



GROUPE BPCE

Coopératifs, banquiers et assureurs autrement.

GROUPE BPCE

Remuneration policy and practices governing the persons referred to in Article L.511-71 of the French Monetary and Financial Code

Fiscal year 2021

1. Scope of consolidation

Article 268 of the Ministerial Order of November 3, 2014 on internal control of companies in the banking, payment services and investment services sector, subject to supervision by the *Autorité de contrôle prudentiel et de résolution* (ACPR), the French prudential supervisory authority for the banking and insurance sector, states that the information referred to in Article 450 of Regulation (EU) No. 575/2013 is, where applicable, published at the level of the group subject to supervision on a consolidated basis.

This report, relating to remuneration awarded in respect of the 2021 fiscal year, brings together the main information contained in the reports of the large entities of Groupe BPCE "Group 1 companies", as well as the consolidated data from these reports.

Group 1 companies are the large credit institutions, finance companies and investment firms of Groupe BPCE within the meaning of Regulation (EU) No. 575/2013, which are subject on an individual and, where applicable, consolidated basis to the provisions of Articles L.511-71 et seq. of the French Monetary and Financial Code.

There is a total of 34 such companies:

- the 14 Banques Populaires;
- the 15 Caisses d'Épargne;
- BPCE SA;
- The large subsidiaries of BPCE SA: Natixis, CFF, Compagnie de Financement Foncier, Banque Palatine.

2. Process used to identify the persons referred to in Article L. 511-71 of the French Monetary and Financial Code

Pursuant to European Directive 2013/36/EU (Articles 92 to 95), its transposition into the French Monetary and Financial Code (Articles L.511-71 to L.511-88), the Ministerial Order of November 3, 2014 on internal control and Commission Delegated Regulation 2021/923, Groupe BPCE companies identify the categories of staff whose professional duties have a material impact on the Group's risk profile, based on qualitative and quantitative criteria defined in Commission Delegated Regulation 2021/923.

These criteria are deployed throughout Groupe BPCE in accordance with a Group standard adopted by the BPCE SA Supervisory Board. This standard is communicated to all Group 1 companies, which are responsible for applying it to the companies included in their sub-consolidation scope and subject to the regulations.

The latter, "Group 2 companies", subsidiaries of Group 1 companies, are credit institutions, finance companies and investment firms of Groupe BPCE located in the European Union or in a State party to the European Economic Area, which are not Group 1 companies, and which are subject on an individual basis to the provisions of Articles L.511-71 et seq. of the French Monetary and Financial Code, with the exception of the provisions of Articles L. 511-81 and L. 511-82 and the second paragraph of Article L. 511-84.

The list of identified employees at each company is collectively reviewed once a year by the Risk division, the Compliance division and the Human Resources division.

The elements presented in this report, whether quantitative data or remuneration policies and practices, concern only the population of risk-takers identified by Group 1 companies.

3. Remuneration policy decision-making process

In Group 1 companies, a remuneration committee has been set up. This Committee is composed of at least three members of the decision-making body, including independent members.

The Committee is chaired by an independent member meeting the criteria recommended by the AFEP-MEDEF Corporate Governance Code.

The members of the Committee may not be company directors.

It generally meets two to three times a year.

In particular, it conducts an annual review of:

- the guidelines of the company's remuneration policy;
- remuneration, allowances and benefits of any kind granted to the company's corporate officers;
- the remuneration granted to the Head of Risk Management and the Head of Compliance.

The Remuneration Committee expresses its opinion on the motions submitted by Executive Management regarding the persons defined in Article L.511-71, and recommends remuneration guidelines for this category of personnel to the Board of Directors or Supervisory Board.

The Board of Directors or Supervisory Board adopts the guidelines of the remuneration policy, as proposed by the Remuneration Committee.

4. General principles

The remuneration policy of Group companies is integral to the implementation of Group strategy. Its purpose is to establish competitive levels of remuneration in respect of the Group's reference markets, and it is structured in such a way to promote employee engagement over the long term while ensuring adequate management of risks and compliance. It reflects the individual and collective performances of its business lines.

Comparisons are regularly drawn between the practices of Group companies and those of other banks in France and around the world, in the interest of ensuring that the remuneration policy of Group companies remains competitive and appropriate for each business line.

At each company, total remuneration is made up of three components:

- fixed remuneration;
- annual variable remuneration for some or all employees;
- collective remuneration associated with employee savings schemes.

Employees receive some or all of these components, in accordance with their duties, skills and performance.

Fixed remuneration reflects the skills, duties and expertise expected for a given position, as well as the role and significance of the position in the company's structure. It is determined in accordance with the specific conditions of each business line in its local market.

Annual variable remuneration is granted based on the achievement of predetermined quantitative and qualitative targets, formalized during the annual performance review.

5. Ratios between fixed and variable components

The ratio between the variable and fixed remuneration components depends on staff category and level of responsibility.

At most companies, the ratio is limited to

- 100% for the Chief Executive Officer or the Chairman of the Management Board (120% for the Chairman of the Management Board of BPCE);
- 62.5% for Deputy Chief Executive Officers or Members of the Management Board;
- Less than 50% for other employees, depending on their level of responsibility.

In some cases, certain employees who are not corporate officers may receive a variable remuneration of more than 50%, but in any event the ratio is capped at 100%.

Only BPCE SA (for the Chairman of the Management Board), BRED and Natixis (for their market operators in particular) allow the ratio to exceed 100%, going as high as 200%, in accordance with the decision taken by their General Meeting in accordance with Article L.511-78 of the French Monetary and Financial Code.

6. Features of the remuneration policy

The policy regarding the payment of variable remuneration to persons defined in Article L.511-71 of the French Monetary and Financial Code and identified by Group 1 companies is set out below. It does not apply to persons identified solely by a Group 2 company.

6.1 Scope: Groupe BPCE excluding Natixis

In accordance with Articles L. 511-71 to L. 511-85 of the French Monetary and Financial Code, the policy for the payment of variable remuneration (deferral, shares or other instruments/cash, clawbacks) to employees identified as risk-takers, is as follows:

Principle of proportionality

The rules governing the payment of variable remuneration apply only when the amount of variable remuneration awarded exceeds a threshold set at €50,000.

In the event that the amount of variable remuneration awarded exceeds the threshold, the rules for paying variable remuneration apply to the total amount of variable remuneration.

Deferred and conditional payment of a fraction of variable remuneration where the amount of variable remuneration granted exceeds the threshold

Payment of a fraction of variable remuneration granted in respect of a given fiscal year is deferred over time and conditional.

This payment is staggered, for executive management of Group 1¹ companies, over the five fiscal years following the year in which the variable remuneration was granted, with a payment rate of one fifth, and for the other risk-takers, over the four fiscal years following the year in which the variable remuneration was granted, with a payment rate of one quarter.

Amount of deferred variable pay

The percentage of deferred variable remuneration is 40%, increased to 50% if the variable portion is equal to or greater than €500,000 and to 60% if it is equal to or greater than €1,000,000.

Payment in shares or equivalent instruments

Under the Group standard, as Group companies are not listed, the deferred component of variable remuneration is paid in cash, 50% indexed to an indicator representing the change in the value of Groupe BPCE and 50% indexed to an indicator representing the change in the value of the institution awarding the variable remuneration, it being specified that for BPCE SA and its subsidiaries, the indicator is 100% based on the change in the value of Groupe BPCE.

The indicator used for the value of Groupe BPCE is net income attributable to equity holders of the parent, calculated as a rolling average over the last three calendar years preceding the grant year and the payment years, and the indicator used for the value of the institution is net income attributable to equity holders of the parent of the institution, calculated as a rolling average over the last three calendar years preceding the year in which the variable remuneration is granted and the payment year.

In view of the additional minimum holding period required by regulations, the conditional payment of the deferred component of the variable portion for year N is made no earlier than October 1 of years N+2 to N+6 for executive management of Group 1 companies¹ and N+2 to N+5 for other risk-takers.

Application of penalties

In accordance with Article L. 511-83 of the French Monetary and Financial Code, each decision-making body determines the situations liable to call for the reduction or elimination of deferred portions of variable remuneration. For example, the BPCE Supervisory Board resolved, based on the motion of its Remuneration Committee, that the deferred portion of variable remuneration would only be paid if the normative RoE of Group business lines were 4% or higher.

¹ And Members of the BPCE Executive Management Committee

The payment schedule for the variable remuneration awarded in 2022 in respect of the 2021 fiscal year for the executive management of Group 1² companies is as follows:

VARIABLE REMUNERATION FOR FISCAL YEAR 2021 EXECUTIVE MANAGEMENT AND MEMBERS OF THE EXECUTIVE MANAGEMENT COMMITTEE							
Portion not subject to performance conditions			Deferred portion subject to a performance condition				
60% to 40% depending on the amount of the variable remuneration			40% to 60% depending on the amount of the variable remuneration				
Not indexed		Indexed	Indexed				
	at the earliest February 2022	at the earliest February 2023	October 2023	October 2024	October 2025	October 2026	October 2027
If variable remuneration awarded > €50 thousand* and < €500 thousand	50%	10%	8%	8%	8%	8%	8%
If variable remuneration awarded ≥ €500 thousand* and < €1 million	50%	-	10%	10%	10%	10%	10%
If variable remuneration awarded ≥ €1 million	40%	-	12%	12%	12%	12%	12%

* or one-third of the total remuneration

And for the other risk-takers:

VARIABLE REMUNERATION FOR FISCAL YEAR 2021 OTHER RISK-TAKERS						
Portion not subject to performance conditions			Deferred portion subject to a performance condition			
60% to 40% depending on the amount of the variable remuneration			40% to 60% depending on the amount of the variable remuneration			
Not indexed		Indexed	Indexed			
	at the earliest February 2022	at the earliest February 2023	October 2023	October 2024	October 2025	October 2026
If variable remuneration awarded > €50 thousand* and < €500 thousand	50%	10%	10%	10%	10%	10%

* or one-third of the total remuneration

6.2 Scope: Natixis

Above a certain amount of variable remuneration (set at €50,000 for the euro zone or one third of total remuneration), payment of a fraction of the variable remuneration awarded is conditional and deferred for a period of at least four years, and five years for members of the Executive Management Committee. This deferred amount of variable remuneration vests in equal installments during the deferral period following the year in which the variable remuneration is granted.

At least 40% of the variable remuneration awarded is deferred. This proportion rises to 60% for the highest variable remuneration.

Variable remuneration is also indexed at a minimum of 50%.

Indexed variable remuneration is subject to a holding period after it has been vested by the employee.

² And Members of the BPCE Executive Management Committee

Members of the Natixis Executive Management Committee are also eligible for grants under long-term incentive plans.

The vesting of deferred components of variable remuneration is contingent on satisfying performance requirements linked to the results of the group, company, and/or the business line, and/or the product line, and on Natixis' compliance with regulations on equity capital requirements. These conditions are clearly indicated when this remuneration is awarded.

The components of deferred variable remuneration may be reduced or eliminated during the vesting period, in the event of behavior exposing Natixis to unusual and material risks.

In addition, regulated employees, as well as front-office employees working in market activities, are specifically subject on an annual basis to the achievement of predetermined targets in terms of risk management and compliance. Conduct in terms of adhering to the risk and compliance rules, is notably taken into account when awarding annual variable remuneration.

Lastly, the variable remuneration awarded to the entire regulated population complies with the rules for capping variable remuneration in relation to fixed remuneration as defined by the regulations.

As a reminder, the CRD caps the variable component at 100% of the fixed component of the total remuneration of the regulated population, unless the General Meeting approves a higher ratio that cannot exceed 200%. On May 19, 2015, the Natixis General Meeting validated the capping of the variable component at 200% of the fixed component of the total remuneration of the regulated population for the 2015 fiscal year and subsequent fiscal years.

7. Aggregate quantitative disclosures

The information provided below concerns employees identified as risk-takers on a consolidated basis by Group 1 companies.

Table 1

Aggregate quantitative information on the remuneration of risk-takers of Group 1 companies, broken down by activity

Amounts awarded in respect of fiscal year 2021 – excluding employer contributions – in € thousands	Management body executive function	Management body supervisory function *	The entire management body	Investment banking	Retail banking	Asset management	Transversal functions	Independent audit function	Other	Total
Number of staff members identified										1 687
<i>o/w members of the management body</i>	149	42	191							
<i>o/w other members of Executive Management</i>				7	30	0	96	29	7	
<i>o/w other identified staff</i>				212	320	21	350	339	85	
Total remuneration	73 956	2 232	76 188	116 226	44 287	1 885	60 799	46 119	12 395	
<i>o/w variable remuneration</i>	33 278	0	33 278	58 708	10 249	351	13 838	10 381	3 442	
<i>o/w fixed remuneration</i>	40 678	2 232	42 910	57 518	34 038	1 534	46 961	35 738	8 953	

* the remuneration granted in 2021 for the sole purpose of the corporate office - limited to BPCE SA, Natixis, CFF, Compagnie de Financement Foncier, Banque Palatine - is reported

Table 2

Aggregate quantitative information on the remuneration of risk-takers of Group 1 companies, broken down for managerial staff and staff members whose professional activities have a material impact on the institutions' risk profile

Amounts awarded in respect of fiscal year 2021 – excluding employer contributions – in € thousands	Management body Supervisory function *	Management body Management function	Other members of Executive Management	Other identified staff	Total
Number of staff members identified	31	146	169	1 324	1 670
Total fixed remuneration	2 232	40 678	22 874	161 867	227 651
<i>o/w cash</i>	2 232	39 971	22 632	161 534	226 369
<i>o/w equities and equivalent property rights</i>	0	0	0	0	0
<i>o/w related instruments</i>	0	0	0	0	0
<i>o/w other instruments</i>	0	0	0	0	0
<i>o/w other forms</i>	0	707	242	333	1 282
Number of staff members identified	0	143	153	1 215	1 511
Total variable remuneration	0	33 278	7 053	89 917	130 248
<i>o/w cash</i>	0	15 967	5 057	50 010	71 034
<i>o/w deferred remuneration</i>	0	0	0	0	0
<i>o/w equities and equivalent property rights</i>	0	0	0	0	0
<i>o/w deferred remuneration</i>	0	0	0	0	0
<i>o/w related instruments</i>	0	11 509	1 996	6 452	19 958
<i>o/w deferred remuneration</i>	0	9 647	1 759	5 170	16 576
<i>o/w other instruments</i>	0	5 583	0	32 366	37 949
<i>o/w deferred remuneration</i>	0	5 583	0	32 366	37 949
<i>o/w other forms</i>	0	219	0	1 088	1 307
<i>o/w deferred remuneration</i>	0	0	0	0	0
Total remuneration	2 232	73 956	29 927	251 784	357 899

* limited to BPCE SA, Natixis, CFF, Compagnie de Financement Foncier and Banque Palatine

Table 3**Other remuneration components of risk-takers of Group 1 companies**

Amounts in € thousands – excluding employer contributions		Total
Deferred remuneration	Amount of deferred variable remuneration awarded for fiscal years prior to 2021 (before any reductions)	110 637
	o/w amount of deferred variable remuneration awarded in respect of fiscal years prior to 2021 that has not vested (vesting in subsequent fiscal years)	77 348
	o/w amount of deferred variable remuneration awarded in respect of fiscal years prior to 2021 and vested in 2021 (amount awarded)	33 289
Prior fiscal years	Amounts of reductions to deferred variable remuneration in 2021 as a result of the year's performance that were to vest in 2021	12 000
	Amounts of reductions to deferred variable remuneration in 2021 as a result of the year's performance that were to vest in subsequent fiscal years	0
	Total amount of implicit ex-post adjustments: difference between the payment and award values of the amounts of deferred variable remuneration awarded in respect of fiscal years prior to 2021 vested and paid in 2021	-13 508
	Amount of deferred variable remuneration awarded in respect of fiscal years prior to 2021 vested and paid in 2021 (after any reductions) at acquisition value	19 782
Special payments	Number of employees who received severance payments in 2021 for fiscal years prior to 2021	0
	Amount of severance payments awarded before 2021 and paid in 2021	0
	Number of recipients of severance pay in 2021	18
	Amount of severance payments awarded in 2021	3 959
	o/w amount paid in 2021	3 959
	o/w deferred amount	0
	o/w severance payments made in 2021 that are not included in the cap on additional paid-in capital	1 233
	o/w the highest amount was awarded to a single individual	-
	Number of risk-taking employees who received guaranteed variable remuneration in 2021 upon recruitment	11
	Amount of guaranteed variable remuneration awarded in 2021 in connection with the recruitment of a risk-taker	3 675
o/w guaranteed variable remuneration paid in 2021 and not taken into account in the cap on additional paid-in capital	379	

Table 4**Aggregate quantitative disclosures on remuneration ranging from €1,000,000 to €5,000,000**

Disclosed in accordance with Article 450 (i) of Regulation (EU) No. 575/2013.

Total remuneration in euros	Number of employees
From €1 million to €1.5 million	23
From €1.5 million to €2 million	11
From €2 million to €2.5 million	5
From €2.5 million to €3 million	1
From €3 million to €3.5 million	2
More than €3.5 million	-