



AEFR Seminar

Feed-back on Sustainable Finance Regulations practices

June 28th 2022

| Agenda

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02 | Governance and transversal Taskforce

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Governance and Transversal Taskforces

Setting up a dedicated Regulatory Supervision Program

Objectives, scope and governance

« Comité des méthodologies de la finance durable »



- Operational impacts : to list all local operational impacts
- Process implementation: to define and implement process changes
- Regulatory deadline : monitor regulatory deadlines
- IT/data implementation: to define and implement IT /data solutions
- Controls / procedures : to set controls / procedures of the local process

ESG normalization

Group Sustainable Finance Methodologies Committee / Comité des méthodologies de la finance durable

Topics to be submitted to the approval of **BPCE Sustainable Finance Methodologies Committee** will be identified on a **continuous basis** jointly by the business lines projects and by the program (operational organization to be defined)



OBJECTIVE	<ul style="list-style-type: none"> Define shared ESG methodological approaches at Group level 		
ISSUES	<ul style="list-style-type: none"> Ensure consolidated KPIs consistency Prevent reputational risk 		
TASKS	<ul style="list-style-type: none"> harmonize the methodologies, define KPIs at Group level establish consistency between definitions ensure a transversal approach when selecting data providers 		
AREAS OF FOCUS	Alignment of our balance sheet and our investments on a “net zero” trajectory, and other ESR commitments	Support for all customers in their environmental transition	Implement sustainable finance regulatory requirements
MEMBERS	Business lines, Finance, Risk,		



Main challenges

Constrained Timeline

Regulatory timeline : requiring immediate actions, with constrained timelines not always consistent among them

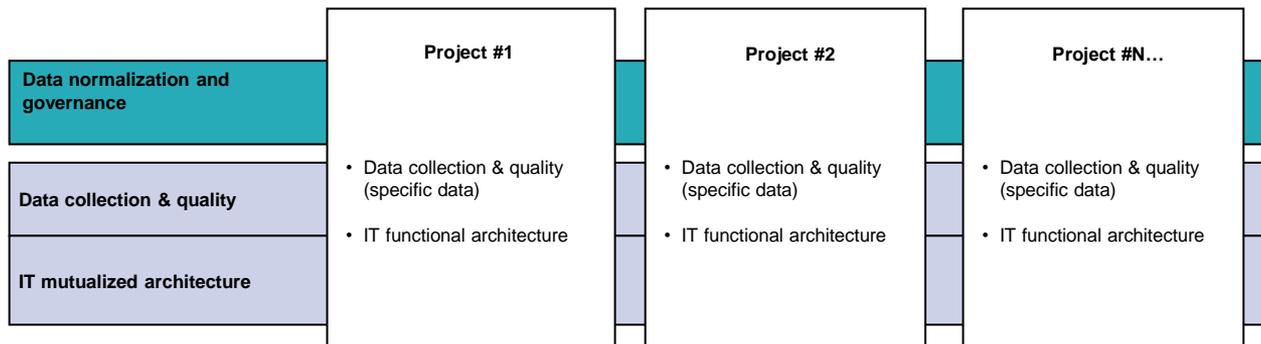
▲ Regulatory deadlines

	2022				2023				2024			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Article 8 of the Taxonomy Regulation	▲				▲				▲			
Sustainable Finance Disclosure Regulation (SFDR)	▲					▲			▲			
Article 29 of the Energy-Climate Law		▲				▲			▲			
ESG amendments to the AIFMD, UCITS and MiFID II frameworks			▲	▲								
EBA Pillar 3 disclosures of ESG risks					▲				▲			
Corporate Sustainability Reporting Directive (CSRD)									▲			
ECB guide on climate-related and environmental risks for banks	▲											
2022 ECB Climate Risk Stress Test		▲										
EBA Guidelines on Loan Origination and Monitoring – ESG related articles		▲				▲						

Dependency on data availability and quality

Defining a comprehensive framework to manage ESG data for multiple needs

Main approach and principles



Little Consistency in data providers/companies approach

With guidelines open to interpretation, the taxonomy eligibility and alignment produce very inconsistent results timeline



While Sustainablities and ISS ESG have assessed company's activities against all the taxonomy's requirement including DNSH and minimum safeguards, FTSE Russel figures have only passed the substantial contribution steps.

FTSE Russell did not provide alignment figures.

Source : Capital Monitor

Taxonomy eligibility and alignment data as provided by ESG ratings providers, in percentages

Company	Eligible			Aligned	
	FTSE Russell	Sustainalytics	ISS ESG	Sustainalytics	ISS ESG
Iberdrola	9.73	40.12	61.50	7.02	0
Volkswagen	2.51	5.00	3.13	1.00	0.61
Allianz SE	0		41.93		0
Enel	12.67	35.08	40.80	21.70	0
TotalEnergies SE	0.84	4.50	1.01	3.93	0
Siemens AG	31.50		13.78	0.09	0
Linde Plc	29.32	15.69	14.20		2.00
Airbus	1.00		0		0
Overall portfolio		6.95	12.22	2.26	0



PARTENAIRE PREMIUM

