.

**Water consumption**

Scope: Natixis France

Water	2018	2017	2016
Total consumption of drinking water (in m <sup>3</sup> )	77,642	72,649	74,217
Consumption per workstation (in m <sup>3</sup> )	3.99	3.77	3.93
Consumption per m <sup>2</sup> of usable rented surface (in m <sup>3</sup> )	0.25	0.25	0.25

The increase in water consumption in 2018 was due to the inclusion of two new buildings, the consumption of which was not identified separately in previous years.

**Consumption of raw materials**

The raw material used the most at Natixis is paper (reams, envelopes, desktop publishing, internal and external printouts, etc.).

Practically all paper (98%) used by Natixis is sustainable forest management-certified (FSC certification<sup>(1)</sup>).

Abroad, Natixis offices in Madrid and New York have been using recycled paper since 2018.

Scope: Natixis France—letterhead paper and paper reams

Paper	2018	2017	2016
Total paper consumption (in metric tons)	266	350	520
Consumption per workstation (in kg)	13.70	18.18	27.55

Natixis revised its method for collecting data on paper consumption in 2018 and it now gathers this information directly from its paper supplier.

In 2018, the bank's consumption of paper continued to fall, declining 24% relative to 2017.

Internal consumption (reams of paper, letterhead) has been falling steadily for several years, thanks to awareness-raising initiatives, the widespread use of shared multifunction printers, and the Company-wide roll-out of laptop computers, notably as part of the bank's *Easy* program. In 2018, a further 9,000 employees were allocated *Easy* laptop computers, giving them the digital tools needed to facilitate agile working and reducing printing needs.

Abroad, Natixis employees also reduce their paper consumption (-11% in Milan, -12% in New York and Frankfurt, -19% in Moscow, -30% in Dubai, -50% in Madrid).

**6.5.3 CARBON FOOTPRINT MANAGEMENT**

Every year, Natixis measures the carbon footprint for Natixis France.

**NATIXIS FRANCE CARBON FOOTPRINT**

Carbon assessment (in metric tons of CO <sub>2</sub> equivalent)	2018	2017	2016
Energy	5,116	5,074	5,156
Staff travel	13,278	13,676	13,254
Fixed assets	17,668	17,156	16,424
Other items	5,068	5,092	6,031
<b>TOTAL</b>	<b>41,129</b>	<b>40,999</b>	<b>40,866</b>

2018 carbon emissions -excluding purchases- were up slightly compared to previous years.

This result can be attributed to an increase in energy consumption (notably the cooling system) and IT assets.

At the same time, however, a decrease in carbon emissions due to staff travel was recorded, with the integration of telecommuting.

In addition to this measure of Natixis direct carbon footprint, Initiatives have been undertaken to address material sources of carbon emissions in the conduct of Natixis' business, predominantly through the use of financial products offered to its clients: an assessment of the environmental impact of investment vehicles offered by Natixis was performed in certain business lines (see Chapter 6.3.2.5).

(1) Forest Stewardship Council.



### Carbon emission reduction plans

Based on calculated carbon emissions, a carbon action plan has been implemented in three main areas:

**Buildings:** optimized occupation of work space and reduction of energy consumption;

**Business travel:** expanded use of public transportation and "soft" modes of transportation, green company cars, prioritized use of rail travel in the Natixis travel policy, development of videoconferencing and establishment of teleworking program to limit commuting;

**IT:** streamlining of office printers, with the widespread installation of multifunction printers.

In addition to measuring its carbon footprint, Natixis' subsidiary Ostrum Asset Management has taken active steps to offset 100% of its direct carbon emissions since 2016.

## 6.5.4 WASTE REDUCTION AND SORTING

### Waste reduction

Natixis is taking action to reduce the waste it generates. Having lowered the quantity of paper it consumes, Natixis has begun efforts to reduce that of disposable cups, which are a major source of pollution. It started by taking stock of the type and quantity of disposable cups used. In France, Natixis consumes more than 3.5 million plastic cups every year. This stage will be the starting point from which to implement solutions for reducing consumable items in 2019.

A project to reduce these wastes was initiated in 2018 and will be rolled out in 2019.

Efforts to raise employee awareness (distribution of mugs, green conferences), encourage them to generate less waste by opting for reusable rather than disposable. Some Natixis platforms have been leading the way in this area: Dubai, London, New York and the Natixis Interépargne sites in Caen and Charenton have stopped using disposable cups altogether.

### Waste sorting

Natixis' waste-sorting activities are conducted as follows:

- sorting and recycling of paper, plastic (bottles, cups) and metal (cans) using collection points, which are gradually being installed in offices to replace individual sorting bins and are systematically installed in new buildings;
- sorting and recycling of plastic pens;

- furniture recycling;
- collection and special disposal of used ink cartridges, batteries and fluorescent and neon tubes.

Scope: Natixis France

Volume of sorted waste	2018	2017	2016
Paper, envelopes and cardboard (in metric tons)	578	717	734
Batteries (in metric tons)	0.56	1.45	3.34
Cartridges (in metric tons)	1.00	3.05	6.77

The volume of paper and ink cartridge waste decreased substantially in 2018, in step with the decline in printouts.

Natixis is also selling its IT equipment to companies specialized in reusing and recycling Waste Electrical and Electronic Equipment (WEEE).

Abroad, Natixis offices in Frankfurt have implemented a system for the recovery and resale of WEEE. The profits of this activity are reinvested in environmental projects worldwide.

Note also that since 2018 a new waste sorting and collection circuit for used aluminum coffee capsules has been introduced in the main buildings consuming such capsules, in conjunction with the bank's coffee supplier and the companies collecting those capsules: La Poste and Paprec. Abroad, Natixis offices in New York have aligned themselves with the approach by installing collection systems for this type of capsule.

### 2018 Key Event

#### Awareness of waste sorting

The bank's new collection system for sorting and recycling paper, plastics and cans was presented to the employees assigned to support the initiative during its roll-out across our various buildings.

During the European Week for Waste Reduction, these were shown around the sorting centers run by Paprec, the company in charge of collecting waste for Natixis, giving them greater insight into the sorting chain and recycling process for collected waste.



## 6.5.5 PROMOTING SUSTAINABLE MOBILITY

### Mobility plan

In 2018, Natixis furthered its efforts to promote clean mobility, in accordance with the French Energy Transition for Green Growth Act of 2015, with the publication of an inter-company mobility plan for the Greater Paris region. Five other plans were also drawn up for the main French regions in which Natixis has offices.

The inter-company mobility plan for the Greater Paris region involves more than 20 Group companies and 26 different office buildings, or some 18,000 employees. This enabled Natixis to take fresh steps to reduce the need for employees to travel and to support more environmentally-friendly forms of transport.

- **Facilitate telecommuting and remote working to reduce business travel:**

The system is being rolled out gradually, with more than 5,000 Natixis employees telecommuting at end-December, or over 41% of Natixis' headcount in France.

The 2018 telecommuting agreement specifies that, in the event of a peak in pollution involving restrictions on car usage, additional telecommuting days would be granted, as would work-from-home authorizations for employees with the means

to work remotely. The use of teleconferencing and videoconferencing has been rising steadily, notably with the roll-out of Easy workstations.

- **Expand bicycle infrastructure:**

Natixis now has 550 indoor bike parking spaces spread across 17 Greater Paris locations (an increase of 200 spaces since 2017) and 52 new outdoor bicycle racks have been installed in front of the 47 Quai building (in the 13th arrondissement of Paris).

- **Facilitate the use of electric bicycles:**

Parking spaces fitted with charging sockets have been installed: 77 parking spaces (an increase of 20 spaces since 2017).

- **Natixis is developing a green service, for employees using a company car:**

50 models of hybrid/electric car are now being offered as part of the Natixis car fleet (10% of total selection). The Natixis Company car fleet now includes 7 electric vehicles.

- **Encourage the use of public transport and "soft" modes of transport:**

Natixis encourages its employees to use public transport systems, which happen to be available close to its offices. It reimburses 60% of employee travel costs. Since 2018, Natixis has also been reimbursing employee subscriptions to public bike-sharing services in full.

### 2018 Key Event

#### 2018 European Mobility Week

Natixis launched a proactive communication drive for the 2018 European Mobility Week: sending out flyers describing the various measures in the new mobility plan, offering trial runs on electrical and hydrogen-powered bikes as well as electric cars, and organizing a bike repair workshop.

Natixis also launched a new carpool platform, ECOpartage, which is available to all employees of the Groupe BPCE, Natixis and their subsidiaries. The in-house platform facilitates contact between employees wishing to share car journeys.

### Car fleet management

The environmental impact of the Company car fleet can be significant. In 2018 alone, Natixis Company cars covered nearly 13.5 million kilometers.

Natixis is therefore selecting more eco-friendly vehicles—in terms of both CO<sub>2</sub> and particulate emissions—under its car policy. The share of electric and hybrid engine vehicles in the bank's car fleet increased substantially in 2018, to 74 vehicles, or 13% of the total fleet, compared to 9% in 2017. Under its car policy, Natixis only provides Senior Management Committee members with rechargeable hybrid vehicles respecting average CO<sub>2</sub> emission rates of 48 mg/km. Diesel cars are being eliminated from the fleet, with their share of the fleet falling from 24% at end 2017 to 7.8% at end 2018 and 44 diesel vehicles due to reach the end of their long-term leasing contracts in 2019.

The average CO<sub>2</sub> emission rate has stabilized at 114 g/km following the implementation of the new WLTP standard, under which car manufacturers are obliged to lower their vehicles' CO<sub>2</sub> emissions.

### Business travel policy

Since 2011, Natixis' business travel and expenses policy has set out rules ensuring the safety and comfort of employees during business trips, while contributing to the policy of optimizing the costs and managing the environmental impact of these trips. This policy applies to Natixis and its subsidiaries, excluding Financial Investments in France. The subsidiaries and branches abroad establish travel rules that are consistent with the Group's *Worldwide Travel* policy.

This notably includes rules on business travel that has an environmental impact:

- when a destination can be reached by both rail and air, trains are now compulsory for a number of destinations in France and Europe (depending on journey time);
- economy class is compulsory for domestic flights, flights between European countries and intercontinental flights of less than four hours;

- the use of taxis and the reimbursement of mileage expenses are governed by rules on specific use (approval by manager, exceptional circumstances). Natixis also prefers that its employees use *green taxis* (hybrid vehicles) for business travel.

Business travel data (in km)	2018	2017	2016
Train (total)	12,053,828	11,849,431	11,991,183
Total travel by air	33,790,223	34,037,268	29,828,660
Total travel	45,844,051	45,886,699	41,819,843

In 2018, business travels by air decreased slightly while train travel increased.

In terms of urgent courier services in the Paris region, the Real Estate and Logistics Department offers access to bike courier service for distances of less than 3 km. In 2018, 42% of courier services were provided by bike couriers, representing a total distance of over 11,570 km traveled (compared to 4,000 km in 2017).

Abroad, Natixis in Milan has also implemented a bicycle courier service.

## 6.5.6 MANAGING OUR DIGITAL IMPACT

Given the high level of digitization throughout Natixis' business lines, digital sustainability is a key challenge for Natixis. The digital footprint of Natixis' IT system primarily reflects the equipment

rate per employee, the total lifespan of equipment, the rate of internal and/or external re-usage, and printing volumes.

### 2018 Key Event

#### Participation in WeGreenIT study

Natixis took part in the WeGreenIT study for the first time in 2018, with a view to quantifying the environmental impact of its IT system. The study, which was organized by WWF France and the Club GreenIT, enabled the bank to take stock of the environmental impact of its information system and identify solutions to reduce it.

With a "mature" company score of 60%, Natixis subsequently demonstrated its ability to implement the right practices needed to reduce the social and environmental impact of its IT system.

Following on from this study, working groups were set up within the IT Department to address the following subjects, in conjunction with the ESR Department: energy, responsible purchasing, waste electrical and electronic equipment, and employee awareness.

Abroad, Natixis branches in Dubai, Milan and Kazakhstan hold the energy star label for all their hardware. Automatic energy-saving standby systems are also being deployed in Dubai, Madrid, Milan and Moscow. In Kazakhstan, Natixis is maximizing the life of its fixed computers, which have been in operation since 2011.

### Controlled growth in stock of IT equipment

Managing and containing growth in Natixis' stock of IT equipment has been one of the key challenges facing the Infrastructures Department in recent years. This has meant focusing on reducing the number of devices in stock and using equipment to its full potential. The use of technology such as virtual servers, resource overallocation and data compression means that infrastructure growth can now be absorbed without significantly increasing the number of devices required. The number of application servers used by the bank has increased 2.5-fold since 2015, while the quantity of equipment in data centers has shrunk by 5%.

### Controlled energy consumption

Natixis has been taking steps to keep its IT-related power consumption in check. Newly-deployed devices are more energy efficient (the new Easy workstations consume close to 50 % less energy than the former workstations) and shared printers become the standard. Pilot trials were conducted on the use of automatic standby mode for multifunction printers, computers and computer screens.

## 6.5.7 DEVELOPING GREEN SPACES

Consistent with the *Objectif 100 Hectares* charter signed in 2017, Natixis committed to:

- developing urban farming and landscaping projects for both existing and future Natixis buildings in Paris;
- promoting eco-friendly green spaces in built-up areas, contributing to biodiversity and water management in Paris, with a *zero phyto* and water-saving approach to upkeep;
- sharing its knowledge of the subject with other partners companies, employees and project stakeholders.

A new vegetable garden was created in 2018 (see 2018 Key Event) and, thanks to the inclusion of two new office buildings—*Elements* and *Austerlitz 2*—Natixis now has an additional 725m<sup>2</sup> and 2,160m<sup>2</sup> in green space, respectively. Finally, two more beehives were installed on the roof of Natixis buildings in addition to the two existing hives. The first harvests were distributed to employees and clients. Finally, conferences on the protection of biodiversity were organized to raise employee awareness.



**2018 Key Event****Natixis opens collaborative vegetable garden**

In June 2018, Natixis inaugurated the first collaborative vegetable garden run by its employees on a patio of one of its Parisian buildings. The vegetable garden was designed to take a circular, sustainable approach: using some of the biodegradable waste generated by the adjacent company canteen to make compost, as well as organic plantations and earth, and excluding agrochemicals. Gardening lessons were provided during workshops enabling apprentice gardeners to learn new skills so they can run the garden independently.

The green space helps to improve quality of life at work and foster urban biodiversity in the neighborhood.

Abroad, Natixis offices in Frankfurt committed to a patronage for the planting of apple trees producing local and ancient varieties on a green area of the city.

In New York, Natixis performed cleaning work on its premises to collect and recycle paper documents. In return for this collection, Natixis donated 7,000 trees to the National Arbor Day Foundation.



## 6.6 Employee mobilization

### 6.6.1 HUMAN RESOURCES POLICY AND DIVERSITY MANAGEMENT

Natixis is a unique company, enhanced by the richness of its identity and history. It owes its success to the commitment of its people and to the longstanding trust of its clients.

In today's constantly and profoundly changing environment (regulatory changes, digitalization, competition, societal changes), the aim of Natixis' HR policy is to support the Company's transformation by offering solutions to ensure the sustainable performance of all employees in a respectful working environment.

The HR strategy is centered on three objectives: supporting the transformation of the business lines, promoting a positive employee experience, and actively encouraging talented people.

#### 2018 Key Event

#### Natixis receives Top Employer 2019 certification

For the third year in a row, Natixis submitted its main HR processes and policies for assessment by the Top Employers Institute. The excellence of Natixis' working conditions and its Human Resources environment were certified by a method of analysis used around the world.

#### 6.6.1.1 Supporting the business lines' transformation

In the interest of supporting the transformation of the business lines, the Human Resources Department strives to develop strategic workforce planning, maintain quality employer-employee communications, address the human aspects of change management, support the internationalization of the Natixis business lines, and offer a more agile and streamlined organizational framework and methods of operation based on new leadership roles.

#### Headcount and work management

#### Natixis Worldwide staff under contract

The Natixis Worldwide scope covers all of Natixis and its subsidiaries around the world, including Financial investments and entities within the accounting consolidation scope (Coface, Fimipar, Natixis Algérie).

Breakdown by division	Natixis Worldwide		
	2018	2017 <sup>(a)</sup>	2016 <sup>(a)</sup>
Corporate & Investment Banking	3,625	3,704	3,637
Asset & Wealth Management	4,730	4,265	4,241
Insurance	1,882	1,767	1,685
Specialized Financial Services	2,652	4,036	3,742
Payments	1,021		
Support Departments and others	4,582	4,122	3,976
<b>TOTAL, EXCLUDING FINANCIAL INVESTMENTS</b>	<b>18,492</b>	<b>17,894</b>	<b>17,281</b>
Financial Investments <sup>(b)</sup>	5,136	5,099	5,578
<b>TOTAL NATIXIS WORLDWIDE</b>	<b>23,628</b>	<b>22,993</b>	<b>22,859</b>

(a) Data non restated for transfers and restructuring between divisions in 2018

(b) Coface, Private equity, Natixis Algeria

**Corporate & Investment Banking:** slight decrease in headcount (-2.1%).

A planned partnership between Natixis and ODDO BHF in cash equity activities was submitted to employee representative bodies in late 2017 and was concluded in 2018, with the transfer of research and sales/execution staff from Natixis to ODDO.

**Asset & Wealth Management:** increase in headcount (+10.9%) due to the inclusion of Natixis Interépargne in this business line.

**Insurance:** the business line continued to expand, increasing its headcount by 6.5%.

**Specialized Financial Services:** the headcount fell by -34.3%, mainly due to the transfer of payment activities to the new

Payments division and to the transfer of Natixis Interépargne to Asset & Wealth Management.

**Payments:** creation of the division and increase in headcount due to new investments in Dalenys Payments, E-Cotiz and Sereniplay, Alter CE-Comiteo.

**Support Departments and others:** headcount up 11.2%.

Some teams were transferred to Corporate & Investment Banking (in particular GTB teams).

The Atlas project to internalize some services provided by external companies continued with further expansion for the Porto branch and an increase in teams in Paris.

### Headcount—staff under contract (managed scope)

The **managed scope** covers all of Natixis and its subsidiaries around the world that apply its HR Policies. The indicators provided in Chapter 6.6.1 refer to this scope.

Breakdown by division	Managed scope					
	2018		2017 <sup>(a)</sup>		2016 <sup>(a)</sup>	
	France <sup>(b)</sup>	International	France <sup>(b)</sup>	International	France <sup>(b)</sup>	International
Corporate & Investment Banking	1,366	2,014	1,654	1,905	1,700	1,808
Asset & Wealth Management	2,145	242	1,751	253	1,767	226
Insurance	1,833	49	1,714	53	1,636	49
Specialized Financial Services	2,563	28	3,666	25	3,658	24
Payments	653	-				
Support Departments and others	4,283	298	3,992	130	3,976	
	<b>12,843</b>	<b>2,631</b>	<b>12,777</b>	<b>2,366</b>	<b>12,737</b>	<b>2,107</b>
<b>TOTAL</b>		<b>15,475</b>		<b>15,143</b>		<b>14,844</b>

Breakdown by geographic area (%)	2018	2017 <sup>(a)</sup>	2016 <sup>(a)</sup>
France <sup>(b)</sup>	83.0%	84.4%	85.8%
EMEA	7.8%	6.9%	6.2%
North & South America	4.8%	4.7%	4.4%
Asia-Pacific	4.4%	4.1%	3.7%

(a) Data not restated for transfers and restructuring between business lines in 2018.

(b) Including French overseas departments and territories.



Breakdown of headcount (by number of contracts)	France			EMEA			North & South America			Asia-Pacific			Total Worldwide		
	2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016
Headcount under contract	12,843	12,777	12,737	1,201	1,045	914	749	705	650	681	616	543	15,474	15,143	14,844
o/w permanent employment contracts (%)	97.4	97.4	97.4	97.3	95.9	95.6	100.0	100.0	100.0	98.1	97.9	97.2	97.6	97.9	97.4
Men (as a %)	47.9	48.6	48.4	67.4	64.9	62.4	66.4	67.1	69.2	55.2	56.8	55.8	50.7	50.9	50.4
Women (as a %)	52.1	51.4	51.6	32.6	35.1	37.6	33.6	32.9	30.8	44.8	43.2	44.2	49.3	49.1	49.6

Hires / departures <sup>(1)</sup>	France			EMEA			North & South America			Asia-Pacific			Total Worldwide		
	2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016
Total new hires	1,469	1,322	1,423	363	288	151	134	129	91	154	144	135	2,120	1,883	1,800
Permanent employment contracts (%)	62.0	55.5	58.3	92.3	87.2	75.5	100	100	100	94.2	93.8	91.1	71.9	66.3	64.9
Total departures	1,348	1,276	1,236	169	155	121	101	76	69	93	98	88	1,711	1,605	1,514
o/w resignations	345	289	287	97	66	45	63	37	30	70	62	54	575	454	416
o/w terminations	83	95	70	23	23	16	13	13	20	5	5	3	124	136	109

(1) Including transfers of activities outside the managed scope.

Turnover (permanent employment contracts)	France			EMEA			North & South America			Asia-Pacific			Total Worldwide		
	2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016
Turnover (% <sup>(a)</sup> )	7.0	5.5	5.8	20.9	19.5	9.5	16.1	14.6	12.6	18.1	19.2	19.4	9.0	7.4	7.1
New hire rate (% <sup>(b)</sup> )	7.5	5.9	6.9	29.2	26.5	11.4	18.3	18.4	14.8	22.3	23.5	24.7	10.4	8.6	8.1
Departure rate (% <sup>(c)</sup> )	6.5	5.1	4.8	12.7	12.6	7.6	14.0	10.8	10.4	13.8	14.9	14.1	7.6	6.3	6.1

(a) Average: (new hire rate + departure rate) / 2.

(b) Number of new hires during the year / average annual headcount.

(c) Number of departures during the year / average annual headcount.

## Work management

Over 80% of employees in the Natixis France managed scope, working at 29 different companies, are covered by the collective bargaining agreements of the banking and insurance industries. There are, however, seven separate agreements across the whole scope.

Scope: Natixis France and International (managed scope)

Part-time workers as a % of headcount <sup>(a)</sup>	France			EMEA			North & South America			Asia-Pacific			Total Worldwide		
	2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016
o/w women (%)	88.9	89.4	89.7	85.9	88.3	89.3	100.0	100.0	100.0	100.0	100.0	-	88.8	89.4	89.4

(a) Excluding early retirements.

Scope: Natixis France (managed scope)

	France		
	2018	2017	2016
Absenteeism as a % of total headcount	6.1	6.2	6.0
Overtime (in number of hours)	24,561	19,532	20,924
Overtime (in annual FTE)	12.9	10.2	10.9

At Natixis S.A., the collective work week is 38 hours and employees also enjoy compensatory time off in lieu of overtime. The current set of agreements on the management of working hours includes several types of contracts (part-time, short-time, special working conditions for employees with disabilities, etc.) and provides for the associated terms and conditions of compensation and social security contributions.

**Quality employer-employee communications**

A Group-wide employment framework, quality employer-employee communications, and the ability to reach agreements form a solid framework for change management and transformation.

**Group-wide employment framework**

Collective negotiations held in recent years in the Natixis France scope reflect a determination to gradually establish a Group-wide employment framework.

This framework currently consists of:

- compensation measures, through a single Natixis employee savings plan, a supplementary collective pension plan, a profit-sharing mechanism, and consistent salary measures;
- internal transfer and career management opportunities;
- actions to promote hiring young people while retaining older employees;

- the same complementary healthcare insurance for all Natixis France employees;
- measures to address employees with disabilities, including a Group-wide policy covering the professional integration and retention of employees with disabilities, and an allocation for children with disabilities.

**Employer-employee communications**

A BPCE Agreement, applicable to Natixis, covering the careers of employee representatives, reflects the importance placed on employer-employee communications and the career path of employee representatives.

Within the Natixis scope, strategic communications with representative unions were enhanced with the creation in 2017 of the Strategy and Transformation Dialog Committee aimed at establishing a better understanding of the strategy and the transformation of the business lines.

Six agreements applicable to the Natixis France scope were signed in 2018:

2018 Natixis France agreement	Employees covered	Signing date
Amendment no. 5 to the employee savings plan	100%	05/03/2018
2018-2019 agreement on the right to disconnect after hours	100%	06/06/2018
2018-2020 profit-sharing agreement	100%	27/06/2018
2018-2022 telecommuting agreement	100%	29/06/2018
Agreement on transferring leave to the parents of sick children	100%	15/10/2018

In addition to these overall agreements, several agreements were signed by Natixis' French entities in 2018, including five by Natixis S.A.

**Change management**

**Strategic Workforce Planning (SWP) mechanism**

Under the collective bargaining agreement signed in June 2017, Natixis formally defined an SWP mechanism aimed at anticipating the bank's changing needs in terms of workforce roles and skills to further its development.

The agreement covers four areas:

- **Management of jobs and transformations**, with the aim of developing a forward-looking view of role changes and defining support measures for employees in positions undergoing change;
- **Mobility, career management and training**, with the aim of helping each employee adapt to changes and grasp new career opportunities;
- **Structural change management**, with the aim of establishing a common framework to support employees during restructuring operations with impacts on employment;
- **Inter-generational cooperation and transmission of skills**, with the aim of promoting the hiring of young employees and developing a "responsible" policy for older staff.

**Change management approach**

A method has been developed and implemented to address the human aspects of change management (Change@Natixis), with the goal of serving as a framework for any major transformation project. This method addresses the need to better anticipate the impacts of transformation projects on working conditions and better incorporate human factors in the approach to change management.

**Simplified structures and new leadership model**

In 2018, Natixis simplified its organizational structure by:

- **reducing the number of managerial levels** and making teams larger;
- recognizing talented employees by **creating three leadership roles** (manager-leaders, expert leaders and project leaders);
- applying a **new leadership model** to guide the actions of all leaders and help them drive the Company's transformation.

**New ways of working**

Designed to simplify work on a daily basis and to facilitate cooperation among teams and job mobility, the Easy program is a collection of initiatives launched in 2017 such as the testing of new workspace arrangements and deployment of new tools to promote more interactive, collaborative and agile working methods. In 2018, several collaborative workspaces were created, impacting the daily lives of over 3,500 members of staff.

## Mobility and internationalization

### Mobility

Internal mobility is a contributing factor to the Company's performance and forms the core of Natixis' career management system.

The Mobility and Hiring Team was further developed in 2018: the team was entrusted with filling over 89% of job openings in

2018, for a total of 1,031 hires (i.e. 95% of all hires completed). Over 6,000 résumés are managed in the internal job pool.

The Human Resources Department set up an online mobility solution named My Purple Career in 2018 and over half of vacancies are now filled by internal transfers (55.7% in the managed scope in France).

### MOBILITY<sup>(1)</sup>

Scope: Natixis France and International (managed scope)

	France			EMEA			North & South America			Asia-Pacific			TotalWorldwide		
	2018 <sup>(a)</sup>	2017 <sup>(a)</sup>	2016 <sup>(b)</sup>	2018 <sup>(a)</sup>	2017 <sup>(a)</sup>	2016 <sup>(b)</sup>	2018 <sup>(a)</sup>	2017 <sup>(a)</sup>	2016 <sup>(b)</sup>	2018 <sup>(a)</sup>	2017 <sup>(a)</sup>	2016 <sup>(b)</sup>	2018 <sup>(a)</sup>	2017 <sup>(a)</sup>	2016 <sup>(b)</sup>
Number of internal transfers	1,148	1,044	838	28	42	16	172	135	17	27	21	9	1,380	1,242	880
Internal transfer rate (%)	9.3	8.4	6.9	2.4	4.4	1.9	23.1	19.3	2.6	4.0	3.5	1.7	9.3	8.5	6.2
Job openings filled through internal transfers (%)	55.7	58.9	50.3	7.7	14.2	13.8	55.8	51.5	15.5	15.5	13.0	6.6	47.4	49.9	43.0
Internal transfers between divisions (%)	13.5	10.8	16.8	3.6	7.1	25.0	2.3	0.7	5.9	11.1	-	11.1	11.8	9.4	16.7

(a) Cross-functional transfers have been included since 2017.

(b) No pro-forma data including cross-functional transfers.

### Internationalization

As Natixis continues its international expansion, an ambitious program has been implemented to help employees make the cultural adjustment. The program includes a variety of initiatives, such as:

- the development of international **Short-Term Assignments (STAs)** with the aim of sharing practices among employees and developing their intercultural skills. Over 79 STAs have been conducted since the program was launched, including 39 in 2018;
- the establishment of a vast **English program** promoting English as a working language, with initiatives and training tailored to the employee's needs;
- training programs to promote **interculturalism among teams**.

#### 6.6.1.2 Promoting a positive employee experience

To promote a positive employee experience, Natixis regularly supports and measures employee engagement, monitors quality of life in the workplace, and takes an inclusive approach to diversity.

### Employee engagement

#### Compensation policy

Natixis' compensation policy is structured in such a way as to promote employee engagement over the long term and increase the Company's employer appeal, while discouraging excessive

risk-taking. Each year, Natixis conducts a study comparing its compensation levels to the external market in a bid to remain competitive.

The compensation policy strictly complies with regulations in Natixis' countries and sectors of operation, including CRD IV, the French law on the separation and regulation of banking activities, Volcker, AIFMD, UCITS V, MiFID II and Solvency.

It also meets transparency requirements vis-à-vis its external stakeholders, such as the ACPR, the ECB and the AMF, but also internal stakeholders. A compensation logbook gives Natixis employees in France an individualized view of their salary, additional forms of compensation, social security coverage, and employee savings plan for the previous year.

The compensation policy is centered on three components and reflects both individual and collective performance:

- fixed compensation reflects, at the individual level, the skills, responsibilities and expertise expected for a position, as well as the role and importance of duties in the organization;
- variable compensation is granted where applicable, based on the achievement of individual and collective targets. Pursuant to the various regulations in force, and to encourage performance over the long term, a significant portion of variable compensation granted to employees identified as risk-takers may be deferred (from 40% to 60% for the highest amounts);

Natixis also encourages its employees in France to contribute to collective performance via incentives, profit-sharing and employee savings mechanisms (employee savings plan and collective pension plan).

(1) Internal transfers are recorded by country/region of arrival.



**2018 Key Event****ESR bonus**

The New Dimension business plan placed ESR at the center of Natixis' strategy. In 2018, ESR criteria were included in the new profit-sharing agreement (2018-2020) with two goals regarding energy consumption and paper use. As the collective goals were met in 2018, an additional profit-sharing amount will be paid to all employees in 2019.

Furthermore, in 2013, 2014, 2015 and 2016 Natixis gave its employees the opportunity to purchase Natixis shares on preferential terms via employee share ownership programs. A new employee share ownership plan, MAUVE, was launched in 2018. The compensation policy also incorporates the fundamental objectives pursued by Natixis in terms of equality in the workplace and non-discrimination. To this end, in its latest agreement on gender equality in the workplace, Natixis S.A. renewed its commitments to equal pay between men and women and launched new measures to improve efforts to decrease the wage gap between men and women.

In the US, compensation levels and promotion lists are reviewed to ensure equal treatment. In Milan, Natixis monitors

compensation with a view to promoting gender equality. In Madrid, a study was conducted on salary differences between men and women, which concluded that no gaps existed for equivalent positions. Lastly, in accordance with UK law, Natixis London published a report on gender pay gaps in 2018.

Natixis also places great importance on the compensation of senior and junior employees.

Information on the compensation policy, especially for employee categories whose professional activities have a significant impact on Natixis' risk profile, is set out in the annual report on compensation policies and practices published each year before the General Shareholders' Meeting.

Scope: Natixis France (managed scope)

	France		
	2018	2017	2016
Average gross annual compensation of staff under permanent contracts <sup>(1)</sup> (excl. profit-sharing and employer contributions to the Company savings plan) (in thousands of euros)	83.1	80.8	79.9
Average mandatory employee profit-sharing (in thousands of euros)	2.9	2.4	2.2
Average voluntary employee profit-sharing (in thousands of euros)	5.7	5.2	5.1
Average gross employer contribution paid in respect of the Company savings plan and the collective pension plan (PERCO) (in thousands of euros)	3.4	3.2	3.2

(1) Average gross annual compensation is calculated based on full-time permanent employees.

Scope : Natixis France (managed scope) <sup>(2)</sup>

Amount excluding employer contributions, paid during the reference year

	France		
	2018	2017	2016
Mandatory employee profit-sharing (in millions of euros)	42,2	33,9	30,9
Voluntary employee profit-sharing (in millions of euros)	83,6	74,1	71,9

(2) On the accounting consolidation scope : mandatory employee profit sharing : 43,9 M€ in 2018, 51,2 M€ in 2017, 45,9 M€ in 2016. Voluntary employee profit sharing : 108,6 M€ in 2018, 127,4 M€ in 2017, 118,4 M€ in 2016.

N.B. Total payroll costs (wages and salaries, and voluntary and mandatory profit-sharing schemes) are also reported in Chapter 7.6 "Operating expenses".

**Employee Opinion survey**

Natixis allows all its employees to complete an internal survey every two years. This survey measures employee engagement and the impact of HR policies, identifies areas for improvement in the Company as a whole and specific to each entity, and gives rise to action plans. Over 12,000 members of staff completed the survey in October 2018, a record participation rate of 77%. In detail. The employee engagement rate remains high (69%) as does pride in being part of Natixis (79%). There is a high level of satisfaction in terms of employees' life-work balance (75%). And a sharp improvement in employees' perception of the impact of new working environments and digital on efficiency (72%).

**Quality of life at work**

In 2015, the Senior Management Committee signed the 15 Work/Life Balance Commitments charter. The charter was an initiative of the French Ministry of Social Affairs, Health and Women's Rights, and the OPE (French observatory aimed at improving the balance between work and home life), and it encourages signatory companies to take action in favor of a better life-work balance.

Throughout 2018, Natixis continued its efforts to improve quality of life in the workplace via the Work & Life at Natixis program, focused on its four objectives: ensuring conditions that enable employees to deliver high-quality work, improving the quality of relations and cooperation, improving well-being in the workplace, and better addressing the human aspects of transformation projects. Employees' perception of quality of life in the workplace improved in 2018, with an average score of 6.7/10 (versus 6.3 in 2016) in the Employee Opinion survey.

Natixis continued rolling out its telecommuting program in France, with more than 5,000 telecommuters at end-December 2018, or 41% of Natixis employees in France. A new agreement signed in 2018 renewed most of the existing terms while relaxing eligibility rules and the terms of application. The satisfaction rate among participating employees is very high (over 98%) both in terms of

their well-being and their performance. Managers have also provided very positive feedback on the homeworking system with a satisfaction rate over 90%.

Other initiatives to improve well-being in the workplace continued with, for example, the opening of a new concierge service at the Austerlitz office following the one opened in Charenton in 2017.

The international offices also organized several initiatives, for example, wellness/health days or wellness weeks were organized throughout the EMEA region during the year.

Natixis also signed the Cancer@work charter, undertaking to provide better support to employees suffering from cancer or a chronic illness.

### 2018 Key Events

#### The right to disconnect after hours

In June 2018, Natixis signed an agreement on the right to disconnect after hours to encourage reasonable use of digital devices. All employees are reminded that they are not obliged to log on or reply to queries outside their normal working hours. This principle is reiterated automatically in all internal e-mails.

### Occupational health and safety

Natixis has undertaken a number of initiatives within the scope of Natixis S.A. to encourage a proactive policy to prevent stress in the workplace and psychosocial risks.

With the Stress Observatory, employees can complete a stress questionnaire during their periodic medical exam. From a company-wide standpoint, the observatory maintains a statistical database used to measure the global stress level of staff and how it changes over time, based on organizational and geographic criteria. The results are presented each year to the CHSCT (the Health, Safety and Working Conditions Committee).

On the medical front, Natixis S.A. has an occupational health center to provide its staff with complete medical care. Natixis also has a social service staffed with full-time social workers.

Natixis S.A.'s offices and all eligible subsidiaries (those with more than 50 employees) have a CHSCT which, in cooperation with Management and occupational healthcare services, plays an active role in all areas that involve health, safety and working conditions.

Various initiatives, such as preventive campaigns organized by Natixis' staff physician and provision of a 24/7, 365-day-a-year psychological support service available from the office or home, are in place to improve health and well-being in the workplace.

### Internal mediation

In 2018, Natixis rolled out an internal mediation service to resolve staff conflicts. Employees were trained in mediation techniques by the French Mediation Institute.

### Workplace accidents and absenteeism due to illness

Scope: Natixis France (managed scope)

Workplace accidents	France		
	2018	2017	2016
Frequency of workplace accidents <sup>(a)</sup> (number per million hours worked)	6.6	7.17	5.88
Severity of workplace accidents <sup>(b)</sup> (number of days of incapacity per thousand hours worked)	0.2	0.17	0.11
Absenteeism due to illness (including for occupational illnesses) <sup>(c)</sup> (%)	3.0	3.0	3.0

(a) Frequency rate: (number of accidents with leave/hours worked) x 1,000,000, source INSEE.

(b) Severity rate: (number of days lost due to temporary incapacity/hours worked) x 1,000, source INSEE.

(c) It is not possible to isolate days of sick leave related to occupational illness.

## Diversity and equal opportunities

As a signatory of the diversity charter, Natixis is committed to preventing discrimination in every form and at every stage of Human Resources management, including recruitment, training, and management of its employees' careers. With the support of a dedicated diversity and disability management team, and a network of contacts in the business lines, it has established a policy designed to capitalize on the diversity of profiles, experience and skills in its employee base.

In 2018, Natixis focused on continuing its initiatives to promote diversity in four key areas: gender equality in the workplace, cooperation between older and young employees, and the integration and retention of employees with disabilities.

### Gender equality in the workplace

Natixis sets gender equality targets in its New Dimension strategic plan, (women accounting for 20% of members of the Senior Management Committee, 30% of Global Leaders—inner leadership circle, 40% among Purple Leaders—extended leadership circle). These objectives were applied in the business lines in 2018.

Within the scope of Natixis France, seven companies have established a collective bargaining agreement on gender equality in the workplace. Within the scope of Natixis S.A., an agreement calls for the implementation of concrete initiatives centered on six priorities: hiring and employment, compensation and equal pay, career development and promotions, professional training, the work/life balance and parenting, and communication and awareness-raising.

The progress achieved by Natixis was recognized by certification body AFNOR, which granted Natixis "Professional Equality" certification in early 2017. A renewal audit will be performed in 2019.

In terms of training, Natixis has set up two talent development programs for its female employees:

- "Réussir sa carrière au féminin" (achieving success in your career as a woman) for managers and experienced executives. 296 female employees of Natixis in France have participated in the program since its launch, including 43 in 2018;
- "Progresser au féminin" (moving forward in your career as a woman) for female technical staff, with the aim of giving them the keys to defining their career path, confirming their ambitions and developing their leadership skills. 143 female employees of Natixis in France have participated in the program since its launch, including 43 in 2018.

Shadowing Day was held once again in 2018, allowing 20 female students from business and engineering schools to shadow a female mentor and see what a typical working day at Natixis is like. This event aims to promote jobs in finance among these young women and to attract them to positions that are still mostly held by men.

International Women's Day provides Natixis the opportunity every year to raise awareness by organizing conferences and testimonials on gender equality in the different countries in which it operates. Accordingly, on March 8, 2018, Natixis broadcast a series of videos showing portraits of women to showcase the careers of women who stand out for their expertise and success in positions often held by men.

### 2018 Key Events

#### Natixis rises up the SBF 120 ranking of gender equality in corporate management bodies

Natixis improved its position in the SBF 120 ranking of gender equality in management bodies in 2018, reaching 46<sup>th</sup> position—ahead of its main competitors. The ranking is published each year by the French Ministry of Women's Rights in partnership with Ethics & Boards and Challenges, based on criteria covering the presence of women in management bodies (Board of Directors, Executive Committee) and the Company's gender equality policy. It also takes into account the presence of women in the Company's top 100 positions.

#### Natixis takes part in the Marie-Claire think tank on equality

Natixis joined this Think-Tank organized by *Marie-Claire* magazine and associated to the *Connecting Leaders Club*, which brings together personalities from the world of business, media, and culture around the theme of equality. Various meetings on many topics have been organized to discuss and structure proposals for concrete actions for public and private decision-makers.

Natixis' senior management supports the Women in Natixis Network (Winn), which promotes equality in management at Natixis in France and internationally (Algeria, Americas, Dubai, London, Milan and Madrid—the latest city to join Winn in October 2018), and coordinates a network on different aspects of personal and professional development. This organization is sponsored by François Riahi, Chief Executive Officer of Natixis. In 2018, Winn opened to men who can now participate in events and actively support the promotion of gender equality at Natixis. The network had over 1,000 members in 2018 (including 372 in France).

Other noteworthy initiatives promoting gender equality around the world:

Natixis London works with We are the City and Gender Network to share best practices on gender equality. In Milan, Natixis belongs to a network promoting women's access to management positions (ValoreD).

In the Asia-Pacific region, Natixis refers to diversity and equal opportunity in all its handbooks and in its induction process. The DANA (Diversity at Natixis) initiative was launched with a major campaign to raise employee awareness and apply an internal diversity charter. Natixis Hong Kong is involved in the HeforShe program with the Hong Kong Chamber of Commerce.

Scope: Natixis France and International (managed scope)

	France			EMEA			North & South America			Asia-Pacific			Total Worldwide		
	2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016
% of women in the workforce	52.1	51.4	51.6	32.6	35.1	37.6	33.6	32.9	30.8	44.8	43.2	44.2	49.3	49.1	49.6

	Total Worldwide		
	2018	2017	2016
% of women in the extended leadership circle (Purple Leaders)	30.2	30.4	32.7
% of women in the leadership circle (Global Leaders)	28.0	25.0	26.5
% of women on the Executive Committee	21.2	28.1	24.2
% of women on the Senior Management Committee	27.3	9.1	9.1

With respect to governance, Natixis has six women on its Board of Directors, out of a total of 14 members, and two of the Special Committees (Audit Committee and Strategic Committee) are chaired by women.

Scope: Natixis France (managed scope)

	France		
	2018	2017	2016
Percentage of women among management level staff	44.6	43.8	43.5
Percentage of women among employees receiving promotions	59.3	57.4	61.4
Percentage of women among employees granted individual pay increases	58.9	55.7	54.2
Percentage of women among employees who received training	51.1	51.6	49.2

### Initiatives for older employees

Under the Agreement on Employment and SWP signed in 2017, Natixis has set quantified targets and taken steps to encourage the retention of older staff members and end-of-career adjustments.

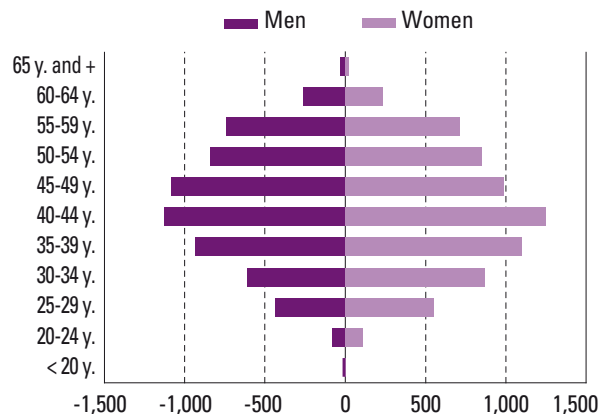
Natixis has committed to maintaining the percentage of employees aged 55 or older at more than 12% of the workforce (the figure was over 15% at year-end 2018), and to ensuring that persons aged 45 and older account for at least 5% of total annual hires.

A part-time employment program for older staff, with support measures, and skills sponsorship initiatives with associations are available to employees over 58. Since its inception in 2015, the skills sponsorship program for older employees provides staff in France with opportunities to volunteer their time over a period of at least one year (one day or two half-days per week) at one of 9 different associations. These associations support different causes, including disabilities, the environment, children's aid and pre-professional integration.

### Age pyramid for Natixis France

The average age of Natixis employees in France in 2018 was 43.8.

Scope: Natixis France (managed scope) (excl. early retirees)



### Initiatives for young employees

In accordance with the Agreement on Employment and SWP, Natixis has also made commitments in favor of employees under 30, including hiring them under permanent contracts, developing work-study programs and providing induction schemes for new hires.

In France, Natixis aims to hire at least 47% young employees (40,2 % en 2018), offer permanent contracts to 15% of work-study participants (over 14% in 2018), and hire the equivalent of 6% of its workforce under work-study contracts.

Natixis gives students and recent graduates opportunities to learn about the diversity of its professions and, to this end, participates in several forums and has established long-term partnerships promoting closely monitored relations with targeted schools and universities.

Nearly 1,500 work-study participants, 1,400 interns (excluding short-term introductory work placements) and 100 international corporate volunteers worked at Natixis in 2018.

#### 2018 Key Event

### Creation of an X-HEC research chair

Natixis, École Polytechnique and HEC Paris created the Business Analytics for Future Banking international teaching and research chair in 2018 to develop data culture and use. The academic chair will allow students to study real-life examples and to discuss with Natixis' experts. The research will further this science in the banking sector, and foster the development of new value-added services.

### Professional integration and retention of employees with disabilities

Natixis is committed to a policy to promote the hiring, professional integration and retention of employees with disabilities. Championed by the Mission Handicap team and its network of experts in the business lines, the policy has led to two company agreements while strengthening cooperation with management and delivering tangible results.

Natixis has signed a third agreement in France to establish its commitment over the long term.

Natixis' commitments are as follows:

- **Promoting the retention of employees with disabilities** by adapting positions and working conditions, and providing

access to professional training. New measures are regularly taken when a person with a disability joins the Company and for managers responsible for employees with disabilities;

- **Developing a hiring plan** by participating in specialized hiring forums, establishing partnerships with schools and universities, and developing application pools. In 2018, Natixis hired 30 employees with disabilities;
- **Promoting the use of disability-friendly companies** by diversifying the list of approved services and partners. Natixis works with disability-friendly companies via co-contracting agreements, and for the provision of services and personnel;
- **Conducting communication and awareness-raising campaigns** for all Natixis employees.

#### 2018 Key Events

### Events organized during European Disability Employment Week (EDEW)

To mark EDEW, 3,500 Natixis employees took part in Handi'days events focused on mental disorders, which are set to be one of the main causes of disability around the world by 2020. A series of conferences featuring testimonials by writers and bloggers were organized, along with workshops and other events.

Scope: Natixis France

Disabled workers on staff	2018	2017	2016	2015
Disabled workers on staff	405	441	360	344
Direct ratio <sup>(a)</sup> (%)	3.32	3.31	3	2.93
Overall ratio <sup>(b)</sup> (%)	4.43	4.44	4.02	3.94

(a) The direct ratio is the ratio of disabled workers to all staff.

(b) The overall ratio includes service contracts with disability-friendly companies.

### 6.6.1.3 Actively encouraging talented employees

Attracting, retaining and developing talented employees is a cornerstone of Natixis' HR strategy. The Company allocates substantial resources to its talent management and training programs.

#### Training policy

The training policy aims to meet the challenges arising from the transformation of business activities and skills and new ways of working by creating conditions that foster ongoing learning. This policy maintains employee value on the job market.

It has five major priorities:

- developing the skills needed to accompany the business lines' transformation and maintain the employability of staff in sensitive positions;
- meeting the challenges of the digital transformation and new ways of working;

- developing leadership and supporting changes in management to boost employee engagement;
- enhancing English language skills to further the Company's international growth;
- facilitating employee mobility.

In 2018, the Learning Hub was revamped and improved to centralize all training tools available to staff. It includes access to an online training platform, Vodeclis, which improves employees' skills in office and collaborative software applications. Vodeclis provides employee tutorials on hundreds of software programs and applications, training exercises using case studies, evaluations to validate lessons learned, and a program that can be customized to each employee's needs.

Natixis also has communities of in-house trainers who help disseminate business expertise. These communities of experts will be coordinated and extended in a single trainers' community.

#### 2018 Key Event

### Creation of MOON, the MOOC on Natixis' activities

Since 2018, all Natixis employees can access a self-service MOOC about Natixis, its history, its business lines, its activities, its strategic plan, and support for employees. The scalable MOOC includes videos, content, documents and quizzes, and is particularly used to facilitate the integration of new staff.

### Launch of THINK DIGITAL, a digital acculturation platform

Since 2018, all Natixis employees can access a self-service digital acculturation platform providing access to a catalog of training courses covering different topics such as data, blockchain, and design thinking. Certificates are also available. The platform uses short videos and quizzes and fun "battles" in which participants can challenge each other.

In 2018, Natixis employees in France received over 287,000 hours of training thus 94,4% of employees took one or more training courses.

Scope: Natixis France (managed scope)

Training	France		
	2018	2017	2016
Number of employees trained	13,402	12,351	11,280
Number of training hours	287,218	225,375	216,834
o/w % of e-learning	24.1	16.6	9.6
Average number of training hours	21.4	18.2	19.2
<b>Employees trained (in %) *</b>	<b>94,4</b>	<b>87,97</b>	<b>74,5</b>
<b>Training topics (as a % of training hours)</b>			
Office and IT	8.2	10.5	10.5
Languages	24.9	21.6	15.5
General training	23.6	21.0	26.8
o/w Personal and professional efficiency, Human Resources	17.8	16.8	18.2
o/w Management	5.8	4.2	8.6
Risks and regulations	15.8	12.7	6.4
Business Line	18.5	26.3	30.7
Training resulting in a qualification	3.1	4.3	6.4
Other	6.0	4.0	3.7

Provisional consolidated figures at January 21, 2019, representing at least 90% of hours of training received during the year.

\* number of employees trained / (headcount at 31/12/2018 + number of employees out of the scope during the year)



## Management of talented employees

Developing talented employees is a priority of Natixis' HR strategy.

Natixis deploys a structured Talent Management system across all of its entities, which makes it possible to anticipate successions and contribute to the individual development plans of each employee, particularly through people reviews and career committees. In 2018, this system defined or updated all succession plans for Comex members and Natixis Global Leaders.

For all employees, the professional interview is a time of privileged exchange with his manager, dedicated to his professional and career development. It gives rise to the constitution of an individual development plan.

In addition, the Natixis Purple Academy, an internal leadership development academy, offers a variety of educational programs aimed at supporting the bank's transformation, promoting the deployment of the leadership model, and accelerating the development of leaders and talents.

As an example, since 2013, the Natixis Leadership Program (NLP) has enabled 20 young talents to follow a course dedicated to corporate strategy, consisting of training, coaching and seminars.

In 2018, a "Development Journey" program was also launched to support high-potential Purple Leaders in the development of their individual development plan, preparing them for their next career stage.

## Performance Management

The annual evaluation interview is an important meeting to evaluate the performance of employees. The objectives can also be reviewed or set during the year to adapt to the pace of the projects. In 2018, 47% of employees had a professional interview and 96% of employees received an annual interview during the 2018-2019 campaign.

## 6.6.2 COMMUNITY OUTREACH

### 6.6.2.1 Commitments to solidarity and general-interest projects

Natixis is involved in several solidarity and general-interest projects to benefit the community.

#### Cancer research

Natixis has been a supporter of the Fondation Gustave Roussy's cancer research since 2011. After its support of three teams researching the personalization of cancer treatment, Natixis renewed its commitment in 2016 by awarding a research grant to three new teams working in three cutting-edge fields of cancer research: immunotherapy, precision medicine and DNA repair.

Gustave Roussy, the leading cancer treatment center in Europe, has always strongly associated care with fundamental and clinical research, earning it world-renowned expertise in therapeutic innovation in cancer research.

In 2018, Natixis organized several events to raise awareness and funds in support of Gustave Roussy. It supported international breast cancer awareness month, Pink October, by taking part in the Odyssea race, and took part in initiatives to raise awareness of men's health issues in November, with internal events for employees.

#### Support for student solidarity-based projects: the C.A.M.P.U.S. Awards

Each year, Natixis organizes a request for student solidarity projects, the C.A.M.P.U.S. Awards, to encourage student socio-cultural, socio-athletic and sustainable development initiatives. For the seventh edition of the C.A.M.P.U.S. Awards in 2018, 10 projects presented by teams from universities, engineering and business schools were awarded financial support from Natixis (prize money of €5,000, €3,000 and €1,500).

#### Access to music programs

Natixis has been a sponsor of the Passeurs d'Arts association since 2016. In France, where fewer than 2% of children have access to music programs, Passeurs d'Arts creates children's orchestras predominantly in underprivileged neighborhoods. This initiative facilitates access to musical instrument lessons and uses music as a means to foster participants' socialization and personal development.

### 6.6.2.2 Natixis' commitments to culture

In 2018, Natixis renewed its support for the Paris Opera Academy, of which it is a founding patron, for three more seasons.

We are proud to support the Academy's "Musicians in residence" program and to contribute to the training of talented young people and the development of a new generation of artists.

Since 2007, Natixis and the Orchestre de Paris have pursued the same goal of sharing French and international music concerts beyond their usual audience. Natixis is supporting the orchestra's program to use digital solutions to make symphonies more accessible. It is setting up a new platform available to all those who are curious and connected—the young and old, and both novices and experienced listeners. The website is due to go live in spring 2019.

Natixis also sponsored the Centre Pompidou's Cubism exhibition from October 17, 2018 to February 25, 2019. The exhibition showcases the inventiveness, depth and wide variety of this movement, which paved the way to modern art. Natixis is proud to have supported this exhibition and to allow visitors to discover or rediscover Cubism, its revolutionary approach and its decidedly modern dimension.

### 6.6.2.3 Employee participation in solidarity-based initiatives

Many Natixis employees are involved in solidarity-based initiatives, which are encouraged by Natixis as a way to build team spirit. These initiatives demonstrate our employees' commitment to social issues and their determination to rally around a cause.

#### Sports and solidarity

For the ninth year running, Natixis entered a team into the Course du Cœur charity road race to support the Trans-Forme association in its public awareness campaign on organ donation. For four days and four nights, 14 members of staff took turns to cover the 750 km between Paris and Bourg Saint Maurice (Les Arcs). Staff and their families also turned out in large numbers for the 30th edition of the Financial Community Telethon. Donations to the AFM-Téléthon charity were matched in full by the company.

#### Humanitarian leave

Since 2013, Natixis has allowed its employees to take humanitarian leave (Congé Solidaire®) to support the non-profit association Planète Urgence. Natixis funds the mission preparation, travel and logistics expenses. In 2018, 29 missions were completed for the protection of biodiversity, social and educational support for young children, and adult skills training in various fields (office tools, project management, etc.), taking the total number of missions organized since the program's launch to 139.

Natixis Assurances allows its members of staff a day's leave each year so they can volunteer with non-profit associations. In 2018, 185 volunteer missions were organized in various areas (helping in charity shops, accompanying underprivileged children on a day trip to the beach, installation of temporary cinemas in children's hospitals, etc.). A total of 589 missions have been carried out with associations since 2014.

#### Charity collections

In 2018, Natixis and its subsidiaries organized several collections of items to be donated to charity, including books (for Adiflor and Bibliothèques Sans Frontières), work clothes (for La Cravate Solidaire) and toys (for Secours Populaire and the charity Rejoué). A Christmas market in aid of Secours Populaire was also held in various Natixis' offices.

#### International solidarity

In all its international offices, Natixis establishes partnerships with general-interest associations and mobilizes employee support, beginning in the EMEA region:

The Milan branch took part in a local marathon in support of the Italian cancer research charity, AIRC. It is also a partner of a food bank and of Dynamo Camp (a charity that helps disabled children), which members of staff can volunteer to support.

In Madrid, Natixis entered into a partnership with non-profit organization Caritas to support a solidarity-based supermarket, Tres Olivos, which helps approximately 100 disadvantaged families (basic goods are subsidized to cost 80% less than regular market prices). Tres Olivos receives financial aid from Natixis Madrid employees and contributions are topped up by the company. Natixis Madrid is also a partner of a local food bank.

In Moscow, Natixis funded a charity helping abandoned children in Russia and organized a collection of gifts for elderly people living in retirement homes to mark the new year.

The partnerships with associations in the Americas set up in 2017 continued:

- the Central Park Conservancy and the Brooklyn Bridge Conservancy;
- the Harlem RBI Bids for Kids association, which helps inner-city youth;
- the Wheelchair Sport Federation to give disabled people the opportunity to play their sport recreationally or competitively;

In the US, through the Natixis Community Giving Initiative, Natixis also supports its employees' initiatives by publishing information and organizing collections for various associations.

Lastly, Natixis continues to expand its contributions to charitable causes in the Asia Pacific region, with an increase in staff volunteering activities, including:

- a new edition of Hong Kong Volunteering Month. This initiative included a charity walk to distribute items to homeless people, a visit to an organic farm with disabled students and a collection of Christmas gifts for underprivileged children in Hong Kong and Asia.
- participation in the Hong Kong Coastal Cleanup for the fourth year running.
- partnership with Pour un Sourire d'Enfant (PSE), with investments over three years to finance the renovation of a school in Phnom Penh (Cambodia).

## 6.7 Reporting frameworks and methodology

ESR reporting in 2018 is based on the requirements of the non-financial performance report.

The information in this document covers the 2018 fiscal year. The reporting period considered is one full calendar year, running from January 1 to December 31.

**Information on social and environmental performance covers the scope of Natixis France (managed scope)**, with the exception of Worldwide staff, which are presented in the accounting consolidation scope.

The **managed scope** covers all of Natixis and its subsidiaries around the world whose HR information systems contain data on employees by name. The HR indicators used for the ESR approach pertain to staff under contract. This scope excludes Financial Investments. The list of entities in this scope is presented below.

Outside France, the inclusion of entities depends on the relevance of indicators with respect to social and environmental regulations and their ability to integrate monitoring tools or deliver information.

Indicators are broken down by geographic area.

The **Natixis Worldwide** scope covers all of Natixis and its subsidiaries around the world, including Financial Investments and entities within the accounting consolidation scope (Coface, Fimipar, Natixis Algérie).

The following changes in scope took place in 2018:

- In the Natixis Worldwide scope, the Payment Solutions business line, previously part of the Specialized Financial Services division, became a separate division named Payments.
- Within the Managed Scope:
  - Corporate & Investment Banking: activity transfers in France:
    - Internally, to the Support Departments: 228 members of staff,
    - Externally (ODDO): 64 members of staff;
  - Asset & Wealth Management:
    - in France:
      - two companies left the scope: Axeltis and Selection 1818 (68 members of staff),
      - inclusion of Natixis Interépargne, transferred from Specialized Financial Services (462 members of staff);
      - internationally: acquisition of a new company: Ecosphere Capital Limited UK (United Kingdom) (9 members of staff);
  - Specialized Financial Services: activity transfer in France:
    - transfer of Natixis Interépargne to Asset & Wealth Management (462 members of staff);

- Outside the Managed Scope:

- in France, the Payment Solutions business line acquired a new company: Alter CE–Comiteo (103 members of staff),
- internationally: the Mergers & Acquisitions business line in the Corporate & Investment Banking division acquired two new companies: Fenchurch Advisory Partners (United Kingdom) and Vermilion Partners Limited (Hong Kong).

### SPECIFIC METHODOLOGICAL INFORMATION ON AUDITED DATA

- The headcount includes all employees who have an active employment contract with a Natixis legal entity (managed scope). Interns, apprentices and beneficiaries of a VIE (International Volunteer Program) assignment are not considered. Expatriates and seconded employees are accounted for in their entity of origin.
- Hires include external recruitment to positions with permanent employment contracts or fixed-term employment contracts, transfers from Groupe BPCE and the conversion of all other types of contract (work-study placements, internships, VIE, etc.) into permanent employment contracts or fixed-term employment contracts, and conversions of fixed-term employment contracts into permanent employment contracts.
- Departures include external departures of employees with permanent employment contracts or fixed-term employment contracts and transfers to Groupe BPCE, and conversions from fixed-term employment contracts to permanent employment contracts.
- The absentee rate is the total number of business days absent (due to illness, accidents in the workplace or in transit, maternity or parental leave, etc.) divided by the total number of employee workdays theoretically available.

### EXCLUSIONS

Some indicators required in the non-financial performance report are not included as they are considered to be immaterial given the nature of Natixis' operations:

- actions against food waste;
- efforts to combat food poverty, improve animal welfare and ensure responsible, fair, sustainable food supplies.

## LIST OF SUBSIDIARIES INCLUDED IN THE ESR REPORTING FRAMEWORK

**Natixis France (managed scope)**

Division	Business Line	Company	
Asset & Wealth Management	Private Equity	Alliance Entrepreneurs	
		Euro Private Equity France	
		Naxicap Partners	
		Seventure Partners	
	Asset Management	Natixis Investment Managers	
		Natixis Investment Managers Distribution	
		Natixis Asset Management	
		Natixis Asset Management Finance	
		Axeltis	
		Mirova	
		Mirova Althelia	
	Real Estate Asset Management	AEW Ciloger	
	Wealth Management	Natixis Wealth Management	
		Sélection 1818	
		VEGA Investment Managers	
	Insurance		BPCE Vie
			BPCE Relation Assurances
		BPCE Assurances	
		BPCE Assurances Production Services	
Specialized Financial Services	Factoring	Natixis Factor	
	Guarantees and Sureties	Compagnie Européenne de Garanties et Cautions	
	Consumer finance	Natixis Financement	
	Lease financing	Natixis Lease	
		Natixis Car Lease	
	Film Industry Financing	Natixis Cofciné	
		Media Consulting & Investment	
	Employee Savings Schemes	Natixis Interépargne	
	Payment Solutions	Natixis Payment Solutions	
		Natixis Intertitres	

**Natixis International (managed scope)**

Division	Business Line	Company
Corporate & Investment Banking		Natixis Australia Proprietary Limited
		Natixis Banco Múltiplo S.A.
		Natixis Belgique Investissements S.A.
		Natixis Japan Securities Co., Ltd
		Natixis Luxembourg Investissements
		Natixis Moscow Bank (ZAO)
		Natixis North America Inc.
		Natixis Pfandbriefbank AG
		Nexgen Reinsurance Limited
		Natixis Almaty Representative Office
		Natixis Bangkok Representative Office
		Natixis Buenos Aires Representative Office
		Natixis Colombia Representative Office
		Natixis Geneve Representative Office
		Natixis Istanbul Representative Office
		Natixis Jakarta Representative Office
		Natixis Korea Representative Office
		Natixis Lima Representative Office
		Natixis Mexico Representative Office
		Natixis Mumbai Representative Office
		Natixis Beijing Branch
		Natixis Canada Branch
		Natixis Dubai Branch
		Natixis Frankfurt Branch
		Natixis Hong Kong Branch
		Natixis Labuan Branch
		Natixis London Branch
	Natixis Madrid Branch	
	Natixis Milan Branch	
	Natixis New York Branch	
	Natixis Shanghai Branch	
	Natixis Singapore Branch	
	Natixis Taipei Branch	

<b>Division</b>	<b>Business Line</b>	<b>Company</b>
Asset & Wealth Management	Private Equity	Euro Private Equity S.A.
		Asset Management
	Natixis Asset Management Asia Limited	
	Natixis Asset Management US LLC	
	Mirova Luxembourg SAS	
	Real Estate Asset Management	
		AEW Europe SARL
		AEW Europe Global LUX
		AEW Central Europe Sp z o o
		AEW Central Europe – Czech Republic
		AEW Central Europe – Romania
		AEW Europe Italian Branch
	Wealth Management	AEW Europe Düsseldorf Branch
		Natixis Bank
	Insurance	Lease financing
Natixis Life Luxembourg		
Specialized Financial Services	Lease financing	Natixis Lease S.A. Sucursal en España
		Natixis Lease S.A. Succursale Italiana
Support Departments	Operations and Information Systems division	Natixis – Succursale de Porto



## 6.8 Report by one of the Statutory Auditor on the consolidated Non-Financial Performance Report contained in the Management Report

### Fiscal year ended December 31, 2018

#### To the General Shareholders' Meeting of Natixis S.A.,

In our capacity as Statutory Auditor of Natixis SA, we hereby present our report on the consolidated Non Financial Performance Report for the year ended December 31, 2018 (hereafter referred to as the "Report"), as presented in the Management Report, on a voluntary basis, pursuant to the legal and regulatory provisions of Articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code.

#### Company's responsibility

The Board of Directors decided to prepare a Report in accordance with legal and regulatory requirements, including a presentation of the company's business model, a description of its main non-financial risks, a presentation of the policies applied with regard to these risks and the results of these policies, including key performance indicators. The Report was prepared according to the company's procedures (hereafter referred to as "the Standard"), the material components of which are presented in the Report and available on the website or from the company's registered office on request.

#### Independence and quality control

Our independence is defined in Article L.822-11-3 of the French Commercial Code and in our Code of Ethics. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional standards and applicable legal and regulatory requirements.

#### Statutory Auditor's responsibility

On the basis of our work, our responsibility is to provide a reasoned opinion and to express a conclusion of limited assurance on:

- the compliance of the Report with the requirements of Article R. 225-105 of the French Commercial Code;
- the sincerity of the information provided in accordance with paragraph 3 of sections I and II of Article R. 225-105 of the French Commercial Code, namely the results of the policies, including the key performance indicators and the actions taken in respect of the main risks, hereafter referred to as the "Information".

It is not our responsibility, however, to assess:

- the company's observance of other applicable legal and regulatory provisions, notably in terms of its corporate duty of vigilance, the fight against corruption, or tax evasion;
- the compliance of its products and services with the applicable regulations.

#### Nature and scope of the work

We performed our work in accordance with Articles A. 225-1 et seq. of the French Commercial Code setting out how the independent third party should perform its review and in accordance with the professional code of the Compagnie

Nationale des Commissaires aux Comptes (France's National Association of Statutory Auditors) relating to this assignment, and pursuant to the international standard ISAE 3000 (Assurance engagements other than audits or reviews of historical financial information).

We completed the work needed to assess the Report's compliance with regulatory requirements and the sincerity of the Information reported:

- We familiarized ourselves with all the companies included in the scope of consolidation, the description of the main social and environmental risks relating to these activities and their impact in terms of respect for human rights, and the fight against corruption and tax evasion, as well as the corresponding policies and their effect;
- We assessed the appropriate nature of the Standard in terms of its relevance, completeness, reliability, objectivity, and comprehensible nature, taking best practices in the sector into consideration, where applicable;
- We verified that the Report includes each category of information required under section III of Article L. 225 102 1 regarding social and environmental risks and respect for human rights, and the fight against corruption and tax evasion;
- We verified that the Report includes an explanation of reason justifying the absence of information required under paragraph 2 of section III of Article L. 22-102-1;
- We verified that the Report describes the company's business model and the main risks arising from the activities of all entities included in the scope of consolidation, including, where relevant and reasonable, the risks created by its business relationships, its products and services and its policies, actions and results, including key performance indicators;
- Where relevant in terms of the main risks or policies presented, we verified that the Report includes the information required in section II of Article R. 225-105;
- We assessed the process for selecting and approving the main risks;
- We investigated the existence of internal control and risk management procedures in the company;
- We reviewed the consistency of the results and key performance indicators presented in terms of the main risks and policies described;



- We verified that the Report covers the scope of consolidation, i.e. all the companies included in the scope of consolidation as defined in Article L. 233-16, within the limitations set out in the Report;
- We reviewed the data collection process used to ensure the completeness and sincerity of the Information reported;
- For the key performance indicators and the other quantitative <sup>(a)</sup> results we considered to be the most important, we applied:
  - analytical procedures to verify that the data collected were correctly consolidated and that changes were consistent,
  - detailed tests based on surveys to verify that definitions and procedures were correctly applied and to reconcile data with supporting documents. This review was performed on a selection of contributing entities <sup>(b)</sup> covering between 31% and 100% of consolidated data in the key performance indicators and results selected for these tests;
- We consulted documents and held interviews to corroborate the qualitative information (action and results) we deemed the most important <sup>(c)</sup> ;
- We assessed the overall consistency of the Report based on our understanding of all the companies included within the scope of consolidation.

- We believe that the work we performed while exercising our professional judgment allows us to express a conclusion of limited assurance; a higher level of assurance would have required more extensive work.

**Resources and methods**

Our work involved five persons and was conducted between January and March 2019.

We were assisted in our work by our experts in sustainable development and corporate social responsibility. We held around ten interviews with the persons responsible for preparing the Report.

**Conclusion**

Based on our work, we did not observe any significant misstatement likely to call into question the fact that the Non-Financial Performance Report complies with regulatory requirements and that the Information, taken as a whole, is presented in a fair manner, in accordance with the Standard.

**Comment**

Without prejudice to the conclusion expressed above, and in accordance with the provisions of Article A. 225-3 of the French Commercial Code, we issue the following comment:

- As specified in the Report, Natixis' direct carbon assessment is limited to France and emissions linked to procurement and services were not reported for this fiscal year.

Paris—La Défense, March 15, 2019

One of the Statutory Auditors

Deloitte & Associés

**Charlotte VANDEPUTTE**

**Partner, Audit**

**Julien Rivals**

**Partner, Sustainable Development**

*(a) Selected quantitative information: French and International employees for the managed scope, Percentage of permanent contracts in France and at the Global level, Total new hires in France, Total departures in France of which resignations and of which Terminations, Percentage of women on the Executive Committee (COMEX), Percentage of women on the Senior Management Committee, Number of employees who receive training, Average number of training hours, Energy consumption: electricity, office buildings' hot and cold fluid, Total paper consumption, Amount of SRI assets for DNCA, Mirova and Ostrum.*

*(b) Natixis France: Natixis SA Paris and its French subsidiaries (DNCA, Ostrum, Mirova).*

*(c) Selected quantitative information: Green Weighting Factor: an innovative solution for a greener financing portfolio, Renewable energy financing.*





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## **NON-FINANCIAL PERFORMANCE REPORT**

Report by one of the Statutory Auditors