6

NON-FINANCIAL PERFORMANCE REPORT

6.1 Strategic outlines and organization of the ESR policy

6.1.1 Natixis' business model

In accordance with the new French regulation on non-financial reporting (*Déclaration de performance extra-financière*), the following outlines Natixis' business model.

KEY ASSETS

Resources

~ 16,000 employees worldwide

More than 100 different nationalities

78% of the Eurostoxx 50 are Natixis' clients

Financials

71% owned by Groupe BPCE

€11.2 bn of equity

High long-term ratings
Moody's: A1
Standard & Poor's: A+
Fitch rating: A+

Our model

Beyond Banking : ~60% of revenues from non-banking activities

Asset light: 60% of Real Assets financing distributed

International: Present in 38 countries

NEW DIMENSION STRATEGIC PLAN (2018-2020)

Business growth
5% NBI CAGR 2017/2020

+

Strong management of resources
11.2% CET1 after distribution

+

5 cross-functional levers
Digital | Talents | Brand
Way We Work | ESR

OUR ACTIVITIES	ASSET & WEALTH MANAGEMENT	CORPORATE AND INVESTEMENT BANKING	INSURANCE	PAYMENTS
KEY INDICATORS	€934 bn assets under management at the end of 2019	€43.4 bn of underwriting in 2019	€68.4 bn of assets under management in life insurance at the end of 2019	Payments revenues multiplied by ~ 1.3 since the launch of New Dimension
NBI BY ACTIVITY IN 2019 (IN €M)	3,760	3,337	846	423

Key performance indicators

	KPI	Calculation method	Value in 2019
Business	AWM — Responsible Asset Management	% of AuM with PRI commitment	90%
		% of AuM incorporating ESG criteria in investment decisions	13%
		AuM in ESG labeled or certified investments	€33bn
		Market share in solidarity investments in France	22% (1)
	CIB – Portfolio's environmental impact (2)	Exposure in risk-weighted assets (RWA) – Green Weighting Factor	23% green 26% neutral 51% brown
	CIB — Sustainable loans	Portion underwritten by Natixis	€4.37bn
	CIB – Sustainable bonds	Portion arranged by Natixis	€4.41bn
	AWM – Sustainable bonds	Portion of Natixis investments	€6.8bn
	NA – Green assets	% of green assets invested in 2019	14%
	NA – Climate scenario of investment portfolios	Portfolio temperature in °C at end-2019	2.7°C
	CIB – Renewable energy financing	Installed capacity of projects financed in 2019	7.8 GW
	AWM – Renewable energy investments	Installed capacity of projects in portfolio	5.3 GW
	CIB – Power sector loan book mix	% renewable energy % non-renewable energy	74% 26%
	AWM – Natural capital investments	AuM invested in natural capital strategies	€432m
Direct impact on the environment	Drop in energy consumption	kWh/workstation over 3 years (2017 to 2019)	-14.8%
	Energy consumption from renewable sources	% of energy supplied from renewable source in France	100%
	Drop in paper consumption	Kg of paper/workstation over 3 years (2017 to 2019)	-35%
	Carbon footprint assessment	tCO2eq/FTE in 2019	7.92 tCO_2eq
Social	Training	Training hours per employee	20.8 H
	CSR awareness	Number of people trained on CSR	>1,900
	Gender parity	% of women in executive officer positions (Natixis Purple Leaders)	29.6%
	Integration of disabled employees	% of overall employment rate in 2019	4.83%
	Staff telecommuting	% of employees who telecommute	54%
Societal	Commitment to solidarity-based initiatives	Number of employees involved in solidarity-related projects	>4,000
Risks	Sector policies	Number of sectors covered by sector policies	7
	ESG risk management	Number of ESG risk reviews done in 2019	189

AWM: Asset and Wealth Management

CIB: Corporate and Investment Banking

NA: Natixis Assurances

(1) *Finansol survey – data at 31/12/2018*
(2) *Portfolio – data at 31/12/2018*

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 long term 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 and Wealth Management, Insurance, Payments) and support functions, and incorporates all aspects of ESR: environmental, social and economic topics.

It involves an assessment of the social and environmental risks run by Natixis' business lines, while driving performance and development: ESR will fuel 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, Natixis has described its business model *(see Introduction to this universal 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 has applied 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 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 methodology for ranking the risks by their frequency and severity;
- an assessment of the corresponding risk management systems.

The list of risks and their materiality was reviewed together with the Natixis Risk Department in 2019 to take into account upgrades in the tools used to measure risks that are specific to Natixis, in particular the Risk Appetite Framework.

Compliance risks, conduct risks 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.

In 2019, the social and environmental risks related to financing activities were included in the review of the Risk Appetite Framework. Environmental risks cover both physical and transition climate risks, which are considered material, and other environmental risks (impact on biodiversity, pollution, natural resources).

The risk analysis process placed these risks in a gross risk matrix that identifies the most important risks in terms of their severity and probability of occurrence.

** Linked to our financing activities*

The gross risk matrix identifies eight major risks that are managed using a set of risk management processes, which are assigned key performance indicators.

Main risks identified and risk management systems

Nature of ESR issue	Risks identified	Risk management system	Key performance indicators	See Chapter
Ethics/Governance	Conduct risk	▪ Code of Conduct	Application of the Code of Conduct system	6.2
	Non-compliance risk	▪ Conflict of interest management ▪ Customer protection ▪ Anti-money laundering and counter-terrorist financing policies ▪ Prevention of corruption	Non-compliance risk management	3.2.8
	Cyber risk	▪ Information systems security ▪ Personal data protection		
Social	Employability and the transformation of the business lines	▪ Training policy	Training hours per employee	6.6.1.3
	Diversity among employees and executive officers	▪ Diversity/inclusion policy	Presence of women in senior management positions	6.6.1.2
	Social risks relating to our activities	▪ ESG criteria in investment and financing activities	Number of ESG risk reviews	6.4.1
			AUM in solidarity investments	6.3.1.4
Environment	Climate risks relating to our activities	▪ Application of the Green Weighting Factor	Financing with the biggest impact on the climate (rated as brown)	6.3.2.1
	Other environmental risks (pollution, harm to biodiversity, etc.) relating to our activities	▪ Financing for the energy transition ▪ ESG criteria in investment and financing activities	Amount of renewable energy financing arranged during the year	6.3.2.2
			Amount of sustainable building financing (buildings with green certification)	6.3.2.3
			Amount of green bonds arranged during the year	6.3.2.4
			AUM dedicated to natural capital	6.3.3.3

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

Our Social and Environmental Responsibility policy is focused on three key priorities

GREEN AND SUSTAINABLE BUSINESS DEVELOPPEMENT
contribute to the global energy transition and develop a sustainable economic model with our clients

DIRECT IMPACT & ONBOARDING
employees' commitment, manage our direct impacts on the environment, responsible purchasing policy, solidarity initiatives

RISK MANAGEMENT
integration of ESG criteria in our financings and investments

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: universal 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 Secretary, who is 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 a 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 support 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 business line 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: the 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 (BPCE Assurances, BPCE Vie).

ESR correspondents were 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;
- the Principles for Responsible Banking (PRB) since 2018;
- the act4nature charter since 2018.

2019 KEY EVENT

Signature of the 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, the PRB are a global initiative launched by the banking industry in 2018.

The PRB were drafted by 30 founding banks – including Natixis – under the United Nations Environment Program Finance Initiative (UNEP-FI) and were officially launched at the United Nations Climate Action Summit in New York on September 22, 2019. At the launch, the unprecedented global coalition brought together 130 signatory banks collectively holding over $47 trillion in assets, representing one third of the global banking sector.

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 agreed 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.

Since 2018, Natixis has involved 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.

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.

They are 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.

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
1 NO POVERTY	Leader in solidarity asset management in favour of job creation or access to accommodation for needed people	Specific wage measures for the lowest salaries
3 GOOD HEALTH AND WELL-BEING	Exclusion of financing and investment in the tobacco industry	Several initiatives to improve quality of life in the workplace
4 QUALITY EDUCATION	Creation of a research Chair with EDHEC*infra* dedicated to ESG risk analysis of the infrastructure's investments.	Transfer of competences and socio-educational support within the framework of solidarity leave
5 GENDER EQUALITY	" Women Leaders Equity Fund ", dedicated to women-led businesses.	Programmes to ensure gender equality within the company
7 AFFORDABLE AND CLEAN ENERGY	Major player in financing renewable energies in France and worldwide	100% green electricity supply contract for all buildings in France
8 DECENT WORK AND ECONOMIC GROWTH	Inclusion of social criteria (e.g: human rights) in funding granted	5,000 people working out of France, the majority employed locally
11 SUSTAINABLE CITIES AND COMMUNITIES	Financing of sustainable infrastructures (clean transportation, green buildings)	Environmental certifications of buildings
13 CLIMATE ACTION	Investment strategy aligned with the Paris Agreement (Mirova, Natixis Insurance) Excluding financing projects in coal, tar sands and oil in the Arctic.In-house new mechanism "Green Weightin Factor"	Commitment to reduce energy consumption of buildings in the Paris region by 30% between 2010 and 2020
14 LIFE BELOW WATER	„Althelia Sustainable Ocean Fund", dedicated to protecting oceans	Employee participation In the Hong Kong Coastal Cleanup
15 LIFE ON LAND	„Land Degradation Neutrality Fund", dedicated to neutrality in terms of land degradation	Development of vegetated spaces in buildings
17 PARTNERSHIPS FOR THE GOALS	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:

Clients

- Companies
- Institutional
- Retail customers
- Banque Populaire and Caisse d'Épargne networks

Completion of questionnaires
Invitations to tender
Product development and management
Contracts

Shareholders

- Groupe BPCE
- Active and inactive employees
- Individual shareholders

General Shareholders' Meetings
Meetings and newsletters (specific process for individual shareholders)

Employees

- Employees of Natixis S.A. and its subsidiaries
- Staff representatives and unions

In-house information
Specific Committees (e.g. Committee for Hygiene, Safety and Working conditions)
Opinion Barometer

Suppliers and subcontractors

- Business
- Service Providers
- Companies in the protected sector

Consultations and calls for tenders
Responsible Supplier Relationship Charter
CSR clauses in contracts

NGOs

- Environmental and human rights defense associations

Answers to questions
Meetings

Humanitarian organizations

- Partner associations
- Research institutes

Donations
Skill sponsorship
Voluntary work by employees

Institutional players, regulators

- Financial regulatory authorities

Transmission of information and documents
Contribution to working groups

Rating agencies and external auditors

- CSR rating agencies
- Auditors

Transmission of information and documents for ratings and audits

Universities and schools

- Business and finance universities and schools

Supporting Chairs
Relations with Grandes Ecoles and universities
Campus Awards
Receiving interns, including co-op students

6.1.6 Recognized 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.

Natixis is rated by various ESR rating agencies and has recorded solid performances in social, environmental and governance areas, earning its way onto the major ESR indices: VigéoEiris Europe 120 indices, Stoxx indices including Stoxx Global ESG Leaders, Stoxx Europe 600 ESG-X and Euro Stoxx Low Carbon.

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

Agency	2019 CSR rating	2018 CSR rating	2017 CSR rating
Vigeo	59/100	58/100	54/100
OEKOM	C+/Prime	C/Prime	C/Prime
Sustainalytics	82/100	75/100	75/100
MSCI	AAA	AAA	AAA

Natixis also completes the Carbon Disclosure Project (CDP) questionnaire and was awarded score B for its 2019 reporting.

6.2 Employee conduct and business ethics

6.2.1 The Natixis Code of Conduct

Presentation

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.

CONDUCT BEHAVIORS

BE CLIENT CENTRIC

BEHAVE ETHICALLY

ACT RESPONSIBLY TOWARDS SOCIETY

PROTECT NATIXIS AND GROUPE BPCE ASSETS AND REPUTATION

CORRESPONDING CONDUCT GUIDELINES

Be client centric:

- *Protect clients' interests*
- *Communicate clearly with clients*
- *Protect clients' information and data*
- *Handle clients' after-sales requests in a fair and timely manner*

Behave ethically:

- *Respect employees and ensure their personal development*
- *Demonstrate professional ethics*
- *Ensure market integrity*

Act responsibly towards society:

- *Behave in accordance with Natixis commitments with regard to Environmental and Social Responsibility*
- *Ensure financial security*

Protect Natixis and Groupe BPCE assets and reputation:

- *Protect assets*
- *Ensure business continuity*
- *Communicate responsibly with external stakeholders*

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*

Bespoke governance

A dedicated committee, the Global Culture and Conduct Committee, is responsible for governance of conduct-related matters. 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 Culture and 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 overseeing and regularly monitoring matters pertaining to the rules of conduct, including updates to the Code and deciding on individual or operational cases. An escalation process is also in place to consult the Committee if required.

The Global Culture and Conduct Committee meets every quarter or on an *ad hoc* basis to discuss individual cases, approve ESR procedures and supervise their roll-out.

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.

Local adaptations are covered by 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 both strategic and operational decisions 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 2019 and reviewed any shortfalls with respect to the Code — in terms of Human Resources, risk, compliance or other matters — ensuring that these shortfalls were addressed in the annual appraisals of the employees concerned.

All staff are required to complete mandatory training on the Code of Conduct.

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. A cheklist is available to help them do so.

6.2.2 Client protection, financial security and data security

Some ESR issues are identified and managed in the compliance risk prevention and management systems that fall under the Compliance Department's responsibility.

Natixis places great importance on **protecting clients' interests** and it regularly enhances its client information, KYC and complaint handling process.

In terms of **financial security**, Natixis is determined to act with integrity and to fulfill its regulatory obligations regarding its fraud prevention, anti-corruption, anti-money laundering and counter-terrorist financing systems and to observe international sanctions and embargoes.

To tackle **cyber risk** and ensure **personal data protection**, Natixis has a specific department that reports to the Compliance Department — the IT Systems Security and Business Continuity Department.

For more information on these matters, see Chapter 3.2.8 "Compliance risk".

6.2.3 Responsible Lobbying

In 2018, Natixis adopted **the Charter for Responsible Lobbying and Advocacy Activities** with respect to Governmental Bodies and Officials, which is available on its website. (*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.

6.2.4 Combating tax avoidance

To combat tax avoidance, Natixis has control systems to ensure its transactions comply with tax laws and regulations. All new products and new activities 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 Persons. *(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.

6.2.5 Whistleblowing system

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 activity, 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 in regulations. 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 acknowledgement of the report;
- notification within 15 business days of the date of acknowledgement of whether the information reported is eligible for further investigation;
- notification within three months of the date of acknowledgement 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 proceedings in respect of the report, 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.

The whistleblowing system is based on an overall policy which represents the minimum standard to be applied throughout Natixis. Each entity, subsidiary and branch office must adapt the overall policy to its activities and its own 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, all of Natixis' business lines develop innovative financial products and services designed to service its clients' environmental and social ambitions. Several key initiatives were launched over the past two years to drive the transition of each business line towards sustainable finance: the signing of the Principles for Responsible Banking, the introduction of the Green Weighting Factor, the internal working group on natural capital and biodiversity, the integration of environmental, social and governance (ESG) criteria throughout Asset Management strategies, Natixis Assurances' strategy of aligning its investments with the goals of the Paris Agreement.

In the past two years, Natixis has contributed to many innovations in sustainable finance including the first certified green real estate loan and the first green syndicated loan, the first social bond issue by a private company, and the first fund to invest in sustainable ocean management. This pioneering strategy was once again rewarded by industry recognition in 2019. For example, Natixis was named Most Innovative Investment Bank of the year by The Banker.

In 2020, 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 is pursuing its strategic objective to double sustainable finance revenues, by expanding the range of sustainable finance products and services offered to Corporate & Investment Banking 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 the Sustainable Development Goals is 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. The 17 Sustainable Development Goals for 2030 are the benchmark for measuring progress achieved by governments and private sector companies, including financial institutions.

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 2019, Natixis Investment Managers, which groups the expertise of 25 affiliate Asset Management companies around the world and ranks among the world's biggest asset managers (€934 billion in assets under management at December 31, 2019), pursued its pledge to take Environmental, Social and Governance (ESG) issues into consideration in the investment models each of its affiliates develops. Recognition of ESG criteria, which have been an integral part of the investment strategies of Ostrum AM and Mirova since their creation, is gaining ground among all of Natixis Investment Managers' affiliates.

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. In 2019, 2,372 signatories with $86.3 trillion in assets under management had adopted the PRI[1].

Nineteen Natixis Investment Managers affiliates, which together hold 90.1% of total assets managed by Natixis Investment Managers affiliates, had signed the PRI as of December 31, 2019, namely: AEW CILOGER, AEW Capital Management, Alliance Entreprendre, Dorval Asset Management, DNCA, Flexstone Partner, Harris Associates LP, Investors Mutual Limited, Loomis Sayles, Mirova, MV Credit, Naxicap Partners, Ossiam, Ostrum AM, Seeyond, Seventure Partners, Thematics Asset Management, WCM Investment Managers, and Vega Investment Managers. In 2019, Natixis Investment Manager also signed the PRI on behalf of the federation of investment firms it represents.

Ostrum AM (€274.1 billion in assets under management at December 31, 2019) has been a PRI signatory since 2008 and was rated A+ on all its investments in the 2019 assessment cycle (on 2018 performance). This excellent score was well above the median of Ostrum AM's peers. AEW CILOGER (€31.6 billion in assets under management at December 31, 2019), a Natixis Investment Managers affiliate specialized in real estate Asset Management in Europe and a PRI signatory since 2009, enhanced its governance in 2019, allowing it to obtain an A+ rating for strategy and governance. It enhanced its governance by setting up a dedicated ESG Committee in 2019 with 13 members representing its different business lines and countries in which it does business. This Committee meets each quarter to harmonize ESG practice, ensure that all members of staff observe ESG policies, and encourage local initiatives in this area. Naxicap Partners, the French Private Equity specialist, also boasts an A+ rating for strategy and governance, reflecting the high standards of the ESG policy it applies at each stage of its investment process.

(1) Source: unpri.org

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

As part of its commitment to the PRB, Natixis joined 30 other banks in the United Nations **Collective Commitment to Climate Action**, which sets out concrete and time-bound actions that banks will take to support the energy transition. Accordingly, Natixis undertook to:

- align its portfolios to reflect and finance the low carbon, climate-resilient economy required to limit global warming to well-below 2, striving for 1.5 degrees Celsius;
- take concrete action, within a year of joining, and use its products, services and client relationships to facilitate the economic transition required to achieve climate neutrality;
- be publicly accountable for its climate impact and progress on these commitments.

The implementation of the Green Weighting Factor will enable Natixis to meet these objectives. The Green Weighting Factor is a solution that can be replicated by all banks committed to aligning their portfolios with the transition. Natixis will gradually share it with its peers in 2020, in particular with banks committed to climate action in the United Nations Environment Program Finance Initiative (UNEP-FI), including signatories of the Principles for Responsible Banking (PRB) *(see Chapter 6.3.2.1 GWF: an innovative solution for a greener loan book)*.

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:

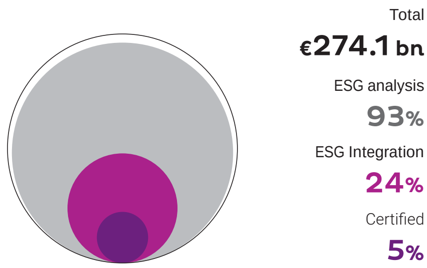
- **ESG analysis**: recognition of ESG criteria in the analysis of issuers, without this systematically having an impact on investment decisions;
- **ESG integration:** incorporation of ESG criteria in investment decisions (including thematic and/or impact investments and exclusion strategies);
- **Certification**: funds certified by recognized third parties (the French SRI label, Greenfin, Finansol, Febelfin, LuxFlag ESG, Nordic Swan EcoLabel, FNG Siegel).

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 €255.4 billion in assets under management, representing 93% of its total assets under management. Ostrum AM's responsible investment approach applies to all its investments in sovereign assets from emerging and developed countries and over 90% of its debt investments. Since 2019, all its equity investments incorporate ESG dimensions throughout the investment process.

In October 2019, Citywire[1] ranked Ostrum AM fifth out of 220 European investment management firms that are truly committed to ESG.

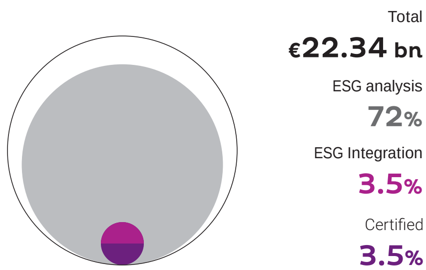
OSTRUM AM



DNCA, a leading European equity manager, developed its own ESG rating model in 2018, called Above & Beyond Analysis (ABA). This model analyzes its portfolios by rating issuers according to ESG criteria focused on two complementary concepts: Corporate social responsibility and the sustainable transition. Regular meetings with the directors of companies in which it invests and on-site visits help to enhance the clarity and relevance of the information collected. In 2019, it rounded out its analysis with three new criteria: contribution to the SDGs, impact, and climate risk.

DNCA manages €22.34 billion in assets, including €16 billion analyzed against ESG criteria (72% of total assets under management).

DNCA



(1) https://citywireselector.com/news/revealed-the-top-10-fund-houses-truly-committed-to-esg-in-2019/a1280751

Naxicap Partners, a French Private Equity specialist, is involved in LBO and Private Equity financing in all sectors of activity. It applies ESG analysis to all companies in its portfolio in which the total amount invested exceeds €5 million, which account for 98% of assets under management. External auditors perform mandatory pre-investment ESG analysis which takes a detailed look at the main ESG issues in order to establish an action plan for the years to come. Each issue is analyzed in detail, including a review of its materiality for the Company, its strategic importance in the sector, a summary of the Company's ESG performance and appropriate indicators. Naxicap Partners won Private Equity magazine's ESG – sustainable development award in 2019.

Naxicap Partners

Natixis Assurances extended its ESG analysis to its real estate portfolio in 2019:

- certified assets are given priority for new acquisitions. A certification process is included in the business plan for non-certified assets. Acquisitions incorporate objectives set out in an energy convergence plan (to reduce energy use in line with regulations);
- for the existing portfolio, business plans must include an energy convergence plan with short, medium and long-term goals (to reduce energy use in line with regulations). A certification plan is prepared in the same way as for new acquisitions.

Natixis Assurances ultimately aims to fully incorporate ESG criteria, with certification for all its real estate assets (compared with 40% of its portfolio by market value as of the end of 2019).

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. DNCA, Ostrum AM, Mirova, Seeyond, Thematics AM, Ossiam and Natixis Assurances apply these policies to their investments, in full compliance with their fiduciary duties towards their customers. The following sectors and issuers are excluded:

- controversial weapons;
- tobacco [(1)];
- companies deemed the worst offenders (which do not observe the principles of the United Nations Global Compact or the OECD Guidelines for Multinational Enterprises) [(2)];
- blacklisted countries (those on the FATF list or under US or European embargo).

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 disregarding the Sustainable Development Goals. As well as excluding the sectors and companies listed above, it removes issuers assigned a negative rating by Mirova's ESG research team 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 €66.6 billion, or 24.3% of its total assets under management:

- **Best in class & Positive screening**: selection of the best rated issuers from an investment universe that excludes issuers with a high ESG risk profile;
- **Best in universe:** selection of issuers from all sectors with the best ESG performance in the investment universe;
- **Bespoke strategies:** strategies co-built with clients for their **dedicated funds or discretionary mandates** to match their ESG philosophy as closely as possible.

Mirova, the Group's sustainable investment affiliate and a pioneer in impact investing, includes ESG criteria in all its investment filters applied to all asset classes, representing €12.5 billion in assets under management. In 2019, Mirova was awarded the 2019 gold prize for management companies [(3)], which singles out companies whose funds obtain the best financial performance over time.

MIROVA

(1) Except at Seeyond, and only for certified funds at DNCA.
(2) Except at Seeyond, and only for index funds at Seeyond
(3) Warded by the monthly business magazine Mieux Vivre Votre Argent.

2019 KEY EVENT

Mirova Women Leaders Equity Fund

In the first quarter of 2019, Mirova launched 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. Mirova has set criteria and created an investment universe of 250 companies around the world and has built a portfolio of around 50 companies from this universe following an active fundamental management approach. The fund has obtained the French SRI label and it has entered into a partnership with the UN Women French National Committee, to which it donates part of its management fees. Natixis Assurances is committed to supporting projects with a strong social impact and has invested €10 million in this fund.

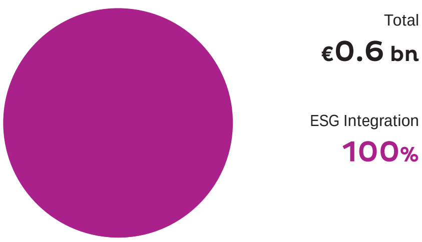
Seeyond, a specialist in active quantitative management, is drawing on Mirova's ESG research expertise to upgrade its business model to take ESG criteria into account. One of its equity funds, which applies a minimum volatility strategy [1], already incorporates ESG criteria by allocating investments based on issuers' ESG risks and excluding the riskiest issuers. This fund totals €940 million, or 9.7% of Seeyond's total assets under management.

SEEYOND

Thematics, an investment management firm specialized in innovative equity themes, incorporates ESG criteria in all its investment processes, covering 100% of assets under management (€600 million):

- definition of investment universe: specific exclusions are applied to each thematic fund in addition to exclusions relating to sector policies. For example, companies producing plastic water bottles are excluded from the water investment strategy and companies with military contracts are excluded from security and artificial intelligence & robotics funds;
- selection: ESG criteria are one of the four risk categories analyzed to select the best risk/reward opportunities;
- investment: thresholds that take ESG scores into account are used to fine tune positions.

Thematics



Ossiam, a specialist in quantitative management of index tracker funds and Exchange Traded Funds (ETFs), applies ESG criteria to four of its funds totaling €770 million (18.3% of assets under management).

ESG criteria are incorporated into investment strategies through a combination of approaches:

- exclusions (controversial activities, tobacco, coal, etc.);
- a best-in-class approach that exclude 30% of securities with the worst ESG scores in a given business sector;
- an approach aimed at reducing the carbon footprint.

In 2019, Ossiam won the innovation award at the Agefi European ETF Awards [2] for its new machine learning approach applied to ESG investments. This strategy uses machine learning techniques to analyzing a multiplicity of financial and ESG indicators in order to identify and select companies with potential performance compare to the defined investment universe.

All new strategies developed by Ossiam are now analyzed to take ESG criteria on Board as additional market data.

Ossiam

AEW CILOGER in Europe, and **AEW Capital Management** in the United States, both of which specialize in real estate investments, are building a corporate culture that respects ESG principles. ESG aspects are considered and discussed with the Investment Committee at the acquisition stage for direct investments.

(1) *A pure equity management strategy that selects stocks based on their volatility and correlation profiles to reduce the overall volatility of the equity portfolio.*
(2) *https://www.agefi.fr/site/european-etf-awards.*

Before making any investment decisions, the investment team looks at:

- ESG strategy;
- certifications;
- renewable energy on site or renewable energy certificates purchased;
- risks relating to the water supply and water quality.

AEW CILOGER includes ESG criteria for 16% of its assets, representing a total of €5.2 billion.

2019 KEY EVENT

DNCA develops a proprietary impact analysis model

This approach seeks to generate a significant, measurable environmental and social impact while maximizing the financial return. The model assesses a Company's ability to meet three requirements: additionality (adding value to the market or regulation), intentionality (integration of the Company's strategy) and measurability (using relevant comparable data).

For the time being, this analysis only applies for the management of the DNCA Invest Beyond Semperosa fund. Dedicated impact reporting [1] is published each year.

Natixis Assurances has invested €43 million in this fund.

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, Greenfin and Finansol labels in France) and/or the investment sector (e.g. real estate sector).

DNCA has been awarded SRI certification for six of its funds that incorporate ESG criteria, representing €774 million in assets (European equity, international equity, European infrastructure equity). These six funds are part of the Beyond range, and they apply the following ESG criteria:

- 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.

2019 KEY EVENT

Four DNCA funds obtain Febelfin certification – the new label for the European financial center

The new Belgian certification imposes new standards based on the recommendations of the European expert group on promoting sustainability funds among retail investors: transparency, ESG analysis and exclusions with low tolerance thresholds for coal and conventional and unconventional fossil fuels. DNCA was awarded this certification for all the sustainability funds it sells in Belgium. Three equity funds and a mixed fund were certified, representing €685 million in assets under management.

Ostrum AM was awarded the French SRI label for thirteen of its funds in 2019. This accounts for 4.7% of its assets under management, totaling €12.9 billion. Also in 2019, Ostrum AM converted a money market fund with €9 billion in assets under management into a socially responsible fund using a best-in-class approach rounded out by active positive screening. This fund, Ostrum Sustainable Trésorerie, was also certified in 2019.

Ossiam has four SRI-certified funds incorporating ESG and/or carbon reduction criteria (US equities, developed world global equities), representing €537 million or 12.8% of assets under management at year-end 2019.

Mirova manages €4.7 billion in SRI-certified funds.

11 SUSTAINABLE CITIES AND COMMUNITIES

AEW CILOGER 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 label in France incorporating criteria covering all environmental, social and governance issues. The industry-wide working group completed its work in 2019 and the certification process should be launched following the publication of a ministerial decree to this effect in 2020. AEW CILOGER will seek certification for some of its funds in 2020.

Natixis Assurances systematically includes an ESG-certified unit-linked product (SRI or Greenfin certification) in all new life insurance policies. These certified unit-linked products represented €804 million at the end of 2019.

(1) https://www.dnca-investments.com/fonds/dnca-invest-beyond-semperosa/parts/a-lu1907595398

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**, **Seeyond**, **DNCA**, **Thematics AM** and **Ossiam** place shareholder engagement at the center of their responsible investor approach.

Ongoing constructive dialog is established with the companies in which the fund managers invest 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. In 2019, Ostrum AM supported four new commitments covering gender equality in the workplace [1], tobacco [2], deforestation and wildfires in the Amazon [3], and methane emissions in the oil and gas sectors [4].

After performing pre-investment ESG audits, **Naxicap Partners** systematically includes an ESG clause in its shareholders' agreements. This clause includes a commitment to implement a detailed action plan and provide regular information and responses to ESG questionnaires (120 indicators). In addition, Naxicap Partners works with the management of the companies in its portfolio to establish a plan to reduce greenhouse gas emissions and adapt to climate change. In 2020 it began looking at how to factor ESG criteria into the variable compensation of its investment teams and the executive officers of the companies in its portfolio.

In terms of voting policy, the Asset Manager regularly participates in general meetings of companies in which the investment vehicles under management have holdings. Failing this, Naxicap Partners grants powers to other shareholders of the company for the purpose of representing it.

2019 KEY EVENTS

Investor statement on gender equality in the workplace

A group of 66 investors representing over $4 trillion in assets is calling on companies to step up their commitments to gender equality in the workplace. This group of investors is coordinated by Mirova. Natixis Investment Managers, Ostrum AM and Natixis Assurances have also signed this collaborative statement. The statement is supported by UN Women and the United Nations Global Compact. It is part of the Women's Empowerment Principles, which Natixis has signed.

Mirova and Ostrum AM fight deforestation in the Amazon

In September 2019, as media attention was focused on fires in the Amazon, 244 investors, including Mirova and Ostrum AM, signed a declaration to curtail deforestation and wildfires in the Amazon. These investors represent $17.2 trillion in assets under management. More generally, Mirova strives to direct its investments towards companies committed to curb deforestation.

(1) Investor statement on gender equality in the workplace, led by Mirova (September 2019).
(2) Tobacco-Free Finance Pledge, led by Tobacco Free Portfolios.
(3) Investor statement on deforestation and forest fires in the Amazon, organized by the NGO Ceres (September 2019).
(4) Investor Statement on Methane Emissions in Oil & Gas, led by the Institutional Investors Group on Climate Change (IIGCC).

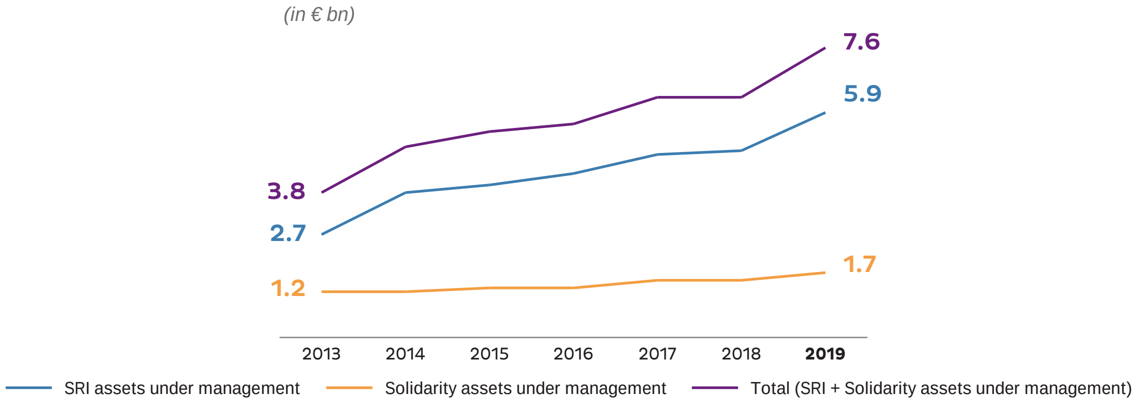
6.3.1.4 Solidarity investment

Natixis offers a range of SRI and solidarity-based employee savings plans 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 (NIE) is committed to sustainability as a pioneer in employee and retirement savings in France with over €33.5 billion in assets under custody. Amounts managed by Natixis (via Natixis Investment Managers) alone account for nearly 21.2% of this market in France, which is estimated to be worth €139 billion by the French Asset Management Association (AFG).

Natixis is also a confirmed leader in responsible company savings plans in France with SRI-certified assets under custody with Natixis Interépargne amounting to €5.8 billion. Solidarity-certified funds amount to more than €1.7 billion. With total assets of over €7.65 billion, Natixis' market share exceeds 25% in SRI and 29.5% in solidarity investments in France.

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 13.1% over the review period (2014-2018), while it rose by 2.7% for CAC 40 companies overall over the same period. 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 at December 31, 2019, compared with +4.4°C at the end of 2014. The fund has €733 million in assets under management.

Mirova manage €967 millions of solidarity assets under management [1].

2019 KEY EVENT

The Mirova Solidaire fund tops €200 million

8 DECENT WORK AND ECONOMIC GROWTH
10 REDUCED INEQUALITIES

In 2019, the Mirova Solidaire fund surpassed the symbolic €200 million mark in terms of assets under management, with inflows of nearly €20 million over the year. These inflows allowed the fund to invest €10 million in the lodging house scheme run by Habitats & Humanisme. Under this scheme, 20 new lodging houses (low cost individual residences with shared living spaces) will be provided in line with the government's policy of creating 10,000 additional rooms in such houses. The Mirova Solidaire fund was certified a French Impact fund in 2019, which will increase its visibility.

(1) *Solidarity Funds (Mirova solidaire) and solidarity-based 90/10 funds.*

6.3.1.5 Social impact finance

Natixis supported the development of several emblematic social impact financing solutions in 2019 including a sustainable bond issue with a major social impact and a fixed income structured product.

Sustainable bonds raise funds that may only be used to finance or refinance a series of green or social projects (only social projects for social bonds). The projects financed by social bonds and sustainable 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 increased by 41%, rising from $7.9 billion in 2017 to $11.1 billion at year-end 2018.[1] The market is growing fast but it remains small in relation to the green bonds market. Natixis arranged the issuance of nine sustainable and social bonds in 2019.

Inclusion of social criteria in the Ghana Cocoa Board's sustainable term loan

Natixis co-arranged a sustainable term loan for the Ghana Cocoa Board. This new $300 million loan over three years includes a margin adjustment mechanism based on environmental and social goals. Greater awareness of child labor and empowerment for women through education programs and community support are part of the goals. This deal is one of the first in this sector to encourage environmentally friendly production techniques and improve farmers' livelihoods.

2019 KEY EVENT

Action Logement issues its first sustainable bond for €1 billion

Natixis was lead manager for the first sustainable bond issue by Action Logement, an organization run jointly by the government, employers and unions which finances low cost housing in France. The bond raised €1 billion over 15 years. It will finance the commitments made by employers and union bodies under the €9 billion voluntary investment plan signed with the government in April 2019. The funds raised will finance and refinance social and green projects, for example, the construction and renovation of social housing. The net proceeds will fund contributions to public policy, assistance and services for individuals, and social and capped-rent housing schemes in France.

(1) https://about.bnef.com/blog/social-bond-market-tops-11-billion-financials-wake/

6.3.2. Green growth: financing the energy transition and combating climate change

6.3.2.1 GWF: an innovative solution for a greener loan book

To step up its transition to green finance, Natixis has developed a tool to gradually bring its financing activities into line with the Paris Agreement goals for the climate — the Green Weighting Factor (GWF).

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 has 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 finalized its GWF methodology in 2019, 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. 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 rating is based on an assessment of the impact of the financing solution on the climate. It also takes into account its main non-climate environmental impacts (water, pollution, waste, biodiversity) where these are significant. The assessment applies to the asset financed or to the borrower — be it a private company or public sector entity — if the credit facility is not earmarked for a specific asset. An adjustment is applied for each color to calculate the risk-weighted assets used to measure the expected return on the loan.

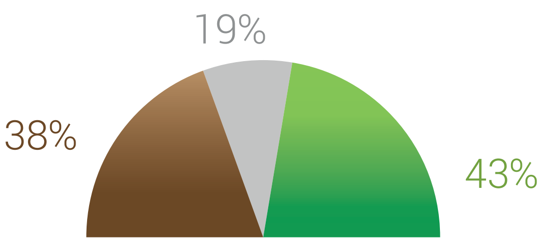
All loans with a green color rating receive a discount of up to 50% in their weighted assets, while the weighting of loans with a negative impact on the climate and the environment is increased by up to 24%.

By adjusting the expected return on each loan depending on its impact on the environment and the climate, Natixis encourages its teams to favor green financing solutions (for an equivalent level of credit risk). This is a concrete way of contributing to the United Nations Sustainable Development Goals regarding climate change and the environment.

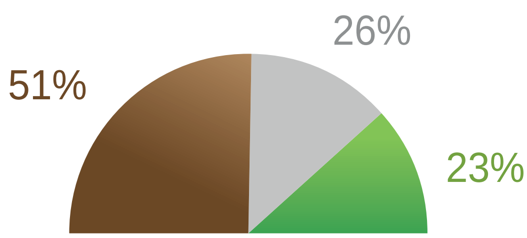
The GWF has been in use since September 2019 and is fully incorporated in the bank's processes and loan approval systems. It will be independently audited by KPMG in 2020.

It applies to €127 billion on Natixis' balance sheet, 70% of which had been rated by the end of 2018:

GWF distribution of the Corporate and Investment Banking balance sheet resulting from the impact analysis relating to 70% of the project scope at 31/12/2018



Nominal exposure



Exposure in risk-weighted assets (RWA)

These indicators will be monitored quarterly as of the end of 2019, and nearly all the loan portfolio will be assigned a rating in 2020.

The GWF methodology is open and scalable and it will be able to 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).

Corporate & Investment Banking's Green and Sustainable Hub published several reports (1) in 2019 to raise awareness and understanding of the implications of the TEG's work. These reports include in-depth analysis on the three topics addressed by the TEG in 2019 on the European Commission's request, namely the taxonomy, the new European Green Bond Standard and climate and ESG benchmarks.

6.3.2.2 Financing and investment in renewable energy

Renewable energy is constantly setting new records in terms of installed capacity: 175 GW (2) was rolled out in 2018, up from 157 GW in 2017, with a total of 2,356 GW around the world. New solar energy capacity installed in 2018 (98 GW) outstripped new fossil fuel electricity production capacity. The proportion of electricity production from renewable sources has reached 26.1% in 2018 in the world.

In 2019, Natixis once again played a leading role in renewable energy financing, in particular in Asia and Latin America and in offshore wind farms in Europe.

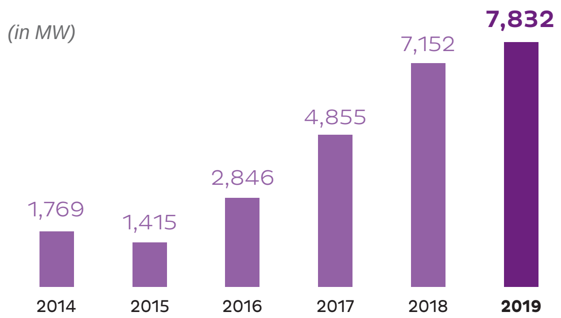
Renewable energy financing

In 2019, CIB's infrastructure financing teams arranged 25 (3) new deals totaling €2.1 billion, representing installed capacity of 7,832 MW:

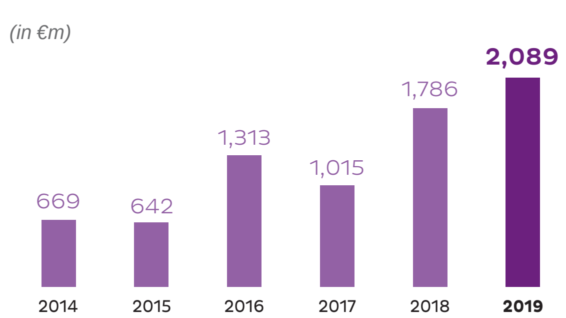
- 8 onshore wind farms with a total capacity of 2,429 MW;
- 3 offshore wind farms with a total capacity of 1,498 MW;
- 15 PV and concentrated solar power projects with a capacity of 3,712 MW.
- 2 hydroelectric facilities with a capacity of 193 MW.

Renewable energy accounted for more than 90% of total financing granted by CIB in the electricity production sector in 2019.

Total installed capacity of renewable energy projects financed by Natixis per year



Amount arranged by Natixis for renewable energy projects per year



2019 KEY EVENTS

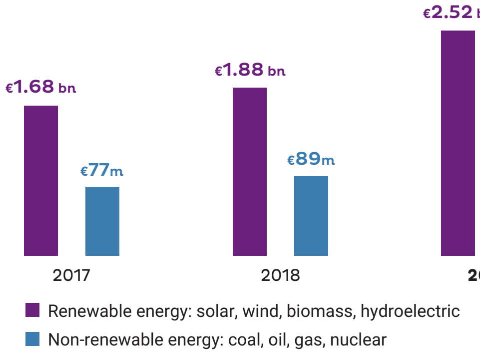
Financing for offshore wind farms in France and internationally

Natixis funded the first offshore wind farm in France off the coast at Saint-Nazaire. This 480 MW wind farm has 80 turbines covering a surface area of 78 km located between 12 km and 20 km offshore and at depths ranging from 12 m to 25 m. It will be operational in 2022 and it is expected to produce the equivalent of 20% of the electricity consumption of the Loire-Atlantique department.

In 2019, Natixis also played a major role in the renewable energy sector in Asia, where it financed the SIHU project, which has a capacity of 640 MW. This offshore wind farm in Taiwan will be China's biggest facility. On completion, it will supply clean energy to over 450,000 homes in Taiwan, saving nearly 916,000 metric tons of CO_2 per year.

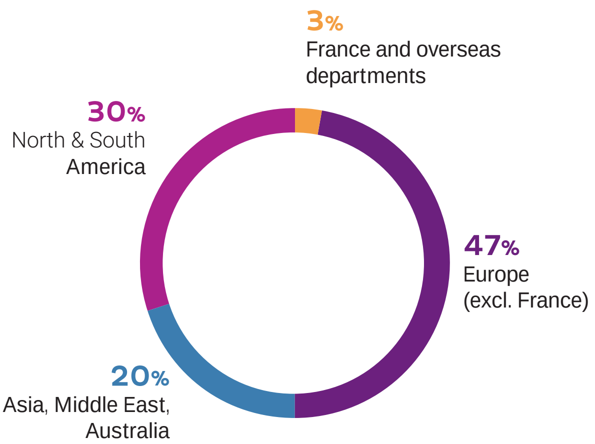
(1) https://gsh.cib.natixis.com/center-of-expertise
(2) Excluding major hydroelectric dams.
(3) 1 deal include solar and wind power, 1 deal include solar, wind and hydro power.

Portfolio exposure to renewable and non-renewable energies per year

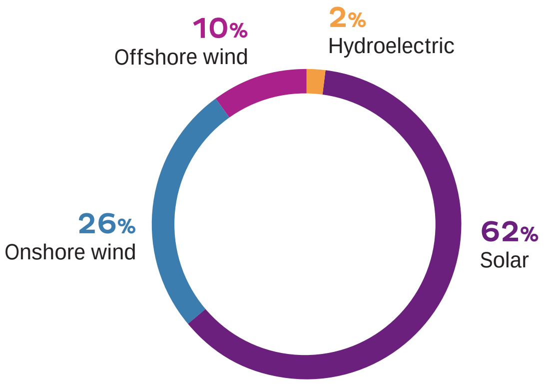


The portfolio breaks down as follows:

Regional breakdown of the renewable energy portfolio (% of AUM)



Sector breakdown of the renewable energy portfolio (% of AUM)



2019 KEY EVENT

Financing for the world's biggest concentrated solar power (CSP) project in the United Arab Emirates

Natixis partially financed the DEWA IV photovoltaic power plant in the United Arab Emirates, with installed capacity of 950 MW. On completion in 2020, it will be the world's biggest concentrated solar power (CSP) project.

The first two phases of the power plant (13 MW and 200 MW) are already in service and the third is under construction and due to be launched before the end of 2020. This new phase will bring an additional 700 MW in installed capacity using two different CSP systems: a 600 MW parabolic trough and a 100 MW central tower (which will be 260 m tall, the biggest in the world) covering a total surface area of 43 km² according to the Dubai Electricity and Water Authority (DEWA).

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 Eurofideme 4, 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. At the end of November 2019, Mirova finalized fundraising for €857 million, far exceeding its initial target, and closed the biggest renewable energy fund dedicated to the European market. The Mirova-Eurofideme 4 fund has already made its first investments, with over €300 million invested in projects in France, Portugal, Norway and Spain totaling nearly 600 MW.

2019 KEY EVENT

The first infrastructure funds to obtain Greenfin certification

In December 2018, Ostrum AM obtained Greenfin certification for its expertise in infrastructure debt for the energy transition. Its strategy focuses on renewable energy, water and waste treatment, green mobility, low-energy buildings and digital solutions. It received capital commitments of €80 million in its first fundraising round in September 2019, including a €50 million investment by Natixis Assurances. The fund raised €100 million in 2019.

Mirova manages four Greenfin certified funds, representing total assets under management of €2.4 billion: Mirova Europe Environmental Equity Fund, Mirova Green Bond-Global, Mirova-Eurofideme 3 and Mirova-Eurofideme 4.

The Greenfin label (previously TEEC) was created by the French Ministry of the Ecological and Inclusive Transition to guarantee the quality of green investment funds. It is awarded to financial companies that act in the general interest with transparent, sustainable practices. It excludes funds that invest in the nuclear sector or fossil fuels.

6.3.2.3 Financing and investment in mobility and sustainable cities

2019 KEY EVENT

Natixis and EDHECinfra join forces in an ESG research project for infrastructure

In October 2019, Natixis and EDHECinfra joined forces in a research project to measure the ESG impact and risks of infrastructure investments. The research chair's first task will be to produce an analysis of infrastructure companies' ESG reporting standards and to review the impacts and potential risks. Then, the EDHECinfra team intends to use artificial intelligence to create new databases of ESG risks and impacts – a social acceptability index and an index of the exposure to physical risks arising from climate change.

Sustainable real estate

In 2019, Natixis continued to expand its financing and arrangement business in the sustainable real estate sector, with various solutions including mortgage loans, green bonds, securitization vehicles, and green loans. 12 deals for sustainable real estate were closed in 2019.

2019 KEY EVENTS

ICAWOOD: the first green equity bridge loan

Natixis and ICAMAP closed the first green equity bridge loan for €100 million. This deal, which observes the Loan Market Association's Green Loan Principles, will finance the development of real estate projects using low carbon construction techniques in the Greater Paris area.

Ivanhoé Cambridge: the first green margin loan for the real estate sector

Natixis, acting as green loan coordinator and green structurer, closed the first green margin loan based on the Sustainability Linked Loan Principles, for Ivanhoé Cambridge. Ivanhoé undertook to continually reduce the environmental impact of its properties while efficiently managing its assets. The loan draws on Ivanhoé Cambridge's sustainability commitments and it incorporates a margin adjustment mechanism based on a range of key performance indicators which will generate additional performance for the Group, in particular by improving its GRESB score.

AEW CILOGER continued its efforts to obtain certification for its portfolio assets throughout 2019. Its buildings received BREEAM on construction, LEED existing building, HQE in use, BREEAM in use, BBCA (low-carbon building) or BEPOS (positive energy building) certification. Certified assets amount to €6 billion, or 19% of AEW CILOGER's portfolio. In 2019, seven funds, including two new funds, took part in the Global Real Estate Sustainability Benchmark (GRESB) assessment, 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). Six of these funds achieved a Green Star rating, including one pan-European fund, which obtained a Green Star 4* rating.

In 2019, AEW CILOGER also issued a request for proposals for electricity or gas supplies in buildings where the building manager purchases energy. As a result, 100% renewable energy supply contracts were set up, which will reduce the carbon footprint of its assets under management.

AEW Capital Management took part in the GRESB Assessment for several of its real estate portfolios and was awarded a score of 86/100 for its AEW Core Property Trust fund in 2019, ranking it seventh out of more than 40 funds (equivalent fund universe).

Natixis Assurances monitors and reports annually on the portion of its real estate investments that have environmental certification. At year-end 2019, 52.4% of real estate assets under investment mandates were certified (HQE, BREEAM). Natixis Assurances extended the incorporation of ESG criteria in its real estate portfolio in 2019. In 2020, it will implement an energy convergence plan and continue to obtain certification for the assets in its portfolio. The asset acquisition policy includes identifying, monitoring and managing sustainable development indicators. Natixis Assurances intends to go beyond regulatory requirements and contribute in full to ESG issues in order to build sustainable cities.

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 the event of a claim, policyholders can repair damaged paintwork themselves using eco-friendly paint available at a preferential price. Policyholders also receive assistance and advice on how to save energy.

Sustainable mobility

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.

As the transition to electric vehicles gathers pace, in 2019 Mirova published a report [1] providing insight into the challenges facing the electric vehicle sector and the solutions available and identifying high added value segments in this sector to channel savings towards these companies, which are crucial to the energy transition. Electric vehicles represent a revolution for the automotive industry and for the transport sector as a whole. The technology driving this transformation is constantly changing, leading all stakeholders to review how they perceive mobility.

Natixis Assurances offers preferential rates to individuals who travel less than 8,000 km per year in their car: this option applies to 25.5% of contracts (194,297 policies), or €67.8 million in annual premiums in 2019. 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.

2019 KEY EVENTS

Tramway in Liège

Natixis was financial advisor to the Tram'Ardent consortium on the financing of the public-private partnership for around €430 million. The tramway will have around twenty trams and 21 stops, covering a distance of 11.7 km. It will be able to transport 310 passengers every four and a half minutes and will boost the range of eco-friendly mobility solutions available in the city.

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(1) https://www.mirova.com/fr/idees/electrification-des-transports-une-solution-de-transition-ecologique

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 which 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. As of the end of 2019, the green bonds market totaled $225 billion [1].

Natixis arranged 28 green bond issues in 2019, for a total arranged amount of €15.1 billion, confirming its solid positioning on this market, especially in Europe.

2019 KEY EVENT

Société du Grand Paris: the first entirely green Euro Medium Term Note (EMTN) program

In September 2018, Société du Grand Paris launched Europe's biggest sustainable infrastructure project totaling €35 billion. Natixis was joint bookrunner for two green bond issuances, in October 2018 (€1.7 billion over 10 years) and March 2019 (€2 billion over 15 years). This vast project is the biggest transportation project in Europe and it brings many benefits, for example reducing greenhouse gas emissions, improving air quality and reducing travel times. Natixis received a green bond award for this green bond issue at the IFR awards 2019 [2].

Natixis is also active in green bond investments through its Asset Management affiliates. At year-end 2019, Ostrum AM managed green bond investments totaling €4.362 billion in 131 funds and investment mandates. Of the €2.4 billion in fixed income assets under management by Mirova, €1.6 billion is invested in green bonds. One of its flagship strategies, applied by the Mirova Global Green Bond Fund, invests solely in green bonds (€228 million in the Luxembourg registered fund and €33 million in the US fund).

As well as green bond issuance, since 2018, Natixis has also offered two types of green or sustainable loans: loans earmarked to finance environment-related projects (term loans called "green loans") and syndicated loans meeting ESG criteria (green revolving credit facilities or green RCF called "sustainability-linked loans" or "ESG-linked loans"). This activity expanded sharply in 2019, with 40 deals finalized, compared with 12 in 2018.

2019 KEY EVENT

Agrial: the first CSR credit facility for an agricultural cooperative in France

Natixis was CSR agent for a €900 million syndicated loan facility for Agrial, an agricultural cooperative based in Normandy. The credit agreement indexes the loan interest rate to CSR indicators aligned with Agrial's own targets for 2025. These indicators include reducing energy consumption, increasing the sale of pesticides not made using chemical synthesis, and developing organic production.

(1) Climate Bonds Initiative, https://www.climatebonds.net/.
(2) https://www.ifre.com/featured/ifr-awards

6.3.2.5 Development of low carbon structured products

13 CLIMATE ACTION

2019 saw strong activity on the core range of climate indices developed since 2015, in particular on the Euronext ECO5E index launched in 2018 and the Climate Orientation, Solactive Climate and Energy Transitions indices.

Structured solutions based on these indices took on innovative forms — structured notes, green bonds and equity linked bonds — to meet the need for investment in sectors contributing to the energy and ecological transition with a range of solutions for both retail and institutional investors in different geographical regions.

Outstanding amounts sold by Natixis on the Climate and ESG indices total €2.4 billion.

2019 KEY EVENT

Natixis and Groupama launch a climate index-linked green bond fully committed to the energy transition

Natixis and Groupama Gan Vie, a Groupama subsidiary, joined forces to launch the first green bond that is fully committed to the energy transition. The product is indexed to the Euronext® Climate Objective 50 Euro EWD5 (ECO5E) index which received a Deal of the Year award by Structured Retail Products (SRP) (1). It comprises 50 euro zone stocks selected for their environmental commitment and their capacity to offer products and services compatible with a low carbon economy. The funds collected will be invested solely in wind, solar, hydroelectric and biomass projects that respect responsible management criteria. Inflows amounted to €360 million as of the end of 2019.

6.3.2.6 Aligning with the objectives of the Paris Agreement

The **Green Weighting Factor** (GWF) created in 2019 will allow Natixis to decarbonize its balance sheet and gradually align the impact of its financing activities with the central aim of the Paris Agreement, i.e. to limit the global temperature rise 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 (2). Natixis has given itself one year from the launch of the GWF initiative in September 2019 to determine the speed of its transition. Additional work is ongoing to translate the color ratings under the GWF methodology into a temperature scenario to allow Natixis set a target date for aligning its loan book with the central aim of the Paris Agreement.

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** developed a method for measuring the carbon footprint of issuers in different business sectors. The methodology (3) has been enhanced since 2018 to assess portfolio alignment with the climate scenarios set in the Paris Agreement, using:

- carbon footprint data from an external provider (scope 1, 2 and 3 emissions);
- 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 4.5°C for the MSCI Europe index and 3.8°C for the MSCI World index (4).

Aware of the importance and urgency of the climate challenge, **DNCA** has factored climate issues into its investment approach with the conviction that the ecological transition is both a risk factor and a source of investment opportunities. Its climate approach is based on the work and recommendations of the Taskforce on Climate-related Financial Disclosure (TCFD). The analysis, which uses a proprietary model, assesses the risks facing the issuer and any opportunities associated with its positioning on the ecological transition. The model draws on qualitative evidence and quantitative data:

- the issuer's exposure to climate risk depending on its business sector and geographical footprint.
- an assessment of the issuer's climate strategy.

For the SRI fund range (Beyond range), specific indicators have been developed in addition to traditional carbon measures to assess each fund's position regarding the financing of fossil fuels and green activities.

(1) https://www.structuredretailproducts.com/Event/Awards/a011t00000jfnpcaax?Tab=2
(2) See introduction on the Green Weighting Factor in Chapter 6.3.2.1.
(3) http://www.mirova.com/Content/Documents/Mirova/publications/VF/DocRecherche/ImpactClimatDesPortefeuilles2018.pdf
(4) Data at September 30, 2019.

In 2019, DNCA calculated its carbon footprint on 69% of its portfolio. It was then 195 t eCO_2 per million of revenue. DNCA aims to extend its climate impact analysis to all its equity and corporate bond investments by the end of 2020.

Ossiam has established a framework for measuring its portfolios' transition risk and comparing it with their benchmark. The framework can be applied to several indicators such as:

- greenhouse gas emissions;
- risks associated with the energy transition (measurement of coal, oil or gas reserves);
- impact measurement (measurement of green energy production or impact investments).

3 funds and 1 mandate benefit from this measurement framework (which represent €518 million, or 12.3% of assets under management) have a goal of achieving a 40% reduction (in relation to their benchmark) in their greenhouse gas emissions (scopes 1, 2, 3 upstream emissions), carbon intensity and potential emissions arising from fossil fuel reserves.

In 2019, Ossiam calculated its carbon footprint for 12.3% of its funds and mandate. The 3 funds has a carbon footprint of 241 t eCO_2 per million euros revenue compare to 355 t eCO_2 for the benchmark, and the mandate has a carbon footprint of 209 t eCO_2 per million euros revenue.

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.

At the end of 2019 it was on track to achieve its target, with over €980 million invested in green assets over the year. 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).

Naxicap Partners has supported the International Climate Initiative to help achieve the objectives of the Paris Agreement since 2016. As a signatory, Naxicap has undertaken to:

- acknowledge that climate change will have an impact on the economy that represents both a risk and an opportunity for companies;
- take climate issues into account throughout the investment period;
- perform a progressive measurement of the carbon footprint of its investment portfolio covering companies for which this indicator is material;
- work with the management of these companies to draft a plan to reduce emissions and adapt to climate change.

An initial estimate of the carbon intensity (scope 1 and 2 emissions) [(1)] of the companies in its portfolio was performed in 2019. This estimation has been realizer over 54% of its asset under management for a carbon footprint of 62 t eCO_2 per million euros invested (on 2018's data). The portfolio's scope 3 emissions will be estimated in 2020, followed by an emission reduction plan for the biggest contributors.

Natixis is involved in several initiatives with other financial institutions seeking to establish industry-wide methodological principles for calculating the carbon footprint of the portfolios managed by banks, insurers and asset managers (including Science Based Targets for Finance, a working group under the UNEP FI). 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 this carbon footprint.

6.3.3 Green growth: protecting and developing natural capital

6.3.3.1 The act4nature commitment

Natixis is already highly involved in protecting the climate and in 2018 it decided to commit all its business lines to preserving biodiversity by joining the act4nature [(2)] initiative sponsored by the non-profit Entreprises pour l'Environnement (EpE).

Under this initiative, which initially included 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. The French initiative expanded in 2019 to become act4nature International.

Natixis has signed up to the ten common principles of the act4nature International 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 April 2020, using SMART goals (Specific, Measurable, Agreed upon, Realistic, Time-based).

(1) https://www.naxicap.fr/catalogue-2019/#page/l
(2) http://www.act4nature.com/

To implement these commitments to biodiversity, Natixis has had an internal working group on natural capital since 2018 comprising experts from its different business lines: the ESR Department, financing, 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

The Green Weighting Factor introduced in September 2019 now systematically evaluates the impact of financing solutions on biodiversity in relevant sectors as well as the impact of dedicated financing solutions (project or asset financing) on Key Biodiversity Areas.

Natixis already incorporates an in-depth analysis of the impact on biodiversity in its project financing activities and in 2020 it will continue to step up 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 [1], additional action is required to meet the conditions set by the International Finance Corporation [2].

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 (including the Equator Principles) and Natixis' internal policies.

For **agricultural commodities**, Natixis helps its clients with natural capital protection. Natixis was Senior MLA for an innovative sustainability loan (revolving credit facility) for COFCO International for which it received the "Best Sustainability-Linked Loan" from The Asset [3]. This $2.1 billion syndicated loan included ESR objectives, in particular an improvement in agricultural product traceability, primarily soybeans sourced from Brazil. An independent third party will assess the achievement of the objectives each year. If the Company meets the objectives, the interest savings will be invested in sustainable supply chains and health and safety for local communities.

2019 KEY EVENT

Inclusion of sustainable agriculture criteria in the Ghana Cocoa Board's sustainable term loan

Natixis co-arranged a sustainable term loan for the Ghana Cocoa Board. This new $300 million loan over three years will finance production improvement programs and includes a margin adjustment mechanism based on environmental and social goals. One of the goals is the promotion of sustainable agricultural practice (training in these practices, planting of shade trees). This deal is one of the first in this sector to encourage environmentally friendly production techniques and improve farmers' livelihoods (in particular for women and children).

(1) IFC Performance Standard 6: biodiversity conservation and sustainable management of living natural resources.
(2) As defined in the Equator Principles.
(3) https://www.theasset.com/awards/regional-deal-2019

6.3.3.3 Thematic investment in natural capital

Since 2017, Mirova has used an investment platform specialized in preserving biodiversity and natural capital developed both in-house and via the acquisition of Althelia Ecosphère, which was finalized in 2019. Mirova develops innovative investment solutions to mitigate and adapt to climate change, and to protect local regions, biodiversity, soil and marine resources, with €300 million invested in natural capital.

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 [(1)] 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 aims to deliver the following benefits:

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

The LDN Fund continued to raise funds throughout 2019, with commitments totaling $150 million and a target of $300 million. The LDN strategy was selected in the Real World Impact Initiative of the Year category at the UNPRI 2019 awards alongside four other finalists, reflecting international acknowledgement of the innovative and relevant nature of this strategy.

After financing its first project in Peru — to provide agroforestry systems for small coffee producers — three new land restoration projects were put forward in Bhutan, Indonesia and Kenya, involving 30,000 small farmers, with the aim of restoring over 45,000 hectares of degraded land and capturing nearly 2 million tons of CO_2.

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_2 by 35 Mt, and to create or improve jobs for over 100,000 people.

2019 KEY EVENT

Mirova launches a new strategy to protect the Amazon

Mirova plans to allocate $100 million in sustainable financing to protect, restore or improve living conditions for indigenous populations and to preserve biodiversity in the Amazon. The strategy is managed by Mirova Natural Capital in partnership with the US Agency for International Development (USAID).

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 Althelia Sustainable Ocean Fund (SOF) managed by Mirova, 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 nearly all of its target of $100 million, with more than $92 million raised as of the end of 2019. It will invest in around twenty sustainable projects such as sustainable offshore aquaculture and technology to reduce bycatch and the capture of juvenile fish such incidental capture accounts for 40% of fish caught around the world.

SOF's investments are having 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_2e 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).

2019 KEY EVENT

Thematics AM launches a water strategy

The Thematics AM water strategy invests in companies in the water sector that are addressing the global imbalance between supply and demand for this essential resource. The fund primarily invests in listed companies whose growth is linked to protecting water resources, improving water use efficiency and developing infrastructure (drinking water supply, waste water collection and treatment, rainwater management). The fund's assets under management amounted to $148 million at year-end 2019.

6.3.3.4 Development of natural capital structured products

In 2019, **Natixis** developed a range of Water and Ocean indices that encompass the challenges and risks relating to water resources and the preservation of marine ecosystems. This methodology addresses both consumption and pollution in sectors in which these issues are material. The impact of companies' activities is analyzed in terms of their efforts to:

- solve water-related problems with equipment or services;
- reduce pressure on water resources;
- manage water pollution risks.

Natixis worked with Euronext to create the Euronext® Water & Ocean Europe 40 EW index. This index, which is based on a holistic methodology, has a balanced sector allocation in order to better meet the challenges related to water. An impact report comparing performance with the benchmark will be produced each year.

6.3.3.5 Development of the circular economy

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 sixty members (public and private sector contracting authorities, construction firms, building materials manufacturers, project managers, and associations).

Several working groups have been created, including one to estimate the goodwill in buildings that are part of the circular economy, during their construction or renovation. Work has also been completed to share best practice for buildings in use and to factor reuse into Building Information Modeling (BIM).

6.4 Managing environmental, social and governance risks

6.4.1 Incorporating ESG criteria in financing operations and investments

Environmental, Social and Governance (ESG) risks are factored into financing and investment activities as part of a global approach involving the business lines, the ESR Department and the control functions. The approach includes drafting and applying ESR policies in the most exposed sectors, determining excluded sectors, and assessing and monitoring ESG risks on transactions and counterparties using various tools and processes.

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

On October 15, 2015, Natixis undertook to stop financing coal-fired power plants and thermal coal mining around the world. It also undertook to 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 pledge was translated into a sector policy applying to its financing, advisory, and capital markets activities and to its other products and services. It also applies to investments made by Ostrum, for all directly managed portfolios, and to Natixis Assurances, for all general-purpose funds. Both Ostrum and Natixis Assurances have stopped investing in industrial companies deriving 50% or more of their business from coal-fired power plants and/or thermal coal mining. Mirova prohibits all investments in the fossil fuel sector.

2019 KEY EVENT

Lowering of the limit from 50% to 25% in the coal sector

Natixis published a new, tougher coal policy on June 28, 2019, extending its exclusion criteria to all infrastructure projects (ports, railways and any other infrastructure or facility) linked to thermal coal. It also lowered the exclusion threshold, which now applies to financing or investing in companies deriving 25% or more of their business from coal-related activities (previously 50%).

https://www.natixis.com/natixis/jcms/lpaz5_8537/fr/integrer-les-risques-environnementaux-et-sociaux-dans-nos-metiers

At the end of 2019, Natixis had no outstanding financing exposure to thermal coal mining activities and only residual exposure to coal power plant and coal infrastructure financing.

Defense

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

For more information: https://www.natixis.com/natixis/jcms/lpaz5_8537/fr/integrer-les-risques-environnementaux-et-sociaux-dans-nos-metiers

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.

In light of this commitment, Natixis published a detailed account of its tobacco sector policy in May 2018. This policy applies to Natixis, Ostrum and Natixis Assurances' financing, investment and services activities.

For more information: https://www.natixis.com/natixis/jcms/lpaz5_8537/fr/integrer-les-risques-environnementaux-et-sociaux-dans-nos-metiers

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.

In November 2018, Natixis published an oil and gas sector policy setting out the terms of its 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;
- no longer provide general purpose corporate financing for, and no longer invest in [(1)], any company of which the aforementioned activities *(see above)* account for 30% or more of total operations;
- discontinue financing for onshore or offshore oil exploration and production projects in the Arctic.

For more information: *https://www.natixis.com/natixis/jcms/lpaz5_8537/fr/integrer-les-risques-environnementaux-et-sociaux-dans-nos-metiers*

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:

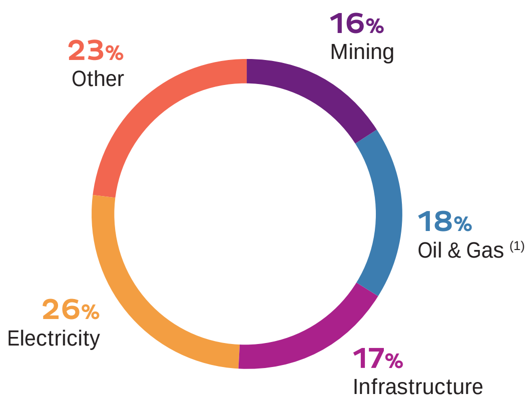
- nuclear: compliance with the strictest international security rules (IAEA, etc.), reliability of technologies, demonstration by the host country and the operator of their capacity to control and operate their nuclear industry, based on specific criteria;
- mining & metals: compliance with international 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

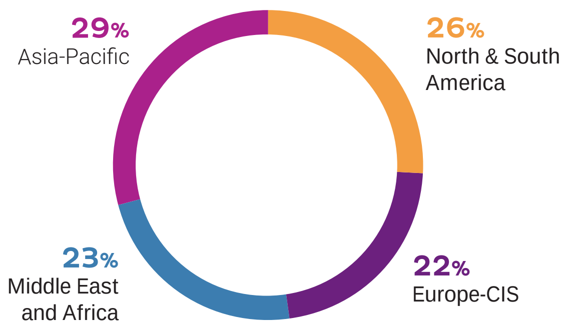
Managing environmental and social risks across Natixis' financing business lines involves analyzing clients and transactions to ensure they comply with its ESR policies and exclusion commitments, analyzing transactions according to the Equator Principles or other evaluation methods, and analyzing controversial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

Over the last three years, 428 such transactions have been managed in this way, with the following sector breakdown:

Breakdown of the number of transactions reviewed by sector (2017-2019)



Breakdown of the number of transactions reviewed by geographic area (2017-2019)



(1) This applies to all Natixis Assurances' investments.

Equator Principles

As a signatory of the Equator Principles since December 2010, Natixis applies an industry-wide methodology recognized by 101 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.

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 [1]).

On November 18, 2019, the banks and other members of the Equator Principles association approved an updated version of the Principles (EP4), which will take effect on July 1, 2020. The new version extends the scope of application of the Principles and strengthens the conditions applied when assessing transactions, in particular in terms of human rights (especially the rights of indigenous communities) and physical and transition risks arising from climate risk. Initiatives have been launched to raise team awareness and organize training.

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. This analysis will be systematically applied when the screening solution described below is rolled out.

A more robust client-assessment system

To identify, measure and monitor its corporate clients' environmental, social and governance (ESG) risks, Natixis has built a complementary solution, named ESR Screening.

2019 KEY EVENT

A solution to screen corporate clients' ESG risks

The new solution will be gradually rolled out in all regions in 2020. It will include two levels of assessment integrated with existing risk management systems.

- The first level will rank clients in a risk category based on the context in which they do business, the maturity of their ESR risk management system, any controversies to which they may be exposed and the type of business relationship they maintain with Natixis.
- The second level will perform an in-depth analysis of the most material ESG risks. The analysis will focus on counterparties identified as being the most at risk and will most often involve direct discussions with the client.

The system will be integrated with client onboarding and loan approval processes to allow the systematic analysis of ESG risks. It will involve the business lines, Compliance, and the Risk and ESR Departments. A far-reaching training and acculturation program will accompany the system's launch throughout the year. The assessment process will gradually be applied to the portfolio of existing clients, taking into account the schedule for periodic renewals of financing authorizations.

(1) https://www.natixis.com/natixis/jcms/ala_5415/en/environmental-and-social-risk-management

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, that are 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.

As such, particular attention is paid to climatic risks : physical and transition risks *(see chapter 6.4.3)*

Lastly, Natixis' Compliance Department has 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) *(see Chapter 6.2.5)*.

Duty of vigilance in purchasing

Since 2017, Natixis' Purchasing Department has 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 added value at the social and societal levels.

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 [1].

Regarding the enforcement of the duty of vigilance law, Natixis and BPCE Procurement took part in a concerted effort in the banking and insurance sector to map out ESR risks in purchasing activities, involving three other banking groups. The map, 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
	Personal data protection
	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

It 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.

The mapping system identified 13 types of high ESR risk-type purchases from among more than 100 purchasing categories in the banking sector. These high risk purchases 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:

- the ESR questionnaire based on the risk map is sent to the supplier;
- the supplier must detail their action plan to deal with the identified ESR risks;
- BPCE Procurement/Natixis ESR together assess this response;
- the ESR grade is built into the supplier's overall grade;
- the supplier action plan must be implemented where ESR grade is below average;
- monitoring of the supplier's action plan.

A first set of suppliers in high risk purchasing categories (servers, ATMs, payment cards, furniture) has been assessed under the process applied since 2018 and other categories of suppliers are under assessment.

This system can be used outside the consultation process for suppliers already approved or those that invoice large amounts to Groupe BPCE.

BPCE Procurement has provided training to familiarize the procurement and ESR functions with the system, in the form of morning procurement meetings, classroom-based lessons and specific duty of vigilance e-learning courses.

(1) https://back.bpce-achats.fr/storage/documents/9YMh2ecdXFSrAUhMOp4SKfZWh64bfInkxPnW5izi.pdf (French only)

Indicators are used to monitor the roll-out of the duty of vigilance process for high and very high risk procurement categories:

- 31% of relevant procurement categories have been assessed;
- 46% of relevant procurement categories are currently being assessed;
- 100% of BPCE Procurement buyers responsible for these procurement categories have received training.

Duty of vigilance in everyday operations

8 DECENT WORK AND ECONOMIC GROWTH

The environmental risks associated with Natixis' operations are discounted 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 regulations in France (representing nearly 70 % of Natixis employees) 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).

Internationally, the mapping carried out by the Natixis Human Resources Department shows that the working conditions of Natixis employees comply with local regulations or improve them, in particular in terms of working hours and dismissal conditions.

With regard to salaries, beyond compliance with regulatory minima, each entity participates each year in a targeted salary survey on financial services in order to allow the various trades to adapt their remuneration policy and verify their competitiveness.

In terms of social protection, the entities rely either on surveys conducted on a multi-year basis, or on the expertise of the brokers who intervene in the management of these programs to ensure that they are in line with standards of the financial services industry.

Maternity leave is generally more favorable than regulatory provisions and Natixis is considering a minimum leave applicable regardless of the country.

The safety and security of Natixis' employees and service providers are of vital importance. In 2019, the Security Department at Natixis in Paris rolled out solutions for all its offices focused on two major aspects: early warning and self-assessment.

- early warning systems are essential to be able to anticipate and respond quickly to risks and dangerous situations. To allow this, security managers can now access an early warning system on the internet that analyzes safety and security risks arising from geopolitical events;
- the self-assessment and compliance system used for the past three years has been reviewed and rationalized. Its use was extended from France to all offices at the end of 2019.

The international security roadmap has been approved by the Natixis Chief Operating Officer and will be presented to all offices in 2020 in order to establish priorities with the Heads of each office.

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 policies for sensitive sectors.

In addition, the ESR Department is working with the business lines and the Compliance and Risk Departments to implement a solution to identify, assess, and monitor its corporate clients' environmental, social and governance (ESG) risks. The new solution will be integrated with the client onboarding and loan approval processes and will be gradually rolled out across all regions in 2020 *(see 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 *(see Chapter 6.2.5)*.

6.4.3 Climate risks

The environment and climate emergency is one of the biggest challenges facing the world's economies and every one of us.

The world's leading scientists contributing to the Intergovernmental Panel on Climate Change (IPCC) have warned there is only 10 years left to limit global warming to 1,5 ° C and avoid catastrophic environmental (see the IPCC 2018 report https://www.ipcc.ch/sr15/)

The financial sector can and must spearhead the ecological transition by channeling funds into a sustainable economy. As a provider of financial solutions, Natixis has a role to play in this movement.

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

Taking this climate risk into consideration is crucial for the bank in all its areas of business: Asset Management, Financing and investments, insurance and Payments.

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

- the consequences of extreme climate events (e.g. storms, heatwaves, flooding of the Seine, etc.) that can directly impact Natixis in France and internationally are addressed in the Business Continuity Plan (BCP). The impact of the different scenarios is assessed in the operational risk map, resulting in the calculation of a VaR (value at risk) that takes into account external data, the quality of the BCP and insurance coverage;
- the climate risks linked to our business operations are 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). Since 2019, these risks have been incorporated into Natixis' risk monitoring system, the Risk Appetite Framework.

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 recognition 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 Program Finance Initiative (UNEP-FI) to address climate risks alongside 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).

In 2019, Natixis took part in banking sector discussions with the ACPR on two major topics: climate strategy and governance, and climate risk metrics. These meetings allowed banks to present and compare their systems and will allow the ACPR to publish a guide to best practice in taking climate risk into account in the first quarter of 2020.

Natixis was invited to present its system for analyzing transition risk in its financing activities by the NGFS (Network for Greening the Financial System), which includes 45 central banks and banking sector supervisors.

Transition risks

Transition risks arise when a company's business model needs to be adapted to a low carbon economy be it due to the introduction of stricter 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 gradually decarbonize its balance sheet. Climate and transition risk will be systematically incorporated into the assessment of financing opportunities *(see Chapter 6.3.2.1 Green Weighting Factor: an innovative solution for a greener loan book).*

Over and above the GWF methodology described above, this initiative has raised awareness of the risks and opportunities associated with climate change among business line and risk management teams. Insofar as since September 2019 each loan file reviewed by the Credit Committee and covered by the initiative must be rated for its climate impact, in-depth discussions are held during the loan approval process on the consequences of climate change on the borrower's activity.

In addition, training for the roll-out of the GWF also raised awareness among business line and risk management teams on the key concepts of climate risk analysis (materiality and intensity of climate risks, life-cycle analysis, supply chain analysis, associated reputation risk).

In accordance with Article 173, Provision VI of the Energy Transition for Green Growth Act establishing new ESG reporting obligations, certain Natixis subsidiaries have made extensive efforts to measure the carbon footprint of their portfolios *(see Chapter 6.3.2.6 Aligning with the objectives of the Paris Agreement)*:

- **Mirova and Natixis Assurances** use the Carbon Impact Analytics method co-developed by Mirova and Carbone 4 to calculate the carbon footprint of their portfolios.

  This innovative approach covers generated emissions, prevented emissions and each company's 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 are below the 2°C scenario and are much better than the main benchmark indices.

  Natixis Assurances has pledged to align its investment policy with the 2°C climate scenario and each year it will its devote nearly 10% of new investments to green assets, with a target of 10% of its total investments being in green assets by 2030;

- **DNCA** factors climate issues into its investment policy by drawing on the work and recommendations of the Taskforce on Climate-related Financial Disclosure (calculation of each company's climate risk exposure and assessment of its climate strategy). DNCA aims to extend its climate impact analysis to all its equity and corporate bond investments by the end of 2020;
- **Ossiam** has established a framework for measuring its portfolios' transition risk and comparing it with their benchmarks. Funds that benefit from this measure have a goal of achieving a 40% reduction in their absolute greenhouse gas emissions, carbon intensity and potential emissions arising from fossil fuel reserves (in relation to their benchmark);
- **Naxicap Partners** has signed up to the International Climate Initiative to help achieve the objectives of the Paris Agreement. An initial estimate of its carbon intensity (scope 1 and 2 emissions) was completed in 2019.

Physical risks

Climate change increases the 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 (interruptions in the supply chain, loss of operations), 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, to produce ideas for such solutions.

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 they are approved by as many institutions as possible. An initial simulation on a portfolio of real estate loans was performed at the end of 2019.

Several activities such as the insurance and real estate financing business lines, in partnership with the ESR Department, met with localized climate data providers to discuss solutions for measuring physical risks for specific portfolios.

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 emissions *(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.

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 Payments *(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.

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

Managing climate risk in projects financed by Natixis *(see chapter 6.4.1):* 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_2 emissions once it is in operation. This framework was strengthened by the EP IV amendment which take account physical and transition risks as set out in the TCFD ans the Paris Agreement.

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.

6.5 Managing our direct environmental impact

In line with its policy of recognizing ESR in its activities, for over ten years, Natixis has actively reduced its direct impact on the environment, which is significant given the number of its employees and offices. This impact reduction policy is broken down into six themes: sustainable real estate, management of resources and carbon emissions, digital sustainability, mobility, waste management, and the protection of biodiversity.

6.5.1 Sustainable real estate

The Real Estate and Logistics Department has introduced a total cost of ownership 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 6.8*) account for 239,228 m^2 in office space and 15,917 workstations, as well as two data centers operated for Groupe BPCE.

Creation and monitoring of certifications

For the purpose of managing its buildings and offices, Natixis has chosen to occupy buildings whose design and operation guarantee optimal environmental performance. The bank has 9 certified buildings (HQE [1], BBC [2], HPE [3] or BREEAM [4] certifications), covering a total surface area of 67,484 m^2.

Natixis' data centers' operating service has ISO 14001 [5] 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 department's commitments in terms of building works, operations 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.

For the past two years, *DIL Progress* certification has been performed by Bureau Veritas Certification.

Abroad, Natixis also 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, Natixis occupies a BREEAM [4] certified building. In Hong Kong, its teams work in the *ICC* building, which has received several certifications for its environmental performance (platinum-level BEAM [6] certification, bronze-level LEED [7] certification for interior design).

6.5.2 Management of resources

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 steadily reduced energy consumption in Natixis buildings since 2010, per workstation and per m^2 of rented surface.

(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.

Energy consumption

Scope: Natixis France — excluding data centers

Energy	2019	2018	2017
Energy consumption: electricity, heating and cooling of office buildings *(in MWh)*	39,345	56,022	55,806
Energy consumption per workstation *(in MWh)*	2,47	2.89	2.90
Energy consumption per m² of usable rented office space *(in MWh)*	0,16	0.18	0.19
Total heating oil consumption *(in m³)*	11	15	10

In 2019, energy consumption fell significantly, notably due to the change in scope (transfer of subsidiaries from the SFS pole to BPCE). Reported at the workplace, we observe a 15% drop in energy consumption between 2018 and 2019.

Following on from the commitment made in 2015, Natixis signed a new Paris Climate Action agreement in October 2018 and intends to contribute to the Sustainable Development Goals (SDGs) that are compatible with the city'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. This target has already been met, with a 40% reduction in consumption per m² since 2010.

2019 KEY EVENT

Natixis won the CUBE 2020 challenge

Natixis took part in the CUBE 2020 challenge organized by the IFPEB (French Institute for Building Efficiency), for the first time in 2018.

The building entered into the competition by Natixis is located in the 13th district of Paris. It has a surface area of 22,402 m², is used by 1,700 employees, and is home to the bank's trading floors. The competition involved the ESR, Logistics, IT, and Communications Departments and the building's occupants, with a goal of reducing energy consumption by 10% over the year.

This goal was more than met, with energy savings of 20% over one year, earning Natixis two medals — gold for energy savings (buildings > 13,000 m² category) and silver for communications.

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

- lighting: use of motion sensors (Frankfurt, Kazakhstan, Milan), re-lamping with LEDs or energy saving light bulbs (Frankfurt, Istanbul, Kazakhstan, Moscow), automatic switch-off (Madrid, Milan);
- air conditioning and ventilation systems optimization (Moscow, Kazakhstan).

Some offices produce power, for example the Liberté 2 site in Charenton has a solar 'carpet' that powers the building's water heating system. The heat produced by Natixis' data centers is used to heat a neighboring aquatics center.

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.

Green energy

7 AFFORDABLE AND CLEAN ENERGY

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.

Since 2019, Natixis' offices in Germany have been supplied with 100% renewable energy. All its international offices are working towards the same goal.

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 used by Natixis (99%) is sustainable forest management-certified (FSC certification) [(1)].

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

(1) FSC: Forest Stewardship Council.

Scope: Natixis France — letterhead paper and paper reams

Paper	2019	2018	2017
Total paper consumption *(in metric tons)*	166	266	350
Consumption per workstation *(in kg)*	10,30	13.70	18.18

In 2019, the bank's consumption of paper continued to fall, declining 25% relative to 2018.

Internal consumption (reams of paper, letterhead) has been falling steadily for several years, thanks to awareness-raising initiatives, the more widespread use of shared multifunction printers, and the company-wide roll-out of laptop computers, notably as part of the bank's Easy program.

6.5.3 Carbon footprint management

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

Natixis France carbon footprint

Carbon footprint *(in metric tons of CO_2 equivalent)*	2019	2018	2017
Energy	3,638	5,116	5,074
Procurement	58,003	60,569	56,413
Travel	9,557	13,278	13,676
Fixed assets	6,552	17,668	17,156
Other items	4,207	4,214	5,092
Total	**81,957**	**100,934**	**97,411**
Tons of CO_2 equivalent per person (FTE)	7,92	8.10	7.75

The 2019 carbon footprint is down due to several factors:

- A review of the scope: the SFS subsidiaries transferred in 2019 to BPCE are no longer taken into account in the calculation of Natixis carbon footprint;
- Changes in calculation methodology : exclusion of IT equipment already depreciated in accounting;
- A reduction in energy consumption (see chapter 6.5.2)
- A reduction in the impact of travel : taking into account the teleworking and decrease in business travel by car and plane;
- A significant reduction in GHG emissions linked to office IT fixed assets: In addition to the methodological change to exclude IT equipment already depreciated in accounting, there are 3 improvement vectors:
  - the replacement of desktop computers with laptops facilitates mobility and remote working while reducing energy consumption and greenhouse gas emissions;
  - the rationalization of printers has reduced the number of printers by 33% since 2017;
  - the roll-out of VoIP internet calling systems and the decommissioning of over 28,000 physical telephones reduced telecommunications carbon emissions by 69% in 2019.

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 6.3.2.6)*.

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 (electricity, heating, and cooling);
- **Business travel:** expanded use of public transportation and green means of transportation, green company cars, prioritized use of rail travel in the Natixis travel policy, development of videoconferencing and extension of telecommuting to limit employee travel;
- **IT:** managing the impact of digital *(see Chapter 6.5.6)*.

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 the use 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, until 2018, Natixis consumed and disposed of more than 3.5 million plastic cups every year.

2019 KEY EVENT

Elimination of plastic cups

A campaign to stop the use of disposable plastic cups was organized in all Natixis' offices in France and around the world during European Week for Waste Reduction. Employees were asked to use their own mug or to order one from Natixis' office supplies catalog.

Some subsidiaries led the way in this area: Dubai, London, New York and the Natixis Interépargne sites in Caen and Charenton had already stopped using disposal cups.

Waste sorting

Natixis' waste-sorting activities are conducted as follows:

- sorting and recycling of paper, plastic (bottles, cups) and metal (cans): collection points are installed in offices to replace individual trash cans and are systematically installed in new buildings;
- collection and special disposal of used ink cartridges, batteries and fluorescent and neon tubes;
- sorting and recycling of plastic pens.

Scope: Natixis France

Volume of sorted waste	2019	2018	2017
Paper, envelopes and cardboard *(in metric tons)*	352	578	717
Batteries *(in metric tons)*	0,12	0.56	1.45
Ink cartridges *(in metric tons)*	1,2	1.00	3.05

The volume of paper waste decreased substantially in 2019, in step with the decline in paper consumption.

Natixis also sells its IT equipment to companies specialized in reusing and recycling Waste Electrical and Electronic Equipment (WEEE). It represented 10 metrics tons in 2019.

The recycling of office furniture and carpets is also gaining ground, in particular since Natixis joined the Circolab non-profit in 2019, which promotes the circular economy in the construction and real estate sector.

Since 2018, a new waste sorting and collection circuit for used aluminum coffee capsules has been introduced in the main buildings that use such capsules, in conjunction with the bank's coffee supplier and the companies collecting the capsules.

Abroad, Natixis' offices in New York have aligned themselves with the approach by installing collection systems for this type of capsule.

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.

Raising awareness of waste sorting and waste reduction initiatives

During European Week for Waste Reduction, Natixis employees 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 and recycling process for collected waste.

Zero waste awareness campaigns were organized with a conference hosted by the Zero Waste France non-profit, and practical workshops on producing zero waste on a daily basis held by an employee committed to this movement.

6.5.5 Promoting sustainable mobility

Mobility plan

Since 2018, Natixis has stepped up 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. It enabled Natixis to take fresh steps to reduce the need for employees to travel and to support more environmentally-friendly forms of transport.

Facilitating telecommuting and remote working to reduce business travel: Telecommuting is being rolled out gradually. As of the end of 2019, 5,478 members of staff telecommute, representing 54% of the Natixis scope in France. The telecommuting agreement has been revised since 2018: in the event of a peak in pollution involving restrictions on car usage, additional telecommuting days are granted, as are 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.

Expanding bicycle infrastructure: Natixis has 650 indoor and outdoor bike parking spaces at its offices in Greater Paris. In addition, 15 of its 26 sites in Greater Paris have changing rooms with showers and lockers.

Facilitating the use of electric vehicles: Parking spaces fitted with charging sockets have been installed, with 117 spaces available at the end of 2019 (an increase of 40 spaces since 2018).

Encouraging the use of public transport and green modes of transport: Natixis encourages its employees to use public transport systems, which are widely 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.

2019 KEY EVENT

2019 European Mobility Week

To mark European Mobility Week, Natixis hosted a conference on "The future of green mobility in the Deux Rives neighborhood". The conference brought together stakeholders from the public and private sectors and addressed cycling, non-polluting means of transport and solutions planned in the 12th and 13th districts of Paris.

Car fleet management

The environmental impact of the company car fleet is significant. Natixis and its subsidiaries have 321 company vehicles, which travelled over 6.5 million km in 2019.

Natixis is therefore selecting more eco-friendly vehicles — in terms of both CO_2 and particulate emissions — under its car policy. The share of electric and hybrid engine vehicles in the bank's car fleet increased substantially in 2019, to 96 vehicles, or 14% 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_2 emission rates of 41.5 g/km.

The average CO_2 emission rate of the fleet has stabilized at 115 g/km with the implementation of the new WLTP standard, under which car manufacturers are obliged to lower their vehicles' CO_2 emissions.

The fleet only has one diesel car, which will be returned in 2020.

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 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)*	**2019**	2018	2017
Train (total)	7,853,749	12,053,828	11,849,431
Total travel by air	27,441,201	33,790,223	34,037,268
Total travel	**35,294,950**	45,844,051	45,886,699

In 2019, business travel has decreased significantly, particularly given the change in scope (SFS subsidiaries which are no longer taken into account)

For urgent courier services in the Paris region, the Real Estate and Logistics Department offers access to a bicycle courier service for distances of less than 3 km. In 2019, 49% of courier services were provided by bicycle couriers, representing a total distance of over 11,418 km traveled (compared to 4,000 km in 2017). Abroad, Natixis in Milan has also implemented a bicycle courier service.

6.5.6 Digital sustainability

Given the high level of digitization throughout Natixis' business lines, digital sustainability is a key challenge for Natixis. The information system has a very high environmental and social impact throughout the life cycle of its IT hardware: consumption of energy and natural resources, greenhouse gas emissions, waste management, and service accessibility.

Following an initial review in the Green IT report organized by WWF France and the Green IT Club, Natixis decided to implement a structured Digital Sustainability policy with announced aims, dedicated governance and a comprehensive action plan.

2019 KEY EVENT

Natixis signed the Institut Numérique Responsable (Institute for Digital Sustainability) charter

By signing this charter on June 4, 2019, Natixis confirmed its commitment to digital sustainability within its organization, with five fundamental principles:

- to optimize digital tools to limit their impact and consumption;
- to develop inclusive, sustainable services that are accessible to all;
- to foster ethical, responsible digital practice;
- to make digital measurable, transparent and clear;
- to facilitate the emergence of new behaviors and values.

In 2019, the IT Department focused its digital sustainability policy on reducing its direct impacts, ensuring responsible design for its digital services, and promoting new, clear, innovative solutions to address Natixis' social and environmental challenges.

Reducing the impact of digital (Green for IT)

This first pillar of the digital sustainability policy aims to reduce the impact of digital with more responsible purchasing, optimized life cycles for IT equipment and reduced energy consumption.

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 applications used by the bank has increased 2.5-fold since 2015, while the quantity of data center equipment has shrunk by 5%.

In 2019, the IT Department extended the length of use of employees' business smartphones by at least one year, which will generate savings of 58 tons of CO_2 equivalent in 2020.

As part of the optimization of its IT equipment, Natixis enabled the re-use of nearly 7,000 office devices with organizations specialized in the re-use of IT equipment and donated over 1,500 mobile phones, tables and laptops to charities and hospitals.

Natixis has been taking steps to keep its IT-related power consumption in check and thanks to more responsible purchasing, its new equipment uses less energy. The implementation of extended workstation standby settings, which began in 2019 with the aim of reducing user electricity consumption by 40%, is continuing in all buildings in France and around the world.

Responsible eco-design (Green by Design)

The IT Department aims to be able to offer digital services that fulfil Natixis' social and environmental commitments while meeting its business lines' requirements. For example, this involves designing infrastructure responsibly without compromising security, or ensuring we retain only the required data, without losing sight of our regulatory obligations. To find the right balance combining efficiency and simplicity, Natixis' IT teams will have to be innovative, unassuming and agile.

Digital serving ESR (Tech for Good)

This last component of Natixis' digital sustainability policy seeks to provide solutions for measuring the digital impact of Natixis' business lines and its employees' environmental footprint.

Since 2019, all Natixis employees can track their printouts and the associated greenhouse gas emissions. Other indicators regarding e-mail use, business travel and energy use will soon be added to raise employees' awareness of the environmental impact of their professional activity.

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 by banning the use of pesticides and saving water;
- sharing its knowledge of the subject with other partner companies, employees and project stakeholders.

In June 2018, Natixis inaugurated the first shared kitchen garden run by its employees on a patio of one of its Parisian buildings. The kitchen garden was designed to take a circular, sustainable approach by using some of the biodegradable waste generated by the adjacent company canteen to make compost, planting organic plants, and excluding agrochemicals. Gardening workshops allow novices to learn new skills so that they can manage the garden, which improves employees' quality of life at work and urban biodiversity in the neighborhood.

2019 KEY EVENT

Developing new green spaces

In response to a request by employees, two new shared kitchen gardens were created in Natixis' buildings in 2019 – one in Porto and one at the Liberté 2 building in Charenton. Employees were involved in designing the garden in partnership with a specialized firm, and were taught the basics of gardening and informed about the impact it would have on biodiversity.

In Frankfurt, for the past several years, Natixis has financed the planting of an orchard near the city which is home to many animals and plants. The fruit grown in the orchard feeds birds, insects and endangered wild bees, helping to preserve biodiversity in the region.

Lastly, several conferences around biodiversity were organized to raise employee awareness.

6.6 Employee engagement

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 long-standing trust of its clients.

In a profoundly changing environment (be they regulatory, digital, competitive, or societal), 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 has three objectives: to support the transformation of the business lines, promote a positive employee experience, and actively develop talent.

2019 KEY EVENT

Natixis receives Top Employer 2020 certification

For the fourth 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 single method of analysis used around the world.

Natixis ranked on Glassdoor

According to Glassdoor, and based on open reviews submitted to the platform, in 2019 Natixis was one of the 20 French companies offering the best work-life balance. The ranking takes into account employees' perception of Natixis' Work & Life program.

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[1] around the world, including Financial investments and entities within the accounting consolidation scope (Coface, Fimipar, Natixis Algérie).

	Natixis Worldwide		
Breakdown by division	**2019**	**2018 (a)**	**2017 (a)**
Corporate & Investment Banking	3,676	3,625	3,704
Asset & Wealth Management	4,914	4,730	4,265
Insurance	2,033	1,882	1,767
Specialized Financial Services	-	2,652	4,036
Payments	1,061	1,021	-
Support Departments and others	4,593	4,581	4,122
Total, excluding Financial Investments	**16,277**	**18,491**	**17,894**
Financial Investments (b)	5,203	5,136	5,099
Total Natixis Worldwide	**21,480**	**23,627**	**22,993**

(a) Data restated for transfers and restructuring between business lines.
(b) Coface, Private Equity, Natixis Algérie.
The 21,480 contracts in the Natixis Worldwide scope correspond to 19,639 FTE (*) (Management data). Excluding Coface, this figure is 16,389 FTE (Corporate & Investment Banking: 3,646, Asset & Wealth Management: 4,827, Insurance: 1,880, Payments: 998, Support Departments and others: 4,269, Financial Investments: 769).
Using Management data, the global breakdown of the 19,639 FTE employees by business line is as follows: Corporate & Investment Banking: 2,700, Asset & Wealth Management: 4,827, Insurance: 1,880, Payments: 998, Support Departments and others: 5,215, Financial Investments: 4,019 (769 excluding Coface).

(1) Companies in which Natixis directly or indirectly holds at least a 50% interest.

Regional breakdown of contracts *(in %)* (excl. Financial investments)	2019	2018	2017 [a]
France [b]	67.8%	70.9%	70.9%
EMEA	10.5%	7.9%	7.9%
North & South America	16.7%	14.3%	14.3%
Asia-Pacific	5.0%	3.7%	3.7%

(a) Data not restated for transfers and restructuring between business lines between 2018 and 2019.
(b) Including French overseas departments and territories.

Headcount – staff under contract (managed scope)

The **managed scope** covers all of Natixis and its subsidiaries[1] around the world that apply its HR Policies. The indicators provided in Chapter 6.4.3 refer to this scope.

	Managed scope					
	2019		2018 [a]		2017 [a]	
Breakdown by division	France [b]	Intl	France [b]	Intl	France [b]	Intl
Corporate & Investment Banking	1,415	1,968	1,366	2,014	1,654	1,905
Asset & Wealth Management	2,178	608	2,145	242	1,751	253
Insurance	1,974	59	1,833	49	1,714	53
Specialized Financial Services	-	-	2,563	28	3,666	25
Payments	682	-	653	-	-	-
Support Departments and others	4,160	433	4,283	298	3,992	130
	10,409	**3,068**	**12,843**	**2,631**	**12,777**	**2,366**
TOTAL	**13,477**		**15,474**		**15,143**	

Regional breakdown *(in %)*	2019	2018 [a]	2017 [a]
France [b]	77.2%	83.0%	84.4%
EMEA	11.2%	7.8%	6.9%
North & South America	6.0%	4.8%	4.7%
Asia-Pacific	5.6%	4.4%	4.1%

(a) Data not restated for transfers and restructuring between business lines between 2018 and 2019.
(b) Including French overseas departments and territories.

Breakdown of headcount *(by number of contracts)*	France			EMEA			North & South America			Asia-Pacific			Total worldwide		
	2019	2018	2017	2019	2018	2017	2019	2018	2017	2019	2018	2017	2019	2018	2017
Headcount under contract	**10,409**	**12,843**	**12,777**	**1,509**	**1,201**	**1,045**	**806**	**749**	**705**	**753**	**681**	**616**	**13,477**	**15,474**	**15,143**
o/w permanent employment contracts (as a %)	*97.6*	*97.4*	*97.4*	*97.7*	*97.3*	*95.9*	*100.0*	*100.0*	*100.0*	*98.7*	*98.1*	*97.9*	*97.8*	*97.6*	*97.9*
Men (as a %)	*50.3*	*47.9*	*48.6*	*67.4*	*67.4*	*64.9*	*65.9*	*66.4*	*67.1*	*53.9*	*55.2*	*56.8*	*53.4*	*50.7*	*50.9*
Women (as a %)	*49.7*	*52.1*	*51.4*	*32.6*	*32.6*	*35.1*	*34.1*	*33.6*	*32.9*	*46.1*	*44.8*	*43.2*	*46.6*	*49.3*	*49.1*

	France			EMEA			North & South America			Asia-Pacific			Total Worldwide		
Hires / Departures [a]	**2019**	2018	2017	**2019**	2018	2017	**2019**	2018	2017	**2019**	2018	2017	**2019**	2018	2017
Total new hires	**1290**	**1 469**	**1 322**	**366**	**363**	**288**	**102**	**134**	**129**	**123**	**154**	**144**	**1 881**	**2 120**	**1 883**
% Permanent employment contracts	68,8	62,0	55,5	89,3	92,3	87,2	100	100	100	95,9	94,2	93,8	76,2	71,9	66,3
Total departures	**1205**	**1 348**	**1 276**	**195**	**179**	**155**	**114**	**101**	**76**	**109**	**94**	**98**	**1 623**	**1 722**	**1 605**
o/w resignations	*313*	*345*	*289*	*121*	*97*	*66*	*66*	*63*	*37*	*85*	*70*	*62*	*585*	*575*	*454*
o/w terminations	*78*	*83*	*95*	*15*	*23*	*23*	*9*	*13*	*13*	*8*	*5*	*5*	*110*	*124*	*136*

(a) Including transfers of the activities outside the managed scope. The conversion of fixed-term employment contracts to permanent employment contract are included under both new hires (permanent employment contracts) and departures (fixed-term employment contracts).

	France			EMEA			North & South America			Asia-Pacific			Total worldwide		
Turnover (permanent employment contracts)	**2019**	2018	2017	**2019**	2018	2017	**2019**	2018	2017	**2019**	2018	2017	**2019**	2018	2017
Turnover *(in %)* [a]	**8.8**	**7.0**	**5.5**	**18.7**	**20.9**	**19.5**	**13.5**	**16.1**	**14.6**	**15.2**	**18.1**	**19.2**	**10.4**	**9.0**	**7.4**
New hire rate (in %) [b]	*10.0*	*7.5*	*5.9*	*24.7*	*29.2*	*26.5*	*12.8*	*18.3*	*18.4*	*16.1*	*22.3*	*23.5*	*12.0*	*10.4*	*8.6*
Departure rate (in %) [c]	*7.5*	*6.5*	*5.1*	*12.7*	*12.7*	*12.6*	*14.3*	*14.0*	*10.8*	*14.2*	*13.8*	*14.9*	*8.8*	*7.6*	*6.3*

(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 85% of employees in the Natixis France managed scope, working at 26 different companies, are covered by the collective bargaining agreements of the banking and insurance industries. There are, however, five separate agreements across the whole scope.

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.

	France			EMEA			North & South America			Asia-Pacific			Total worldwide		
	2019	2018	2017	**2019**	2018	2017	**2019**	2018	2017	**2019**	2018	2017	**2019**	2018	2017
Part-time workers as a % of headcount [a]	10.1	10.6	11.1	3.8	5.3	5.7	0.1	0.5	6.0	0.1	0.1	0.2	8.3	9.2	9.8
o/w women *(in %)*	87.4	88.9	89.4	84.2	85.9	88.3	100	100	100	100	100	100.0	87.2	88.8	89.4

(a) Excluding pre-retirees.

	France		
	2019	2018	2017
Absenteeism as a % of total headcount	5.8	6.1	6.2
Overtime *(in number of hours)*	18,603	24,561	19,532
Overtime *(in annual FTE)*	9.8	12.9	10.2

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:

- a standard framework for the Social and Economic Committee (CSE), the new employee representation body;
- 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 the hiring of 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, since 2017, strategic dialog with representative unions has taken place through the Strategy and Transformation Dialog Committee aimed at establishing a better understanding of the strategy and the transformation of the business lines.

Four agreements applicable to the Natixis France scope were signed in 2019:

2018 Natixis France agreement	Signing date
2019 wage agreement	24/01/2019
Agreement on social dialog	13/03/2019
Amendment No. 1 to the NI profit-sharing agreement of June 27, 2018	28/06/2019
Agreement on the payment of an additional profit-sharing bonus for 2018	02/09/2019

In addition to these overall agreements, several agreements were signed by Natixis' French entities in 2019, including nine by Natixis S.A.

Change management

Strategic Workforce Planning (SWP) mechanism

Under the collective bargaining agreement, 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

The "Change@Natixis" method in place since 2018 helps to address the human aspects of change management by serving as a frame of reference for any major transformation. The method was established in-house out of a need to better pre-empt the impact of transformation projects on working conditions, and to improve how the human aspects of change management are taken into consideration.

In 2019, an awareness campaign as well as specific training dedicated to key staff involved in the change-management process (the Leadership Circles, HR managers, project managers, etc.) were developed. Of note was the Change Leaders program which provides specific training for leaders and the human resources teams that support them.

Simplified structures and a new leadership model

In 2018, Natixis launched its program to simplify the organization by:

- **reducing the number of managerial levels** and making teams larger;
- recognizing talented employees by creating **three leadership roles:** manager-leaders, who focus on team development and activity oversight; project leaders, who manage strategic and cross-business projects; and expert leaders, who focus on the development and dissemination of specific expertise;
- applying a **new leadership model** to guide the actions of all leaders and help them drive the Company's transformation.

This move to simplify the organizational structure aims to make the Company more agile and empower its employees, to facilitate decision-making and to foster initiative and innovation. It has been accompanied by efforts to promote the view that leadership is no longer reserved for management.

The simplified organizational structure was deployed in 2019 throughout the Natixis-managed scope.

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. The program continued in 2019, with more than 77% of staff being issued laptops, training sessions on new collaborative working tools, and the provision of new workspaces, known as "Workplaces" for over 3,500 staff, allowing more interactive, collaborative and agile working methods. The Easy program is underpinned by a network of more than 400 correspondents — Easy Pilots — who have been specifically trained in digital tools and facilitate the development of new working habits on a daily basis.

Natixis Internationalization

As Natixis continues its international expansion, a support 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 39 STAs have been conducted in 2019, of which 10 were still in progress at December 31, 2019.
- the implementation of a vast **English program** to promote English as a working language, with initiatives and training tailored to the employee's needs;
- training programs to promote **interculturalism among teams**.

The international internal transfer policy remains applicable to Natixis as a whole.

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 ole 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 70% 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).

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 2019, eight of Natixis' companies in France took part in a wage equality index (see paragraph on "Gender Equality"). And as required by UK law, in 2019 Natixis London published its annual report on the wage gap between men and women.

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.

ESR criteria are factored into Natixis' compensation policy through:

- the inclusion of Natixis' ESR strategy when determining the Chief Executive Officer's variable annual compensation;
- ESR assessment goals set by non-financial agencies for the long-term incentive plan for members of the Senior Management Committee,
- the inclusion of ESR criteria (paper and energy consumption) in Natixis' profit-sharing agreement;
- the inclusion of additional specific ESR goals in certain Natixis subsidiary incentive schemes.
- SRI certification of half of employee savings schemes (PES and PERCO).

	France		
	2019	2018	2017
Average gross annual compensation of staff under permanent contracts [a] (excl. profit-sharing, incentives and employer contributions to the Company savings plan) *(in thousands of euros)*	89.7[b]	83.1	80.8
Average profit-sharing bonus *(in thousands of euros)*	2.8[c]	2.9	2.4
Average incentive bonus *(in thousands of euros)*	5.6[c]	5.7	5.2
Average gross employer contribution paid in respect of the Company savings plan and the collective pension plan (PERCO) *(in thousands of euros)*	3.3[c]	3.4	3.2

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

(b) Excluding Specialized Financial Services (SFS), disposed on 01/04/2019. It should be noted that the average gross annual compensation of staff under permanent contract in 2018, restated for the exclusion of the SFS division, would be 90.0).

(c) Including the Specialized Financial Services (SFS) division.

Note: The overall contribution amount paid in 2019 totaled €38.67 million (€43.76 in 2018 and €40.55 in 2017)

	France		
Accounting consolidation scope [a]	**2019**	2018	2017
Profit-sharing bonuses *(in millions of euros)*	41.5	42.2	33.9
Incentive bonuses *(in millions of euros)*	82.9	83.6	74.1

(a) On the accounting consolidation scope: mandatory employee profit totaled €40.1 million in 2019, €43.9 million in 2018, and €51.2 million in 2017; voluntary employee profit sharing totaled €96.3 million in 2019, €108.6 million in 2018, and €127.4 million in 2017.

N.B. Total payroll costs (wages and salaries, profit-sharing and incentive 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 in 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%. 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%). Employees' perception of the impact of new working environments and digital on efficiency has improved sharply (72%).

Employee expression

Natixis organizes regular events to allow all members of staff to express their opinions through idea-sharing challenges in various areas such as data or quality of life in the workplace.

2019 KEY EVENTS

Smart & Simple challenge

Under the impetus of Natixis' Senior Management Committee, the Smart & Simple Challenge for sharing ideas was launched in 2019 to encourage employees to become actors of change within the company. Employees were invited to connect to a platform and put forward their ideas on ways to simplify their everyday life at work. 220 ideas came out of the challenge, and four were selected by the members of the jury for implementation. The challenge gave participants the opportunity to be part of a collaborative and cross-business experience across the organization.

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.

Through its **Work & Life program, Natixis** is committed to pursue its efforts undertaken in 2019 to improve quality of life in the workplace via four objectives: ensuring conditions that enable employees to deliver high-quality work are met, improving the quality of relations and cooperation, improving well-being in the workplace, and better addressing the human aspects of transformation projects. According to the Employee Opinion survey, employees' perception of quality of life in the workplace improved in 2018, with an average score of 6.7/10.

Natixis continued rolling out its **telecommuting program** in France, with more than 5,000 telecommuters at end-December 2018, or 54.4% 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. There was a 100% satisfaction rate among participating employees both in terms of their well-being and their performance. More than 96% of managers have provided very positive feedback on the telecommuting system.

In terms of well-being in the workplace, to make everyday life easier staff now benefit from a **concierge service** at the Austerlitz and Charenton offices.

Natixis also signed the **Cancer@work** charter, undertaking to provide better support to employees suffering from cancer or a chronic illness. In 2019, Natixis took part in the associations events, including a "job dating" event aimed at candidates looking to return to the working world.

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

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.

For every 11 employees, Natixis SA and all its subsidiaries have a dedicated CSE tasked with promoting ways of improving health, safety and working conditions at the workplace.

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.

Workplace accidents and absenteeism due to illness

Scope: Natixis France (managed scope)

	France		
Workplace accidents	**2019**	**2018**	**2017**
Frequency of workplace accidents [(a)] *(number per million hours worked)*	6.11	6.61	7.17
Severity of workplace accidents [(b)] *(number of days of incapacity per thousand hours worked)*	0.13	0.23	0.17
Absenteeism due to illness (including for occupational illnesses) [(c)] *(as a %)*	2.9	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 2019, 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' policy on gender equality in the workplace is upheld in the framework agreement for companies in the France scope, and internationally through voluntary actions.

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, work-life balance and parenting, and communication and raising awareness. Further collective agreements and action plans on this topic are in force in other companies within the scope of Natixis France. The commitments made under these agreements are reviewed every year by dedicated equity committees.

In addition, in 2019 Natixis was part of the publication of a wage equality index between men and women that involve eight of its companies in France. The index is composed of five indicators that give a score out of 100. Every year, a legal entity uses the index to measure equality in the workplace between men and women: gaps in wages, individual salary increases and promotions, the percentage of women who receive an increase after maternity leave, the number of employees of an under-represented sex among the 10 highest-paid positions. 75% of Natixis' indexes were above 75% — the threshold from which corrective action is required.

Natixis set 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. These targets are reviewed by the Senior Management Committee every quarter.

In terms of training, Natixis has set up a talent development program for its female employees: "Réussir sa carrière au féminin" (achieving success in your career as a woman) for managers and experienced executives. 392 female employees of Natixis in France have participated in the program since its launch, including 32 in 2019.

To promote the attractiveness of Natixis**, a "Women in Finance" Shadowing Day** was held for female students from business and engineering schools to experience what it's like to be a woman working at Natixis. The objective was twofold: to show these young women jobs in finance among; and to draw them to jobs that are currently predominantly occupied by men. In 2019, some 50 young women took part in the initiative.

In March 2019, Natixis also attended two conferences on the topic of **Women in Finance** at Dauphine University and Skema Business School in order to promote jobs among female students.

In May 2019, Natixis was a partner at the Women in Sciences event in Paris, which was attended by 130 young women who had come to participate in practical applications of scientific modeling.

Since 2018, Natixis has been part of Marie-Claire magazine **think tank on quality**, in association with Connecting Leaders Club, which brings together well-known leaders in business, media and culture. Many gathering covering a range of themes were held in order to discuss and come up with ideas for concrete actions to be put forward to decision-makers in both the public and private sectors.

International Women's Day provides Natixis the opportunity every year to raise awareness by organizing conferences and testimonials in the different countries in which it operates on gender equality in the workplace.

2019 KEY EVENTS

Launch of the Women Sponsorship program

In 2019, Natixis designed and ran a mentoring program dedicated to the talents of the women from the Purple Leaders community (extended leadership circle). Through the program, 15 women can benefit from the support from a member of the Senior Management Committee or the Comex for a period of one year. The goal is to promote talented women in the company, make them more visible, and encourage them to take on bigger responsibilities at Natixis.

Natixis signs on to the Women Empowerment Principles (WEP)

March 8, 20 presented Natixis with the opportunity to formalize its commitment to UN Women by agreeing to the Women Empowerment Principles (WEP), signed by Natixis Chief Executive Officer François Riahi, thus officially launching the creation of a dedicated fund. On a broader note, for Natixis this commitment is a way of emphasizing the connection between gender equality and economic performance.

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), and coordinates a network on different aspects of personal and professional development. This organization is sponsored by François Riahi, Chief Executive Officer of Natixis. Since 2018, Winn opened to men who can now participate in events and actively support the promotion of gender equality at Natixis. In 2019, there were 1,078 participants globally, including 278 men.

Gatherings such as conferences, workshops and networking events focused on equality and diversity took place throughout the year both in and outside France. They key themes included "Taking action for a more equal society", together with representatives from associations dedicated to addressing inequalities throughout the working lives of girls and women; and a General Shareholders' Meeting on themed "Equality in the banking sector", which took the form of a round-table discussion involving both men and women.

Further afield, other initiatives in favor of equality between women and men took place in 2019:

A signatory of the **Women in Finance Charter,** Natixis London committed to a target of 30% of women in senior management roles within five years. Natixis London also launched its first "Natixis Pride" LGBT network.

In the US, a dedicated support program called **Debut 2.0** was created to help women has they return to the workplace after a long period of absence. In 2019, six women benefited from the program.

In Asia, the DANA (Diversity At Natixis APAC) initiative launched in 2018 continued to engage all employees in combatting stereotypes by signing an internal charter.

In 2019, Natixis Algérie rolled out its Shadowing Day to give young women insights into finance careers.

	France			EMEA			North & South America			Asia-Pacific			Total worldwide		
	2019	2018	2017	**2019**	2018	2017	**2019**	2018	2017	**2019**	2018	2017	**2019**	2018	2017
% of women in the workforce	49.7	52.1	51.4	32.6	32.6	35.1	34.1	33.6	32.9	46.1	44.8	43.2	46.6	49.3	49.1

	Total worldwide		
	2019	2018	2017
% of women in the extended leadership circle (Purple Leaders)	29.6	29.4	29.2
% of women in the leadership circle (Global Leaders)	26.9	26.3	24.5
% of women on the Executive Committee	26.7	22.2	23.3
% of women on the Senior Management Committee	30.0	27.0	9.1

With respect to governance, Natixis has seven women on its Board of Directors, out of a total of 15 members, and two of the Special Committees (Audit Committee and Strategic Committee) are chaired by women.

	France		
	2019	2018	2017
Percentage of women among management level staff	43.4	44.6	43.8
Percentage of women among employees receiving promotions	57.5	59.3	57.4
Percentage of women among employees granted individual pay increases	57.5	58.9	55.7
Percentage of women among employees who received training	49.5	51.1	51.6

Initiatives for older employees

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

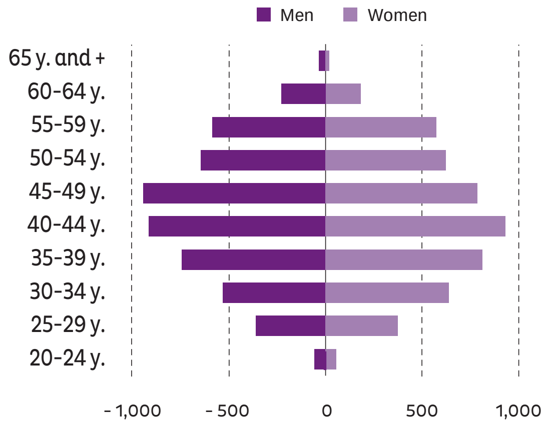
Natixis has committed to maintaining the percentage of employees aged 55 or older at more than 12% of the workforce (the figure was over 16% at year-end 2019), and to ensuring that persons aged 45 and older account for at least 5% of total annual hires.

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 2019 was 44.

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 for 47% of new hires to be young people under 30 (41% in 2019), to offer permanent contracts to 15% of work-study participants (13.8% in 2019), and to 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.

Since 2018 Natixis, in collaboration with Ecole Polytechnique and HEC Paris, have run **Chaire X-HEC** – an international chair for teaching and research aimed at developing a data usage culture. Of note, Natixis organized a Data Challenge in May 2019 for students, and in November took part in a data seminar.

In 2019, Natixis became the partner of the Bachelor Tech & Code Factory of the **Web School Factory**. It is a free three-year training program, including two years of apprenticeship to prepare for a career in coding and digital.

Natixis recruited more than 500 work-study participants, 400 interns (as part of excluding short-term introductory work placements) and 80 international corporate volunteers in 2019.

2018 KEY EVENT

Communication campaign on Natixis' employer promise

To embody the "More than Just a Job" employer promise to employees under 30, Natixis published a series of original documentary-style photographs on numerous social networks to showcase employees who are engaged both in and outside the workplace.

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.

In keeping with this commitment, Natixis has signed a fourth Mission Handicap agreement for a duration of three years as of January 1, 2020.

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 2019, 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.

2019 KEY EVENT

Raising awareness of invisible disabilities

As part of the European Disability Employment Week (EASPD), Natixis' teams across 27 locations in France took part in events about invisible disabilities, which represent 80% of disabilities in the workplace. The week included a conference on diabetes, events about cancer, language and learning difficulties, such as dyslexia and dysphasia, and allowed by discussions between staff and occupational doctors, as well as an online game, to round out the awareness campaign.

Disabled workers on staff	2019	2018	2017
Disabled workers on staff	487	405	441
Direct ratio [(a)] *(in %)*	3.55	3.32	3.31
Overall ratio [(b)] *(in %)*	4.83	4.43	4.44

(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**.

All of Natixis' skills development tools are available on the **Learning Hub**, which works as a single, profile-based point of entry that is connected to the new talent management platform, HR One. The platform centralizes all free-acess resources, and offers a vast range of format and scenarios for learning. It meets everybody's needs through:

- Access to the entire **training offering**, with the option of making requests online, train online, and choose the dates of the desired training;
- Access to mandatory training and follow-up;

- Access to **MOON**, a training platform for learning more about Natixis (its history, businesses, subsidiaries, strategic plan, staff support), in the form of a modular MOOC that includes videos, documents and quizzes;
- Access to **Vodeclic**, a training platform for desktop software and collaborative tools, featuring tutorials on hundreds of software, training drills, knowledge tests, and the possibility of building one's own customized progam;
- Access to **Think Digital**, a platform for acquiring a digital culture through a range of diverse courses (on data, blockchain, design thinking, or personal efficiency) in short formats (videos, quizzes, etc.), certifications, and a fun battle game for trainees to challenge one another;
- Access to mobile applications, such as **English Pocket** (to work on one's English by theme in workplace or team-work scenarios), or the application **Projet Voltaire** (to test one's spelling and revise the basics of the French language in a fun way);

Since 2019, any staff involved in driving or contributing to a project can benefit from a new development program called **Boost Your Project**. It includes a customized framework based on an individual self-assessment, as well as a specific methodology (classroom training, workshops, videos). Most importantly, participants join a community of project managers to share their experiences and best practices.

Natixis also organizes and coordinates **in-house trainer communities** comprising subject-matter experts, to help share specific skills.

In terms of awareness-raising, in 2019 Natixis organized the **Learning Days** to showcase the diversity of training opportunities available to staff, and highlight how important it is to learn every day. A week of talks, workshops, games, interviews, videos and challenges were enjoyed by over 2,000 participants.

To foster a culture of learning, throughout the year Natixis' employees have access to Learning Labs in the form of workshops on tools for building MOOCs and making and editing videos. Over 90 employees took part in these workshops in 2019.

2019 KEY EVENT

Recognition for Natixis' training policy

In 2019, Natixis received two major learning awards. The first was first prize on the "Learning Companies Barometer", awarded at Learn Assembly's French Touch Education event, in recognition of the rapid transformation of Natixis' Learning teams. The second was the "U-Spring" silver trophy in the "Strategic Transformation" category in recognition of Natixis' ability to innovate, as well as the impact of its training policy on the group's overall strategy and organization.

In 2019, Natixis employees in France received over 219,000 hours of training. 91.6% of employees took one or more training courses.

Scope: Natixis France (managed scope).

	France		
Training	**2019**	**2018**	**2017**
Number of employees trained	10,543	13,402	12,351
Number of training hours	219,096	287,218	225,375
o/w % of e-learning	*15.7*	*24.1*	*16.6*
Average number of training hours [(a)]	91.6	94.4	87.9
Average number of training hours per employee	20.8	21.4	18.2
Training topics *(as a % of training hours)*			
Office and IT	9.2	8.2	10.5
Languages	29.1	24.9	21.6
General training	19	23.6	21.0
o/w Personal and professional efficiency, Human Resources	*14.4*	*17.8*	*16.8*
o/w Management	*4.6*	*5.8*	*4.2*
Risks and regulations	16.8	15.8	12.7
Business line	17.6	18.5	26.3
Training resulting in a qualification	1.5	3.1	4.3
Other	6.7	6.0	4.0

Provisional consolidated figures at 07/02/2020, representing at least 90% of hours of training received during the year.

(a) Number of employees trained/(headcount at December 31 + number of employees out of the scope during the year)

Career Management

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 2019, this system was used to establish or update all succession plans for Executive Committee members and the majority of Natixis Global Leaders (inner leadership circle).

The individual development interview is an opportunity for in-depth discussion between all employees and their manager, focused on their professional and career development. An individual career development plan is drawn up following this meeting.

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

As an example, every year since 2013, the **Natixis Leadership Program (NLP)** has enabled a gender-balanced group of 20 young talents to do a course dedicated to corporate strategy, consisting of training, coaching and seminars.

Since 2018, the **Development Journey program** was also launched to support high-potential Purple Leaders in the preparation of their individual development plan, preparing them for their next career move.

Performance Management

The annual appraisal interview is an important meeting to evaluate the performance of employees. Objectives can also be reviewed or set during the year to adapt to the pace of the projects.

In 2019, 66% of employees had an individual development interview and more than 90% of employees received an annual appraisal during the 2019-2020 campaign.

2019 KEY EVENT

New talent-management platform rolled out

In 2019, Natixis acquired a new talent management platform: HR One. Within a single Oracle tool, it will cover all career management and talent development actions (training, monitoring progress in meeting targets, managing performance, individual development plans, etc.). HR One has been rolled out to the Natixis scope, and gives every employee the opportunity to manage their career development information, which makes it easier to implement development actions. The platform also improves information sharing between leaders and HR managers, thereby contributing to more efficient talent development.

Internal transfers

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

The Internal Transfer and Hiring Team was further developed in 2019, and was entrusted with filling over 94% of job openings in 2019, for a total of 1,371 hires.

Employees also have access to an intranet platform called **My Purple Career** that is dedicated to internal transfers. It offers rich content on career management and development (information on various jobs, advice, personal accounts, etc.). In 2019, almost half of the positions in the France scope are made available by internal transfers.

	France			EMEA			North & South America			Asia-Pacific			Total worldwide		
Internal transfers (1)	**2019**	2018	2017	**2019**	2018	2017	**2019**	2018	2017	**2019**	2018	2017	**2019**	2018	2017
Number of internal transfers	764	1,148	1,044	31	28	42	19	172	135	22	27	21	836	1,375	1,242
Internal transfer rate *(in %)*	7.4	9.3	8.4	2.3	2.4	4.4	2.4	23.1	19.3	3.0	4.0	3.5	6.3	9.3	8.5
Job openings filled through internal transfers (in %)	46.3	55.7	58.9	8.7	7.7	14.2	15.7	55.8	51.5	15.7	15.5	13.0	36.8	47.4	49.9
Internal transfers between divisions *(in %)*	11.3	13.5	10.8	16.1	3.6	7.1	15.8	2.3	0.7	4.5	11.1	-	11.4	11.8	9.4

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

6.6.2 Commitments to solidarity-related projects

Boosted by its employees' engagement, Natixis supports many projects to reduce inequality, combat disease or poverty and facilitate social integration for vulnerable individuals.

Sports and solidarity

For the tenth year running, Natixis entered a team into the Course du Cœur charity road race to support the Transform association in its public awareness campaign on organ donation. Staff and their families also turned out in large numbers for the Odyssea race in support of breast cancer research and for the Financial Community Telethon. Natixis fully matched employees' registration fees for the Odyssea race to fund cancer research by the Gustave Roussy center and those paid to AFM for the Telethon.

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 2019, 22 missions were completed for the protection of biodiversity, social and educational support for 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 more than 150.

Natixis Assurances allows its members of staff a day's leave each year so that they can do volunteer work with non-profit associations. In 2019, 195 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 784 missions have been carried out with associations since 2014.

Charity collections

In 2019, 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 Rejoué). A Christmas market in aid of Secours Populaire was also held in various Natixis' offices.

2019 KEY EVENT

Launch of the payroll giving scheme

As part of its ESR policy, in December 2019 Natixis launched a simple, innovative and participatory payroll giving scheme. In partnership with MicroDON, the scheme allows Natixis employees in France to donate to one of five charities by making a monthly micro-payment (from a few cents to several euros) which is taken straight from their pay. Natixis matches all donations with a 100% top-up.

Two months after the scheme's launch, the results for December are promising, with more than 424 donors and more than €5,000 raised. In 2020, the MicroDon platform will be rolled out to encourage time giving and offer employees different ways of supporting charity.

Support for student solidarity-based projects: the CAMPUS Awards

Each year, Natixis organizes a request for student solidarity projects, the CAMPUS Awards to encourage student socio-cultural, socio-athletic and sustainable development initiatives. For the seventh edition of the CAMPUS Awards in 2019, 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).

International solidarity

In all its international offices, Natixis establishes partnerships with general-interest associations and mobilizes employee support for solidarity-based projects, 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.
- Many charities are supported in **London**, including Future Frontiers and SOS Villages d'Enfants, which provide funds and daily support to families living in poverty. Staff also took part in various initiatives and events such as the planting of trees and a race in support of diversity.
- 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 several years ago continued:
  - the Central Park Conservancy, Sunrise, Make-a-Wish, the Ronald McDonald Foundation and the Children's Tumor Foundation in support of sick children;

  - the charities Dream, Publicolor and Mercy First, which support and help young people and their families in disadvantaged neighborhoods.
- 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 is continuing 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: preparation and distribution of meals for elderly persons, rooftop gardening sessions with disabled students, a coastal cleanup operation and a collection of Christmas gifts for disadvantaged children;
  - support for the charity Pour un Sourire d'Enfant (PSE) continued with the launch of a program of four-week internships for four students.

6.7 Table of reporting on Natixis' main commitments

2019 Non-financial performance report		United Nations Global Compact	PRI	PRB	Equator Principles	SDG	Act4nature
6.1.2	Strategic pillars of ESR						
6.1.3	ESR governance		6	4.6	5, 9, 10		
6.1.4	ESR commitments	1-10	1-6	1-6	1-10	1-17	1-10
6.1.5	Communications with stakeholders			4	5	17	2
6.1.6	Recognized ESR performance			4	5	17	2
6.2.1	The Natixis Code of Conduct	1, 2, 10				1-17	
6.2.2	Customer protection	1-10	2	5	1-10	1-17	1-10
6.3.1	Sustainable growth: financing the transformation in society					1-17	
6.3.1.1	A growing number of Natixis' Asset Management companies observe the Principles for Responsible Investment (PRI)	1-10	1-6	5-6	1-10	1-17	
6.3.1.2	Natixis commits to the new Principles for Responsible Banking (PRB)	1-10	5	1-6	1-10	1-17	
6.3.1.3	Socially responsible investment	1-10	1-6	1-6	1-10		
	Recognition of ESG criteria in the issuer analysis	7	1-6	2	1-10		
	Incorporation of ESG criteria and exclusion policies in investment decisions	7	1-6	2	1-10	5	
	Fund certification	1-10	1-6	1-6	1-10	11	
	Voting and engagement policies	1-10	1-6	1-6	1-10	5, 13	
6.3.1.4	Solidarity investment	4, 7	1-6	1-6	1, 2, 3.4	8.10	
6.3.1.5	Social impact finance	1-10	1, 2, 3	1, 2, 3	2, 3, 10	8, 10, 11	
6.3.2	Green growth: financing the energy transition and combating climate change	7, 8		1, 2	2, 4	13, 15	
6.3.2.1	GWF: an innovative solution	7, 8		1, 2	2, 4	13, 15	4
6.3.2.2	Financing and investment in renewable energy	7, 8	1, 2, 3	1, 2	2, 4	7	
6.3.2.3	Financing and investment in mobility and sustainable cities	7, 8	1, 2, 3	1, 2	2, 4	11, 13	
6.3.2.4	Green bonds and green loans	7, 8	1, 2, 3	1, 2	2, 4	13	
6.3.2.5	Development of low carbon structured products	7, 8		1,2	2,4	13	
6.3.2.6	Aligning with the objectives of the Paris Agreement	7, 8	1-6	1-6	2, 4	13	
6.3.3	Green growth: protecting and developing natural capital	7, 8	1, 2, 3	1, 2, 4	1-10	1, 2, 6, 12, 13, 14, 15	1-10
6.3.3.1	The Act4Nature commitment	7, 8	1, 2, 3	1, 2	2, 4	14, 15	1-10
6.3.3.2	Recognition of biodiversity in financing	7, 8		1, 2	1-10	14, 15	1, 2, 3, 4, 5, 6
6.3.3.3	Thematic investment in natural capital	7, 8	1, 2, 3	1, 2	1-10	1, 2, 13, 14, 15	1, 2, 3, 4, 5, 6
6.3.3.4	Development of natural capital structured products	7, 8		1, 2	1-10	6, 14	1, 2, 3, 4, 5, 6
6.3.3.5	Development of the solidarity-based economy	7,8		1, 2, 4		12	1, 2, 7, 8, 9, 10
6.4.1	Incorporating E&S criteria in financing operations and investments	1-10	1-6	1-6	1-10		
6.4.2	Duty of vigilance	1-10					
6.4.3	Climate risks	7, 8	1, 23	1		13	
6.5.1	Sustainable real estate	7, 8, 9				10, 11	7
6.5.2	Managing resource consumption	7, 8, 9				6, 7, 12	7
6.5.3	Carbon footprint management	7, 8, 9				7, 13	
6.5.4	Waste reduction and sorting	7, 8, 9				12	8
6.5.5	Promoting sustainable mobility	7, 8, 9				11	
6.5.6	Digital sustainability	7, 8, 9				12	
6.5.7	Developing green spaces	7, 8, 9				15	7, 8 9
6.6.1	Human Resources policy and diversity management	3, 4				5, 8	
6.6.1.1	Supporting the business lines' transformation	3				8	
6.6.1.2	Promoting a positive employee experience	4				5, 8	
6.6.1.3	Actively encouraging talented employees					8	
6.6.2	Commitments to solidarity-related projects					1-2-3-4-5-8-10	

6.8 Reporting frameworks and methodology

ESR reporting in 2019 is based on the requirements of the non-financial performance report.

The information in this document covers the 2019 fiscal year. The reporting period considered is one full calendar year, running from January 1 to December 31.

Environmental information relating to the direct impact of Natixis relates to the scope of Natixis France, with the exception of certain qualitative information collected from international locations.

Social information 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 [(1)] 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[(1)] 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 2019 :

- In the Natixis Worldwide scope:
  - Specialized Financial Services: sale of the businesses to Groupe BPCE on April 1, 2019 (2,611 employees), excluding Natixis Coficiné and Média Consulting & Investment, transferred to the Corporate & Investment Banking division. SFS is therefore excluded from the scope, without prorata calculation for the indicators.
  - Corporate & Investment Banking: the Mergers & Acquisitions business acquired a new company: Azure Capital Limited (Australia) — 30 employees.
  - Asset Wealth Management:
    - in France, creation of two entities (Natixis Investment Managers P1 and Thematics Asset Management — 8 employees).
    - internationally, the Wealth Management business acquired Massena Partners (Luxembourg) — 29 employees.
- In the managed scope:
  - Corporate & Investment Banking: transfers of business in France:
    - internally, transfer of Coficiné and MCI from the Specialized Financial Services division: 41 employees.
  - Asset & Wealth Management :
    - acquisition of a new company: AEW invest GMBH (Germany) — 29 employees.
    - integration into the managed scope of part of the workforce of Natixis Investment Managers International LLC — 224 employees.

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.

(1) Companies in which Natixis directly or indirectly holds at least a 50% interest.

List of subsidiaries included in the ESR reporting framework

Natixis France (managed scope)

Division	Business Line	Company
Corporate & Investment Banking		Natixis Coficiné
		Media Consulting & Investment
Asset & Wealth Management	Private Equity	Alliance Entreprendre
		Flexstone Partners SAS
		Naxicap Partners
		Seventure Partners
	Asset Management	Natixis Investment Managers
		Natixis Investment Managers International
		Ostrum Asset Management
		Natixis Asset Management Finance
		Mirova
		Mirova Althelia
		Seeyond
	Real Estate Asset Management	AEW Ciloger
	Wealth Management	Natixis Wealth Management
		VEGA Investment Managers
	Employee Savings Schemes	Natixis Interépargne
Insurance	Personal Insurance	BPCE Vie
		BPCE Relation Assurances
	Non-Life Insurance	BPCE Assurances
		BPCE Assurances Production Services
Payments		Natixis Payment Solutions
		Natixis Intertitres
		Titres Cadeaux

Natixis International (managed scope)

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

Division	Business Line	Company
Asset & Wealth Management	Private Equity	FLEXSTONE PARTNERS S.A.R.L
	Asset Management	Natixis Investment Managers, L.P.
		Natixis IM Australia Pty Limited
		Natixis IM Beijing
		Natixis IM Hong Kong Limited
		Natixis IM International, LLC
		Natixis IM LUX
		Natixis IM Mexico, S. de R.L. de C.V
		Natixis IM Middle East, a branch of Natixis IM UK Limited
		Natixis IM Munich
		Natixis IM, Nederlands
		Natixis IM, Nordics filial
		Natixis IM S.A., Korea Representative Office
		Natixis IM S.A. Oficina de Representación (Colombia)
		Natixis IM S.A., Succursale Italiana
		Natixis IM S.A., Zweigniederlassung Deutschland
		Natixis IM Securities Investment Consulting (Taipei) Co., Ltd.
		Natixis IM Singapore
		Natixis IM, Sucursal en España
		Natixis IM, Switzerland Sàrl_Geneva
		Natixis IM, Switzerland Sàrl_Zurich
		Natixis IM UK Limited

Division	Business Line	Company
		Natixis IM Uruguay S.A.
		Natixis Investment Managers Japan Co., Ltd.
		Ostrum Asset Management U.S. LLC
		Ostrum Asset Management Asia Limited
		Ostrum Asset Management Hong Kong Limited
		Ecosphere Capital Limited UK
		Mirova Luxembourg SAS
		Mirova US
		Vauban Infrastructure Luxembourg SARL
	Real Estate Asset Management	AEW Central Europe / Czech Republic
		AEW Central Europe Sp z o o
		AEW Europe Global LUX
		AEW Europe Italian Branch
		AEW Europe LLP
		AEW Europe SARL
		AEW Invest GMBH
	Wealth Management	Natixis Wealth Management Luxembourg
		Natixis Wealth Management Luxembourg, Belgian branch
Insurance	Personal Insurance	Natixis Life Luxembourg
Support Departments		Natixis - Succursale de Porto

6.9 Report by one of the Statutory Auditors on the Consolidated Non-Financial Performance Report contained in the management report

Fiscal year ended December 31, 2019

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

In our capacity as Statutory Auditor of Natixis S.A., we hereby present our report on the consolidated non-financial performance report for the year ended December 31, 2019 (hereafter referred to as the "Report"), as presented in the management report, and on a voluntary basis, in accordance with the legal and regulatory provisions of Articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

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".

However, it is not our responsibility to express an opinion on the company's compliance with other applicable legal and regulatory provisions, particularly with regard to the duty of due diligence, anti-corruption measures and taxation, or on the compliance of 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 the activity of all the companies included in the scope of consolidation and the description of the main risks.
- 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 the information provided for in section II of Article R. 225-105, where relevant in terms of the main risks, and includes, where appropriate, an explanation of the reasons for the absence of information required under paragraph 2 of section III of Article L. 225-102-1.
- We verified that the Report describes the company's business model and a description of 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.
- We consulted documents and held interviews to:
  - assess the process for selecting and approving the main risks as well as the consistency of the results, including the key performance indicators presented, in terms of the main risks and policies described;
  - corroborate the qualitative information (action and results) we deemed the most important [(1)] — for qualitative information related to certain risks (corruption and taxation), our review was performed at the level of the consolidating level, and for others at the level of the consolidating entity and on a selection of entities.

(1) *Selected qualitative information: the fight against tax evasion; number of ESG risk reviews; voting and engagement policy; review of the measurement of the portfolio's carbon footprint and/or climate trajectory; review of the roll-out of the Green Weighting Factor.*

- 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 familiarized ourselves with the internal control and risk management procedures established by the entity, and 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 results [1] we considered to be the most important, we applied:

- analytical procedures to verify the correct consolidation of collected data as well as the consistency of changes thereto;
- substantive tests, on a sampling basis, to verify the proper application of definitions and procedures, and to reconcile data with supporting documents. This review was performed on a selection of contributing entities [2] and covered between 63% and 100% of consolidated data in the key performance indicators and outcomes selected for these tests.

- We assessed the overall consistency of the Report based on our knowledge 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 engaged the skills of five persons between November 2019 and March 2020.

To assist us in our work, we called upon our experts sustainable development and corporate social responsibility experts. We conducted around 10 interviews with the people responsible for preparing the Report.

Conclusion

Based on our work, we did not observe any significant misstatement likely to call into question the compliance of the non-financial performance report with regulatory requirements, and the fair presentation of the Information, taken as a whole, in accordance with the Standard.

Comments

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 comments:

- Only a portion of the group’s asset management activities are concerned by the information relative to the integration of ESG criteria in investment activities as well as the methods for measuring portfolios’ climate impact;
- The portfolio carbon- and temperature-intensity indicators presented in the Declaration are a voluntary measurement of the impact of the group’s investment activities and were excluded from the scope of our work.

Paris—La Défense, March 6, 2020

One of the Statutory Auditors

Deloitte & Associés

Charlotte Vandeputte	**Julien Rivals**
Partner, Audit	**Partner, Sustainable Development**

(1) Selected quantitative information: French and international employees for the managed scope; percentage of permanent contracts in France; total new hires in France, total departures in France; 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, hot and cold fluid used in office buildings); total paper consumption, greenhouse gas emissions; amount of SRI assets for Ostrum, Mirova, DNCA, Ossiam, Naxicap, Seeyond and Thematics; amount of renewable energy financing arranged during the year; amount of sustainable real estate financing arranged during the year; amount of green bonds arranged during the year.

(2) Natixis France: Natixis S.A. Paris and its French subsidiaries (Ostrum, Mirova, DNCA, Ossiam, Naxicap, Seeyond and Thematics)