

Mr. Laurent Mignon
CEO
Groupe BPCE
50 Avenue Pierre Mendès France
75201 Paris Cedex 13
France

Wednesday 7 December 2022,

Dear Mr. Mignon,

I am writing to share ShareAction's 2022 banking survey '**In Debt to the Planet. An assessment of the 25 largest European banks' biodiversity and climate strategies.**'. We are extremely grateful for your contribution to our report and for all the positive engagement we have had this year with BPCE.

With COP27 now behind us and little progress made, we need the financial sector to lead the way if we are to reach the Paris climate goal net-zero by 2050. Banks have the opportunity to play a critical role by reducing the financing of harmful activities and increasing the finance to low-carbon alternatives.

The report assesses the themes critical to achieving net zero by 2050 and ranked banks based on the performance of their policies. We also highlight leading practice and call out banks whose policies are falling behind their peers.

Our research shows that Europe's largest banks are not yet doing enough to address the twin crises of climate change and biodiversity loss. This exposes banks to risks which pose a serious threat to future revenue and reputation, as well as posing material risks to our planet and everyone on it. While we recognise that the turbulent economic and political environment this year has created challenges, we urge banks to urgently strengthen their climate change and biodiversity policies.

Based on our analysis, your organisation ranked 9th with an overall score of 46% which is equivalent to a B-rating band. The climate change section of our questionnaire accounting for two-thirds of the marks. BPCE scored 49% and 40% of the points in the climate section and the biodiversity section, respectively. We would like to commend BPCE for adopting a Green Weighting Factor that weighs transactions according to their environmental impact and for integrating biodiversity risks in its standard risk processes for onboarding new clients, reviewing existing clients, and conducting due diligence of transactions.

To support you with identifying priorities for 2023, we have outlined three key asks for climate change and one key ask for biodiversity for BPCE which will be the focus of our engagement next year:

- Publicly disclose reliance on carbon offsets, including those of its clients, explaining how these will be minimised in line with 1.5C low-or-no overshoot pathways.

- Set financed emission reduction targets for high-carbon sectors including oil & gas and power generation, and cover all relevant emissions, greenhouse gases and financial activities within these targets. Oil & gas targets must be expressed on an absolute basis.
- Publish a plan by end 2023 at the latest to restrict financing for new oil & gas. This should include excluding asset financing to new oil & gas fields, new upstream oil & gas projects, and all unconventional oil & gas projects including related infrastructure such as pipelines, as well as a plan to restrict financing for new oil and gas at the corporate level. This can include:
 - a) a commitment to require clients to publish transition plans by a specific date, setting out red lines for it, and specifying that these plans must prohibit the development of new oil & gas fields;
 - b) a commitment to exclude oil & gas companies with expansion plans.

Biodiversity loss poses material risks to banks and requires urgent action. We encourage Barclays to prioritise taking action on biodiversity loss with the same urgency as climate change and publish a standalone biodiversity strategy ahead of its 2024 AGM.

We are committed to engaging with and supporting BPCE in the development of its policies and targets, and hope that our constructive dialogue will continue throughout 2023. As a next step, the banking team would appreciate the opportunity to present our report to you in the new year. Leyla Arpaciglu, Engagement Manager (Banks – Climate change and Biodiversity), will be in touch shortly to organise this with you.

I truly wish you and your team a wonderful Christmas break and I'm looking forward to building on our valuable relationship in 2023.

Warm regards,

A handwritten signature in black ink that reads "Catherine Howarth". The signature is written in a cursive, flowing style.

Catherine Howarth

Chief Executive

ShareAction