2021

UNIVERSAL REGISTRATION DOCUMENT

ANNUAL FINANCIAL REPORT

LA POSTE
GROUPE

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UNIVERSAL REGISTRATION DOCUMENT 2021

Annual financial report

The Universal registration document can be viewed and downloaded on the website

www.lapostegroupe.com

LA POSTE GROUPE

AUTORITÉ DES MARCHÉS FINANCIERS AMF

This Universal registration document was filed with the French Financial Markets Authority (Autorité des marchés financiers - AMF) on 21 March 2022 in its capacity as the competent authority under Regulation (EU) No.2017/1129, without prior approval, in accordance with Article 9 of said regulation.The Universal registration document may be used for the purpose of a public offering of securities or the admission of securities to trading on a regulated market provided it is completed by a securities note and, where appropriate, a summary and all amendments made to the Universal registration document. These documents are subject to approval by the AMF in accordance with Regulation (EU) No.2017/1129.

This is a translation into English of the Universal registration document of the Company issued in French and it is available on the website of the Issuer



MESSAGE FROM THE CHAIRMAN

Philippe Wahl

Chairman and Chief Executive Officer of La Poste Groupe

“IN 2021, LA POSTE GROUPE’S RESULTS RECOVERED THANKS TO THE DAILY COMMITMENT OF POSTAL WORKERS.”

During a year still disrupted by the global health crisis, La Poste carried out its public service missions and continued its development.

Despite multiple headwinds (decline in mail, negative interest rates, competition for parcels), La Poste Groupe posted recovering results. With 2021 operating revenue of €34.6 billion, up by 11%, the group yet again demonstrated its resilience and spirit of conquest. This was made possible thanks to the daily commitment of La Poste’s 250,000 employees. Once again this year, their involvement in the service of our country was essential. The recovery of our results allows us to pay a profit-sharing bonus to the women and men who are involved in the transformation of La Poste Groupe every day.

Our new strategic plan “La Poste 2030, committed for you”, presented in February 2021, must prepare our group to support its customers in the context of the major transitions of the future. It must also enable the group, through its financial results, to finance its development itself. To respond to the rapid development of e-commerce, La Poste has just decided to devote €450 million over four years to its parcel logistics facility, bringing its industrial investment in France to more than €1 billion over the last ten years. La Poste also continues to invest to significantly improve the quality of service delivered to its customers. In particular, this year it modernised the IT equipment of its 28,000 customer service managers. La Poste is also investing to train the group’s women and men in the evolution of their jobs, a priority defined by the “La Poste committed with postal workers” employee agreement, signed on 4 May 2021. The two shareholders of the group, Caisse des Dépôts and the French State, have consistently and decisively supported our investments, thus consolidating our development. Their trust is a guarantee of solidity for La Poste Groupe, which will be in a position to pay them dividends for the year 2021.

The “La Poste 2030, committed for you” strategic plan has placed quality of service and customer satisfaction at the top of the group’s priorities. By creating the new Retail Customers and Digital Services business unit La Poste has decided to combine the power of its physical network with the best of its digital services. It has anchored its legitimacy in trust services such as digital IDs and digital safes. Improving customer satisfaction is La Poste’s central challenge for the coming years.

The group’s international development accelerated further this year, now accounting for 41% of our operating revenue. La Banque Postale has strengthened its presence in Brazil and Italy through CNP Assurances, and GeoPost has taken a position in the Middle East and increased its presence in Asia. With SEUR in Spain, BRT in Italy, Chronopost in France, DPDgroup in Northern and Eastern Europe, etc. La Poste Groupe currently operates the largest road parcel delivery network in

“FACED WITH THE ENVIRONMENTAL, DIGITAL AND DEMOGRAPHIC TRANSITIONS, LA POSTE IS ASSUMING ITS RESPONSIBILITIES. IN 2021, ITS STATUS AS “*ENTREPRISE À MISSION*” CONSOLIDATED ITS ACTIONS IN RESPECT OF A POSITIVE IMPACT ON SOCIETY.”

Europe In digital services, the group strengthened its digital expertise through transforming acquisitions: TimeOne (100%), a specialist in the generation of qualified profiles; Open Value (80%), a big data and AI consulting firm; Boxtal (100%), a comparator for online parcel delivery solutions; as well as the electronic signature activities of Idemia.

In a society marked by an ageing population, postal workers forge social ties, provide home services and meet local needs everywhere. New human proximity services increased over the year and reached a total of €642 million in operating revenue, up by more than 26%.

La Poste is a committed group, serving society as a whole.

Its public service missions are strengthened by the French State’s decision to grant an annual allowance for the universal postal service: this decision acknowledges La Poste’s usefulness in the life of the nation.

Faced with the environmental, digital and demographic transitions, La Poste is assuming its responsibilities. In June 2021, its status as “*entreprise à mission*” (a mission-driven Company) confirmed its actions in terms of positive impact on society, through four commitments: contribute to the development and cohesion of the regions; promote social inclusion; promote ethical, inclusive and frugal digital technologies; work to accelerate the environmental transition for all.

La Banque Postale is the first bank in France, and in the world, to abandon the financing of fossil fuels by 2030. GeoPost and the Services-Mail-Parcels business unit, the group’s logistics providers, are already the leaders in low-carbon delivery in France and Europe. La Poste Groupe’s commitment was significantly recognised this year with three non-financial ratings that confirm its societal commitment and the continuation of its CSR actions. CDP, a leading international organisation, has positioned La Poste Groupe on List A as regards the “Climate Change” component, i.e. among the 200 best-rated companies in the world. For its part, the Vigeo Eiris agency ranked La Poste Groupe, for the third consecutive year, No. 1 in the world, all sectors combined, with an overall score of 77/100 (+1 point vs. 2020). Lastly, Ecovadis yet again awarded La Poste the Platinum medal, with a score of 75/100. These awards are a source of great pride for our company.

In 2022, La Poste will continue to write its history, that of a human and digital company, green and responsible; that of a post office that makes proximity its business.

LA POSTE
GROUPE



510,000
Number of digital identities created



KEY FIGURES FOR 2021



Nearly
245,000
employees

€2.7bn
in investments (including external growth, excluding LBP)

94/100
Gender equality index



€34.6 bn

of operating revenue

4%

of operating revenue generated abroad



38%

of electric vehicles*

* light commercial vehicles, Staby, VAE, trolleys, heavy goods



2.8 billion

parcels delivered (Colissimo, GeoPost and e-Paq)

+6.8%

of increase in La Banque Postale business lines net banking income




LIGIER
LA POSTE

1 OVERVIEW OF THE GROUP

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1.1 PROFILE AND ORGANISATION

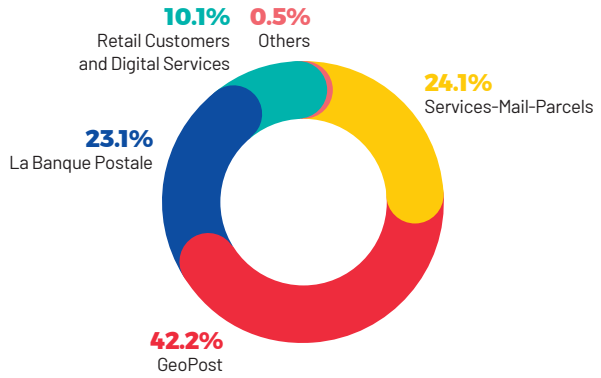
1.1.1 A LARGE MULTI-BUSINESS SERVICES GROUP

La Poste Groupe is a large multi-business services group, with operating revenue of €34.6 billion in 2021, of which 41.0% outside France, and operating profit of €3.4 billion. La Poste Groupe, 66% owned by Caisse des Dépôts and 34% owned by the French State following the completion of the transactions relating to the creation of a large public financial group on 4 March 2020, has 244,980 employees[1], of which over 21% are employed outside France.

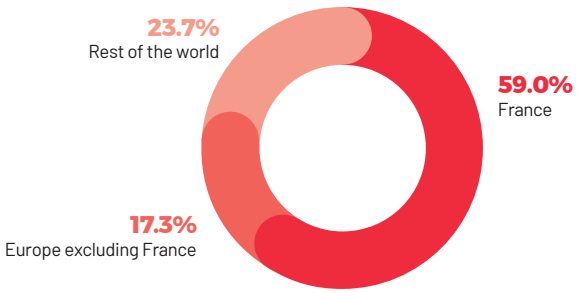
Consisting of the parent company (La Poste SA) and its subsidiaries (see Section 1.1.3 Simplified organisation charts), La Poste Groupe is organised around four business units:

- the **Services-Mail-Parcels** business unit brings together the traditional postal delivery activities, *i.e.* the delivery of business mail and avertising, press and parcel post for "professional" customers (see Section 1.3Services-Mail-Parcels). It also provides cross-border mail and small parcel delivery solutions. Itis actively developing its local services business (including the postman's new services) as well as new services for the elderly (Silver economy);
- **GeoPost,** a wholly-owned subsidiary of the group with a strong international presence (trading under its own name in 48 countries outside France), operates the group's express activity in France and abroad, with its core business being express road transport parcel delivery (see Section 1.3.2 GeoPost). GeoPost offers value-added delivery solutions to both professionals (BtoB) and private individuals (BtoC) on the last mile, at home and away from home; the business unit also ensures the operational management of Asendia since 1st July 2021;
- **La Banque Postale,** a wholly-owned subsidiary of the group which has inherited La Poste's financial services, has become a major player in bancassurance as part of the creation of a large public financial group around Caisse des Dépôts. Majority shareholder of CNP Assurances (78.9%), it is organised around four business lines: bancassurance in France, international bancassurance, wealth management and asset management, and corporate and investment banking (see Section 1.3.3 La Banque Postale);
- the **Retail Customers and Digital Services** business unit, created as part of the new strategic plan "La Poste 2030, committed for you" on 1st July, markets postal, financial and telephone products and services to private individuals, professionals and small local authorities by relying on La Poste Network and the group's digital solutions and services, as part of an omnichannel customer relationship. It is also the driver of the group's digital transformation in an increasingly digitised environment (see Section 1.3.4 Retail Customers and Digital Services business unit).

Contribution of the business units to consolidated operating revenue



Geographic breakdown of operating revenue in 2021



(1) *Average headcount in full-time equivalents.*

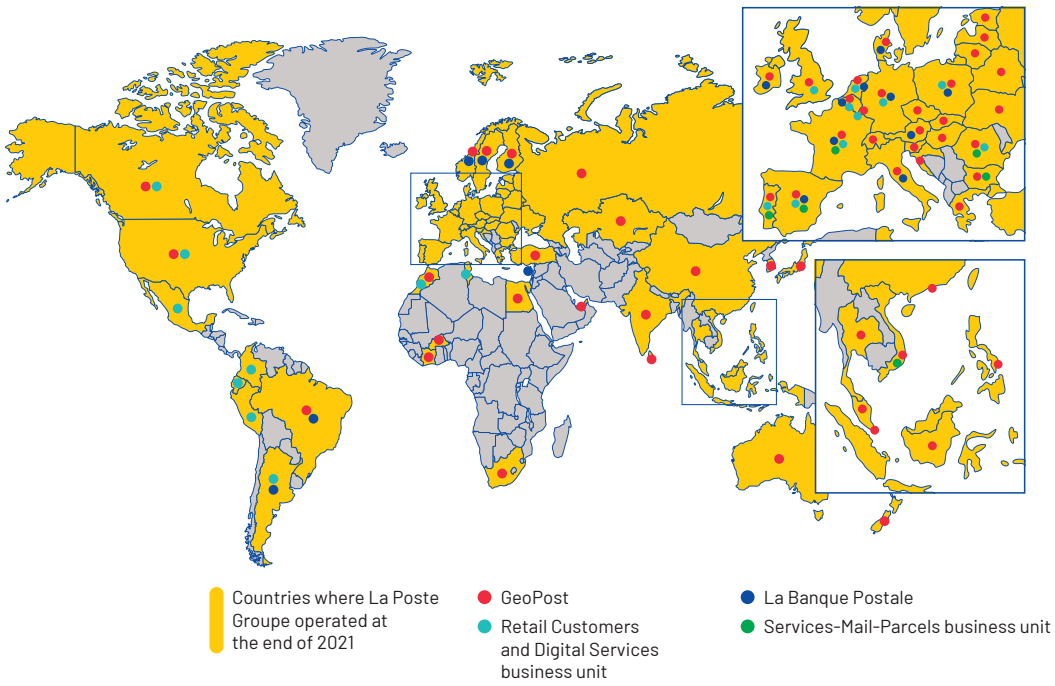
The group has an unrivalled presence and role throughout the country due to the number of La Poste retail outlets, giving it an unprecedented local reach. Its postmen visit French households six days a week, thus helping maintain or create social interaction and consolidating the group's position as a player in local development.

Its regional coverage is also reflected in its vast real estate portfolio (post offices, financial centres and commercial buildings, industrial platforms). Due to its size and the number of its assets, it is one of the largest real estate portfolios in France, mainly managed by the La Poste Immobilier subsidiary (see Section 1.3.5 La Poste Immobilier).

Four public service missions, at the heart of the group's identity, have been entrusted to La Poste by the French State, illustrating the role of the public sector company and its contribution to the general interest: the universal postal service, press transport and delivery, contribution to regional planning and development, and banking accessibility. These four missions are fully integrated into the group's activities and strategy. The terms and conditions for carrying out these missions are defined in Public Service Agreements signed between La Poste and the French State; the current agreement covers the 2018-2022 period. This agreement is supplemented, for each mission, by additional agreements (see Section 1.4.2 Regulations applicable to the public service missions).

Lastly, La Poste Groupe focuses its activities and strategy on a societal commitment rooted in its culture and history. This commitment is at the heart of the new strategic plan "La Poste 2030, committed for you" with the ambition of being a group with a positive impact on society. It was reaffirmed in June 2021 by the adoption of the status as "*Entreprise à mission*" (a mission-driven Company) by La Poste, as defined by the PACTE Act of 22 May 2019 (see Section 1.2 Fundamentals of the group).

La Poste Groupe's geographic footprint at 31 December 2021



1.1.2 KEY MILESTONES IN THE GROUP'S HISTORY

The first post offices appeared at the end of the sixteenth century. The first city postman appeared in 1760. The main organisational principles of mail delivery were put in place during the first half of the nineteenth century with the development of a network of La Poste retail outlets covering the country. A rural service allowing the countryside to be served by postmen was established in 1830, with a daily round from 1832. The first postage stamp was created in 1849. La Poste, as a company, originated in 1879 with the creation of the Ministry of Post and Telecommunications. From 1881, its financial activities extended to the management of passbook savings accounts. Postal checks were created in 1918. As of 1923, the postal and telecommunications public service was allocated a supplementary budget from the State.

1990 La Poste and France Télécom were granted legal entity status and financial autonomy under Act No. 90-568 of 2 July on the restructuring of the postal and telecommunications public service. La Poste became a public operator, with a tripartite Board of Directors governed by the provisions of the act on the democratisation of the public sector. Its status took the form of a French public industrial and commercial establishment (*Établissement public à caractère industriel et commercial* – EPIC). The act gave La Poste the management autonomy it needed to push forward with its development strategy. La Poste sets its major strategic orientations through planning contracts signed with the French State, which define both the Company's strategy and the objectives for achieving the public service missions entrusted to La Poste.

1999 Creation of GeoPost, a wholly-owned subsidiary bringing together the express activities, thus confirming the very innovative initial strategic positioning of La Poste, present in this market since the creation of Chronopost in 1985. GeoPost implements an external growth strategy based on targeted acquisitions of recognised domestic operators, mainly in Europe.

2003 La Poste develops its various activities by providing them with distinct structures. It also started to modernise its industrial facilities and post offices and to eliminate the competitive obstacles that the group had inherited from its past as a government service.

2005 Act No. 2005-516 of 20 May entrusted the regulation of postal activities to the French Authority for Regulation of the Electronic Communications and Postal Sectors (Autorité de régulation des communications électroniques et des postes – Arcep). La Banque Postale was created on 31 December from the legal transformation of Efiposte, an investment company created in 2000 to ensure the financial management of La Poste's outstanding sight deposits, and its desire to create a subsidiary with banking status with the capacity to carry all customer deposits in its balance sheet on the one hand, and loans on the other. Pursuant to Article 16 of this act and its Implementing Decree of 30 August, La Poste transferred to La Banque Postale all property, rights and obligations of any kind related to its financial services (including equity investments), with the exception of those necessary for its direct activities. As a result of these transactions, La Poste held the entire share capital of La Banque Postale [(1)].

2008 Adoption of the "Performance and Trust" strategic plan aimed at preparing the Company for the full opening up of all its activities to competition from 1 January, date of the liberalisation of the mail market. The plan contributes to the widespread implementation of customer commitments and a responsible development policy. Two separate documents are submitted to the Board of Directors: a Public Service Agreement signed between the French State and La Poste, which sets the objectives in terms of public service missions, and a business plan, which defines the Company strategy, aimed at developing and financing the activities while performing the public service missions, as part of a high-quality social model. At the request of the French Government, La Poste's Development Committee (known as "Ailleret") assessed the impacts of the new competitive environment, examined the various options for the group's development and estimated the financial requirements to achieve them. The Committee estimated that €2.7 billion were needed and proposed transforming La Poste into a public limited company (*société anonyme – SA*).

2010 The work of the Ailleret Committee resulted in the adoption of an act transforming the status of La Poste into an SA on 1st March. As a result of having share capital, La Poste can obtain financing through capital increases. This change, which was vital for financing a substantial investment plan, enabled the Company to execute and accelerate its development and innovation initiatives while improving its financial structure. The act sets out the principles underpinning the change in legal form: the continuity between La Poste and La Poste SA in terms of legal and financial matters and with regards to property is assured, and the employees retain their rights, particularly those with civil servant status. In addition, all of La Poste SA's share capital must be held by the French State, by legal entities belonging to the public sector, or by La Poste employees, where applicable. Lastly, this act confirms the four public service and general interest missions entrusted to La Poste, defined by Article 2 of the Act of 2 July as amended.

La Poste Groupe began modernising its industrial and logistics facilities to increase efficiency and introduce new services in a now fully competitive environment. It modernised and pooled the resources used by its distribution network.

GeoPost developed one of the leading European express networks thanks to a very active external growth policy.

(1) With the exception of the loan of one share to the Chairman of the Supervisory Board.

2011 La Banque Postale expanded its offering to include financing products and services for legal entities, and financing services for local authorities. It also offers all the products and services of a retail bank and continues its development through new acquisitions and the implementation or strengthening of partnerships, including consumer loans, property and casualty insurance, and health insurance.

2012 While the group has itself transformed, its markets have also changed significantly, notably with the digital transformation, which has led to increasing digitisation of data flows and a decline in customers visiting La Poste retail outlets in person.

On the occasion of the capital increase of €2.7 billion adopted by the Board of Directors in February 2011, the group welcomed a new shareholder alongside the French State: Caisse des Dépôts.

2013 Under the combined impacts of rapidly declining mail volumes and persistently low interest rates, La Poste Groupe saw its business model generate negative organic cash flows for the first time. Becoming increasingly aware of the fact that it needed to evolve rapidly and make profound changes, the group launched a vast consultation process involving its stakeholders (employees, trade unions, shareholders and members of the Board of Directors, as well as associations of local elected representatives and consumer associations). It also organised "Citizen Conferences" by inviting three groups of people representing rural and urban areas and microbusiness entrepreneurs to work together and share their expectations about La Poste.

2014 In January, La Poste presented its strategic plan entitled "La Poste 2020: Conquering the future", followed in April of the same year by the reorganisation of the group around five business units (Services-Mail-Parcels, GeoPost, La Banque Postale, Digital Services, La Poste Network) and a group Head ensuring strong strategic and financial management.

2018 In August, the French Minister of the Economy and Finance announced the planned strategic equity alliance between La Poste and Caisse des Dépôts aimed at providing La Poste Groupe with the means to accelerate its development. The project also provides for a strategic equity alliance between La Banque Postale and CNP Assurances, with the aim of developing a comprehensive bancassurance model allowing it to pursue its long-term development.

2019 In March, La Banque Postale acquired Société Générale's 35% stake in La Banque Postale Financement and thus became the sole shareholder of this subsidiary. La Banque Postale also continues its digital development with the launch of "Ma French Bank", a fully digital bank.

2020 The acquisition of BRT, the leader in parcels in Italy, represents a major step forward for GeoPost.

The group reached a decisive stage on 4 March, as decided by the Minister of the Economy and Finance in August 2018 and authorised by the PACTE Act. Caisse des Dépôts became the majority shareholder of La Poste with a stake of 66%, with the French State retaining a stake of 34%; at the same time, La Banque Postale became the majority shareholder of CNP Assurances, with a stake of 62.1% in its capital. This structuring transaction enables La Poste Groupe to continue to diversify its strategic model and allows La Banque Postale to complement its own model by becoming a leading bancassurer.

At the end of October 2020, the merger of the interest rate management activities of La Banque Postale and BPCE group (LBP AM and Ostrum AM respectively), mainly in the insurance field, within a common platform became effective, with the aim of creating a leading player in insurance management in Europe adhering to the principles of socially responsible investment (SRI).

Lastly, La Poste Groupe drew up its new strategic plan for 2030, in a context of an accelerating decline in mail volumes, an environment of very low interest rates, and the Covid-19 health crisis, by relying on a broad participatory approach with its stakeholders[1].

(1) Timelines specifically tracing the development stages of GeoPost and La Banque Postale are presented respectively in sections 1.3.2 "GeoPost" and 1.3.3 "La Banque Postale".

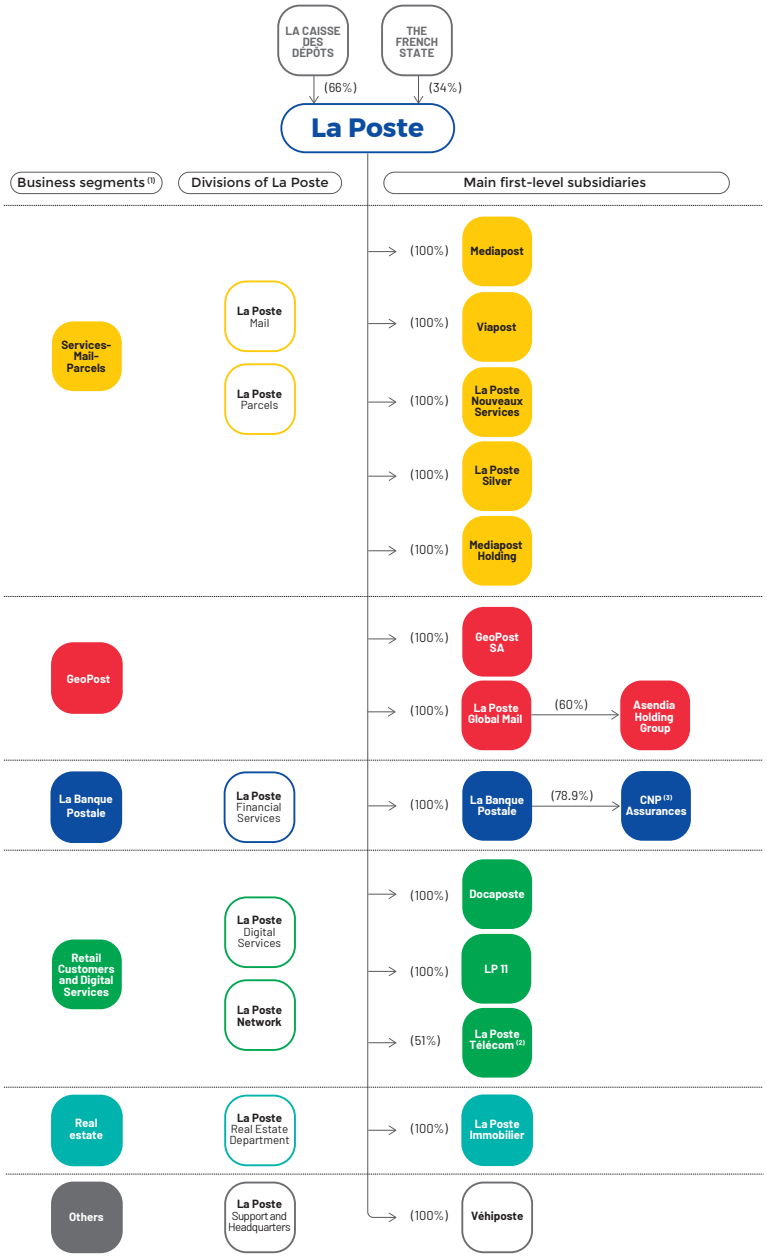
1.1.3 SIMPLIFIED ORGANISATION CHARTS

The group's organisation is structured around the operating segments described in the notes to the consolidated financial statements (Note 5).

These operating segments are composed of one or more divisions and first-level subsidiaries, which themselves own several subsidiaries, as detailed in the notes to the consolidated financial statements (Note 43). The activities of the group's operating segments are presented in Section 1.3 Activities of the group of this universal registration document.

The group's simplified organisational chart as at 31 December 2021 is presented below. The percentages mentioned for each entity correspond to the interest share in the capital.

Simplified organisation chart of La Poste Groupe



(1) *See details of each business segment's subsidiaries in the scope of consolidation presented in Note 43 to the consolidated financial statements.*

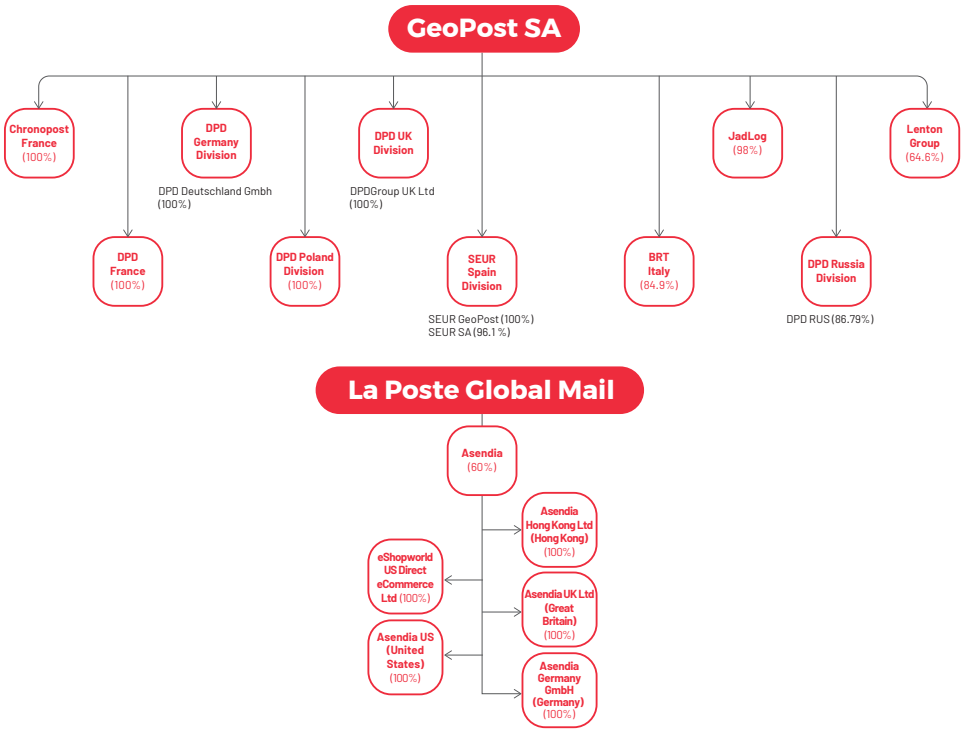
(2) *Joint venture owned with SFR.*

(3) *On 4 March 2020, La Banque Postale became the majority shareholder of CNP Assurances.*

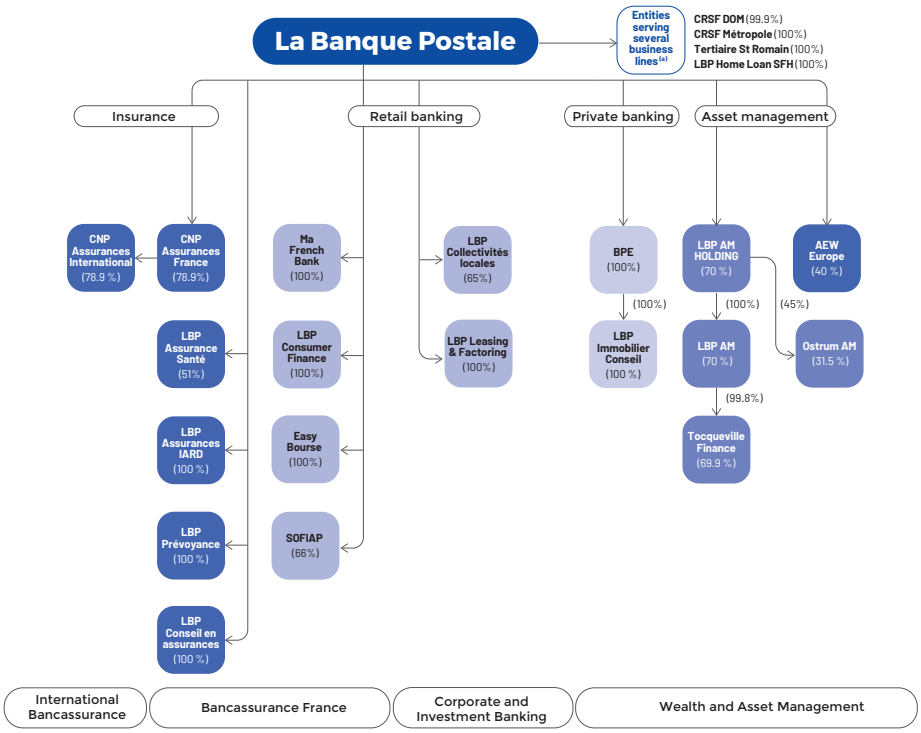
1

The main second- or third-level subsidiaries in the GeoPost and La Banque Postale segments are as follows (with the group's share of interest):

Simplified organisation chart of GeoPost



Simplified organisation chart of La Banque Postale



(a) LBP Home Loan SFH and the SCIs mainly provide services for the Bancassurance France and Corporate and Investment Banking activities.

1.2 FUNDAMENTALS OF THE GROUP

1.2.1 "*ENTREPRISE À MISSION*"

In June 2021, La Poste became one of the first public sector companies to adopt the status as an *"Entreprise à mission"* (mission-driven Company), created by the PACTE Act of 22 May 2019 on the growth and transformation of companies.

La Poste, a company that has served the public interest for five centuries, fits naturally into this concept of a company committed to serving everyone.

La Poste Groupe has been supporting the evolution of society in order to bring the benefits of social progress and technical innovation to everyone, everywhere and every day. It serves all stakeholders in French society, including citizens, companies, non-profit organisations and local authorities.

The group's commitment to serving the public interest is in line with its public service missions to go further in supporting the major transitions that impact society: environmental, regional and demographic transitions (including the ageing of the population) and digital.

Societal commitment is at the heart of La Poste's strategic plan "La Poste 2030, committed for you" and feeds into the social and societal ecosystem, with a desire to have an impact and drive all the stakeholders involved in these changes in the regions.

Raison d'être of La Poste and its employees

Developed with the involvement of the various stakeholders in the group's activities and validated by the Board of Directors on 25 February 2021, and now included in La Poste's Articles of Association, the *raison d'être* (purpose) summarises the essence and aim of La Poste's activities at the service of society. It is intended to be both an anchor and a guide for La Poste employees in their action, and a frame of reference for the Company.

The *raison d'être* explains the fundamental meaning of La Poste's action for all its stakeholders, which can be summarised as follows:

Since its founding in the fifteenth century, La Poste has always had the fundamental mission of connecting people across the country. Over the centuries, technologies have progressed; the services La Poste Groupe provides have expanded; the group's public service missions have themselves undergone changes. But La Poste Groupe's *raison d'être* has remained the same: **serving all, useful to everyone, La Poste, a proximity company with local anchorage, develops exchanges and forges essential links by contributing to the common good of society as a whole.**

Whether it is mail, parcels, banking, insurance or home services, La Poste Groupe addresses the multitude, serving its customers in a spirit of civic equality and regional equity. From the diffusion of cheques in 1919 to the exemplary expansion of La Poste Groupe's socially responsible financial products offer (SRI) today, as well as the development of green delivery in France and Europe and the distribution of responsible solutions for archiving digital documents and data, La Poste Groupe makes innovation and progress available to everyone.

Striving to serve all its stakeholders:

- La Poste makes life easier for its **customers** by providing many services they need in their daily lives: mail, parcels, banking transactions, e-health, home services, digital solutions. It supports them in the key stages of their journey, whether it be taking the Highway Code test, making a first investment or looking after their parents from a distance;
- La Poste contributes to the development of **companies**. Several million economic players are "linked and connected" every day by postmen. The group finances their growth, facilitates their development in e-commerce, helps them develop relationships with their customers and conquer new markets;
- La Poste ensures the interconnection of **regions** through its physical and digital networks, up to the last mile. In doing so, it also enables them to reach out to the world. Through its various modes of presence – nomadic or fixed, on its own or in partnership – La Poste adapts to the local community and helps maintain public services in the most isolated areas. Lastly, it is a major financier of local authorities and an active supporter for the development of emerging sectors such as the circular economy, crowdfunding and urban logistics;
- La Poste gives priority to the development of **postal workers**: 80% of them attend at least one training course each year. In addition, forward-looking skills management, encouraging mobility, initiatives to promote well-being at work, and the concern for equal opportunities and respect for diversity are La Poste development driving forces;
- La Poste builds trusting relationships with its **suppliers and subcontractors** within the regions, of which 80% are start-ups, VSEs and SMEs. It supports them in their approach to quality and sustainable development, involves them in its innovative initiatives, and supports them in several "incubators";
- La Poste supports the strategy of its **shareholders** – Caisse des Dépôts and the French State – who find it a lever for regional cohesion, infrastructure financing, the development of the Silver economy, the fight against urban congestion and pollution;

- La Poste has a responsibility towards **future generations**. It contributes to the decarbonisation of the economy by carrying out its own environmental transition, and also by facilitating that of its stakeholders, in particular, citizens and consumers (green delivery, thermal renovation of housing) and businesses (energy management solutions for buildings).

Faced with the major risks confronted by our societies – the depletion of natural resources, the digital divide, social and territorial fragmentation, the ageing of the population – we all collectively have a major obligation to act.

Social and environmental objectives included in the Articles of Association

In line with its *raison d'être*, La Poste has defined social and environmental objectives that the Company aims to pursue in the course of its business, within the meaning of point 2 of Article L. 210-10 of the French Commercial Code. These objectives are part of the continuity of its history and are directly linked to the major environmental and societal transitions. Directly linked to the UN's sustainable development goals (SDG), they correspond to the positive impact that the group intends to continue to produce for society as part of its development.

These social and environmental objectives, now included in La Poste's Articles of Association, are as follows:

Objectives	Sustainable development goals of the United Nations organisation
Contributing to the development and cohesion of local areas	
Improving social inclusion	
Promoting ethical, inclusive and frugal digital services	
Working to accelerate the environmental transition for all	

Given the recent adoption of the status as an "*Entreprsise à mission*" (a mission-driven Company), the monitoring indicators are being developed with the Stakeholders Committee and will be presented, with the initial results, in the context of the Universal Registration Document for 2022.

Enhanced governance

La Poste has set up a Stakeholders Committee, responsible for monitoring the implementation of its commitments as an *Entreprise à mission*. Acting as a Mission Committee within the meaning of the PACTE Act, this committee brings together qualified individuals representing La Poste's stakeholders. Meeting three times during the year 2021, it worked on the definition of the relevant indicators for the monitoring of the mission and the social and environmental objectives set out in the Articles of Association.

An independent third-party body will also be appointed during 2022 in order to verify the achievement of the objectives of the "*Entreprise à mission*" (Company with a mission), in accordance with the regulatory requirements.

An idea spreading within the group

At the beginning of 2022, La Banque Postale will also become an "*Entreprise à mission*" within the meaning of the PACTE Act. The approach is designed to be consistent with that of La Poste Groupe, and in line with the *raison d'être* of the bank presented in June 2021. A Mission Committee will meet in March 2022 for the first time, and will monitor throughout the year the implementation of the commitments that support the bank's civic ambition, the structuring pillar of its new strategic plan for 2025-2030.

1.2.2 STRATEGIC ORIENTATIONS

"La Poste 2030, committed for you"

The year 2021 was marked by the deployment of the new strategic plan "La Poste 2030, committed for you" starting in February.

This deployment has resulted in the rapid establishment of a dynamic and governance structure within all of the group's entities to carry out the first priorities for action in the service of the group's transformation.

A strong ambition

La Poste Groupe has identified four major transitions, considered as challenges and opportunities for growth:

ENVIRONMENTAL & ENERGY TRANSITION

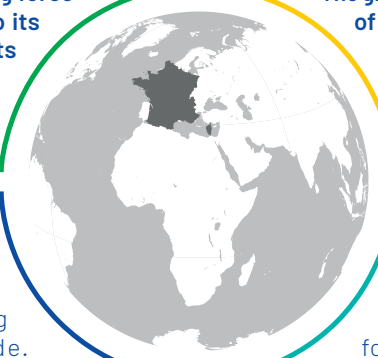
Environmental issues (climate, resources, pollution) will weigh even more between now and 2030 on the political decisions, economic choices and daily lives of French people.

La Poste Groupe wants to remain a driving force in this transition, thanks in particular to its full carbon neutrality, green investments in logistics, its digital frugality, its management of 100% SRI assets, and its leadership in Positive impact finance.

DEMOGRAPHIC & SOCIAL TRANSITION

In 2030, people aged over 60 years will represent more than a third of the French population, influencing the economy, the health sector and the way services are planned and provided.

The group knows how to innovate to meet the needs of the elderly and the healthcare ecosystem, and to use its proximity assets. It also intends to mobilise for the youngest.



Digital solutions are taking hold in people's daily lives, bringing the French closer together, creating new standards of consumption and work, but distancing those subjected to the digital divide.

The group is a player in this transformation thanks to its sovereign and trusted digital technology, as well as its unique ability to combine the physical, human and digital aspects of the transformation.

DIGITAL TRANSITION

60% of the French population live in urban peripheries, in small towns or rural areas. These regions feel isolated from economic development and are looking for solutions to avoid successive crises.

The group supports regional developments and contributes to maintaining regional cohesion in line with the public policies of the French State and the priorities of Caisse des Dépôts.

REGIONAL TRANSITION

By 2030, La Poste Groupe wants to be "the number one European platform for links and exchanges, human and digital, green and civic-minded, at the service of its customers in their projects and of society as a whole in its transformations".

To achieve this ambition, the strategic plan is based on three dynamics:

- strengthen the basis of the historical activities: Mail and Network, as well as the public service missions;
- accelerate the development of the two current growth drivers: Parcels and services related to e-commerce, to become the leader in low-carbon logistics; bancassurance, to become the leader in sustainable finance;
- develop the growth drivers of tomorrow: trusted digital services to meet the needs of digital protection and human proximity services to meet needs in terms social interaction and solidarity.

Successfully transforming La Poste means achieving, by 2025, a self-supporting business model for the group and for each of its activities with a clear objective: to be a profitable growth company that has successfully transformed into a sustainable business model.

To achieve its ambitions and meet this objective of profitable growth, La Poste Groupe has set itself seven strategic priorities and five group acceleration projects:



Seven strategic priorities

1. **Customers:** Serving customers at the highest level of quality and innovating to remain the customer's preferred intermediary and win over new customers (professionals, young people, etc.). La Poste Groupe has chosen to place the customer, whether private individuals, companies or local authorities, at the heart of its strategic model.

   An important step in the group's transformation process took place in July 2021 with the creation of the Retail Customers and Digital Services business unit. Serving individual and professional customers, it offers the combined power of its digital postal services and its network of physical retail outlets.

   Numerous steps were initiated in 2021 to improve customer satisfaction, notably with the introduction of the "*Boucle Courte*" (Short Loop) offer, which allows customers to submit their Mail or Parcel complaints at any post office, with a commitment to respond within 48 hours. Likewise, postman calls are now systematised during Colissimo deliveries and will be supplemented by a postman appointment scheduling system from 2022. La Banque Postale has introduced the electronic signature, which facilitates the finalisation of contracts in post offices or remotely.

   La Poste Groupe's ambition is to achieve 100% customer satisfaction, with customer recommendation monitoring *via* Net Promoter Score (NPS) indicators to assess the progress of customer satisfaction in each of the activities. The NPS results of the business units are part of the indicators of the roadmap of the Chairman and Chief Executive Officer of La Poste and are applied at all levels of the organisation up to the operational entities.

2. **Presence:** Assert itself as increasingly present, thanks to the combined power of its physical, digital and human networks for development. La Poste Groupe wants to consolidate its physical presence in the regions with 40,000 postal service access points in 2025 and 150 million new services provided by postmen per year in 2030.

La Poste is continuing its various forms of presence to guarantee an optimal network and a local service for all.

In general, La Poste is strengthening its presence in the regions through the development of various forms of access to the service, adapted to the needs of its customers. In addition to traditional post offices and partnerships in town halls and retailers, there are Professional Areas, Pickup points (pick-up and drop-off), lockers and drive-through, which are all adaptations of the network: over 2,000 new points of access to the postal service opened in France in 2021.

3. **Digital services:** Accelerate the digital transformation, develop digital trust services and digital inclusion. Thus, 100% of postal products and services intended for private individuals will be digitised and accessible *via* the Internet by 2025. La Poste Groupe also aims to train 100% of its employees in digital technology.

   With the acquisition in April 2021 of the consulting company Openvalue, specialising in big data and AI, and the merger with Probayes, a subsidiary of La Poste specialising in AI, La Poste has become one of the main players in France in artificial intelligence consulting for large companies.

   La Poste started rolling out the Digital Identity to its individual customers in June. La Poste's Digital Identity is the key to securing and simplifying the online procedures of its customers with a single identifier. La Poste has a head start in this market, being the only one to have been certified as compliant with the substantial security level by the French State, with already more than 510,000 identities created at the end of 2021.

   For its part, La Banque Postale has accelerated the digitisation of its retail bank with a now fully digital customer relationship pathway and the launch of a new optimised digital real estate financing request pathway.

   Lastly, in addition to the digital services offered by the group, the development of digital technology also benefits employees: the development of the digital skills of La Poste's employees is at the heart of the commitments of the employee agreement signed in 2021. 29,000 employees were trained in 2021 in the general use of digital, AI and data.

4. **Green:** Commit as a leading company in the environmental transformation and make it accessible to all. Already carbon neutral since 2019, La Poste Groupe has committed to Zero Net Emissions from 2030 and aims to ensure a 100% clean delivery (zero and low emissions) in 225 cities in Europe, including 22 French cities, by 2025. The commitment also involves sustainable finance: already offering 100% socially responsible investments, La Banque Postale aims to become the European leader in positive impact finance.

   In 2021, La Banque Postale confirmed its commitment to a just transition. It is the first bank in Europe and one of the top three financial institutions in the world recognised by the Science Based Targets Initiative (SBTI) in October 2021 for its actions in favour of the climate. La Banque Postale is committed to phasing out fossil fuels by the year 2030 (coal, gas and oil) while continuing to support and finance energy companies committed to a solid transition plan in line with the Paris Agreement. It has committed to becoming Zero Net Emissions by 2040 on its banking activities.

   In addition, sustainable development is an integral part of the commitments of the entities that make up the GeoPost business unit. In 2021, three European cities benefited from zero- or low-emission delivery by GeoPost operators. In France, six cities benefit from clean delivery by DPD France and Chronopost.

   Colissimo has formed a partnership with Hipli, an innovative start-up, designer of reusable and eco-designed packaging to contribute to the development of a more responsible parcel.

   In November 2021, La Poste and La Banque des Territoires announced the launch of Movivolt, a company for the long-term rental of electric vehicles for professionals, with an initial target of 10,500 vehicles leased by 2025.

5. **Citizen:** Assert itself in its new status as "*Entreprise à mission*" (Company with a mission) and demonstrate its civic, social and societal responsibility.

   On 8 June, the Extraordinary General Meeting of La Poste Groupe's shareholders met to adopt the status as "*Entreprise à mission*" and made four specific commitments that embody its contribution to the common good of society as a whole. To formalise these commitments, La Poste Groupe has created a Stakeholders Committee, which will be responsible for monitoring the commitments independently. La Poste is thus strengthening its position as a company with a positive impact.

   La Poste is continuing its investment to deploy new France Services structures within its network, with 312 certified post offices in February 2022. Within these offices, customers have the option of accessing a base of public services in addition to the usual postal activities.

   In line with the group's commitment to the Silver economy, La Poste Immobilier signed an investment memorandum in April 2021 to join forces in a joint venture that supports the transformation of former La Poste sites into serviced senior residences.

6. **International:** Go beyond geographic borders by capturing international growth. Double international operating revenue between 2020 and 2030 to position itself among the top ten global e-commerce service operators and as a European leader in urban logistics.

   GeoPost continued its international development in 2021. The acquisition of Speedy AD developed its presence in Bulgaria and Romania. GeoPost also strengthened its presence in South-East Asia by being the first investor in the latest Ninja Van fundraising with a stake of 43.3%.

   In addition, since 1st July 2021, the operational management of Asendia's international logistics activities has been carried out by the GeoPost. This key step helps to develop synergies in logistics and customer services internationally. In March 2021, Asendia became the sole shareholder of eShopWorld (ESW), the leader in end-to-end cross-border e-commerce.

   At the same time, the development of pick-up and drop-off points in Europe continued at a steady pace, with 61,182 such points installed at the end of 2021 (including France).

   La Banque Postale has strengthened its presence in Italy, where its subsidiary CNP Assurances finalised an agreement with the Aviva group to take over its life insurance activities. This transaction enables CNP Assurances to strengthen its partnership with Unicredit and to position itself as the number five life insurer in Italy.

7. **Labour-management agreement "Le pacte social" and managerial culture:** Strengthen the pride and commitment of postal workers, and roll out the commitments of the 2021-2023 employee agreement "La Poste, committed with postal workers".

   In May 2021, La Poste and the trade unions signed the "La Poste, committed with postal workers" employee agreement. With this agreement, which runs until the end of 2023, La Poste has committed to concrete measures and has given itself the means to offer each postal workers prospects within the Company.

   La Poste is continuing its efforts to provide professional training for all postal workers, focusing on four cross-functional areas: customer focus, mastery of the digital environment, development of the managerial culture, and improving the quality of life, health and safety at work. Launched in April 2021, "maFormation" is a new space designed to help postal workers develop their skills. In 2021, the percentage of postal workers trained was 81.9%.

   Furthermore, the gender equality at work index published by the La Poste parent company remained at 94/100. This score confirms La Poste's proven track record on equality. La Poste now has 33.6% women on the Management Committee[1].

Five group acceleration projects

In addition to the seven action priorities, five group acceleration projects (GAP) have also been launched. These are agile projects that must accelerate synergies and complement the long-term vision of the strategic plan. Deployed from May 2021, the GAPs aims to produce concrete actions in five priority areas – professionals, young people, artificial intelligence and data, regions, and urban logistics – generating new operating revenue, increasing customer satisfaction, and promoting synergies between the business units.

PRO GAP

Group Acceleration Project PROFESSIONAL CUSTOMERS

The health crisis has accelerated the development of digitisation and e-commerce. This momentum continues. The demand for proximity, whether among professionals or among their customers, is significant.

La Poste's ambition in the professional market is embodied in three strategic areas:

- support the transformation of local trade and becoming an essential partner of professional e-commerce;
- support business creators and promote entrepreneurship in all regions;
- support professionals in their daily management of their administrative activities thanks to digital technology.

Initial achievements were made in 2021 with the launch of the Digiposte Pro offer, the Business Creator Box and the *Ma Ville Mon Shopping* Pro offer.

YOUTH GAP

Group Acceleration Project YOUNG PEOPLE

La Poste Groupe wants to become a partner for the autonomy of young people. To attract the customers and employees of tomorrow, the group must face major challenges: rejuvenate the group's image and customer base by adopting a new institutional and commercial stance.

The Youth GAP is aimed at young people aged 15 to 29 and covers high school students, students and young workers, *i.e.* 11.6 million people and 17% of the French population.

To support this ambition, the Youth GAP has four objectives:

- commercial success through the deployment of targeted offers;
- increase the attractiveness of the brands through enhanced communication of the group's offers and products on the media visited by young people;
- enhance the group's image and reputation through the promotion of its values and commitment to social, societal and environmental actions;
- strengthen the employer brand to attract the talents of tomorrow: improve the attractiveness of the group and promote its business lines.

In September 2021, La Poste launched a Campus Tour to meet students on 37 campuses in France to present the group's youth offers (La Poste Mobile, Digiposte, Ma French Bank, etc.). This scheme has reached 42,000 students.

REGIONAL DEVELOPMENT GAP

Group Acceleration Project REGIONAL DEVELOPMENT

Regional development is based on the dynamics of both public and private players, whose activity can be supported by public policies encouraging major transformations towards greater competitiveness.

This acceleration project addresses three priority issues:

- accelerate the development of operating revenue with local authorities and in addressable markets, particularly around local human services and digital trust;

(1) The members of the Management Committee hold strategic positions within La Poste and its French subsidiaries, as defined by the group's Executive Committee.

- develop internal synergies;
- design new differentiated approaches with elected officials.

The ambition is to make La Poste Groupe a partner recognised by local decision-makers and a legitimate player in new markets.

AI & DATA GAP

The goal is to accelerate to spread the culture of data and artificial intelligence throughout the Company and achieve a significant financial impact. AI and data must make it possible to put the customer at the centre, which is the priority of the strategic plan "La Poste 2030, committed for you".

Firstly, it involves proposing personalised offers and better targeting sales initiatives, by leveraging the customer knowledge within each business unit. AI must also make it possible to generate productivity gains to reduce costs by working in particular on the management of capacity peaks and the automation of certain tasks. Lastly, AI must enable the business units to better meet the new aspirations of the public, by measuring and communicating on the carbon score of the group's services, which is a distinctive advantage.

Lastly, this GAP also aims to contribute to the training of employees, in order to spread a culture of data so that each employee can make use of it for the benefit of work processes, customers and the group.

The ambition of the AI & Data GAP is also to provide the other GAPs with a data-AI dimension, notably with a much more operational data policy and an ethical AI Charter that defines the principles of ethical use and trust of data and artificial intelligence.

In 2021, nearly 150 projects were launched.

Urban Logistics GAP

Urban logistics includes all services contributing to the supply of goods to cities: last mile transport, last mile deliveries and services, return logistics services. The types of goods concerned are mainly parcels (weight less than 30 kg), bulky goods (household appliances and furniture), food products and meals.

In terms of logistics, the group is positioned as the number one in ecological parcel delivery in France and Europe. The group wants to consolidate its position as a leader in sustainable urban parcel logistics, but also to position itself in other types of goods flows.

The Urban Logistics GAP aims to enable the group to increase its leadership position in urban centres on the French and European markets, by preempting the acceleration of same-day delivery flows in selected niches and within the framework of low-carbon delivery, mainly of parcels.

The launch of this GAP enabled the launch of a cyclo logistics plan and the adoption of a first urban logistics agreement with Toulouse; other cities will follow in 2022. The GAP has also made it possible to develop the low-emission fleet with 21 natural gas vehicles (NGV[1]), the deployment of 20 16-tonne electric vehicles and 200 cargo bike units.

(1) NGV: Natural gas for vehicles.

Acceleration of innovation initiatives

As part of its strategic plan "La Poste 2030, committed for you", La Poste Groupe has made innovation a major driver of its transformation to respond to the acceleration of changes in uses and technologies, the increased competition, the environmental transition and the regional divide.

Throughout its history, La Poste has aspired to renew itself and adapt its services and presence to its customers. Integrated into the group's strategy, innovation aims to:

- Accelerate transformation through service innovations and develop operational excellence.

  In this context, in June 2021 La Poste Groupe launched La Poste Ventures, a new corporate venture capital investment fund. This investment fund is intended to identify new customer services and new customer experiences in the group's priority business areas. Five priority investment sectors have been identified:

  - health and living well: innovative services for healthcare providers and their beneficiaries,
  - "phygital": support the digital transformation of the public sector, regions and companies by capitalising on physical presence,
  - green and smart cities and regions: sustainable services in the regions to increase their attractiveness,
  - digitisation: improve the experience of La Poste's employees and optimise its performance,
  - augmented logistics for the user experience.

  In addition, since March 2021 the partnership between La Poste and the French National Institute for Digital Science and Technology (*Institut national en sciences et technologies du numérique* – INRIA) aims to contribute to French digital sovereignty and accelerate innovation in favour of trusted digital technology, more environment friendly. Through this agreement, La Poste is supporting INRIA's research work and strengthening its own capacity for innovation in the fields of digital trust, artificial intelligence and e-health. The partnership includes support for INRIA's technological entrepreneurship programme and support for the training of its engineers and researchers in computer science;

- Promote a culture of innovation.

  This involves enabling everyone to develop tools and services and to exchange methods and best practices. To integrate the impact of digital technology into each of its actions and services, La Poste has implemented a training programme, with an initial introduction to artificial intelligence, "Objective AI".

In addition, at the end of 2021 La Poste launched its new intrapreneurship programme to engage employees in the identification of new services: "Boost 2030".

1.2.3 BUSINESS MODEL

La Poste Groupe's business model

Our ambition: Be the No. 1 European platform for links and exchanges, human and digital, green and at the service of our customers in their projects and of society as a whole in its transformations.

CHANGES IN SOCIETY

Digital transformation | Environmental transition | Regional transition

OUR RESOURCES

Human resources
- **244,980** employees, including **21.4%** outside France including **10,000** in the IT business lines (data / AI)

Industrial capital
- Over **3,400** processing centres, preparation and delivery platforms and hubs
- Nearly **93,000** vehicles, **38%** electric vehicles *
- More than **11,000** buildings nationwide, **85%** of which are supplied with electricity from renewable sources
- Digital infrastructures (hosting, datalakes)

* electric vehicles: light commercial vehicles, Staby, electric trolleys, heavy goods vehicles

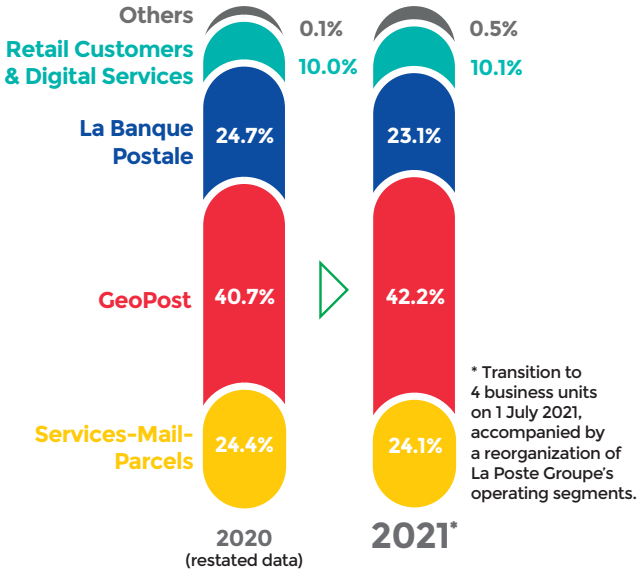
Societal and relationship capital
- More than **17,000** retail outlets
- More than **61,000** pick-up and drop-off points in Europe
- A responsible purchasing policy
- Digital identity certified by the French National Cybersecurity Agency (ANSSI)

Financial capital
- Stable and long-term shareholding (100% public capital)
- **€20.9 billion** in equity

Intellectual capital
- Image of trust, proximity
- Brand portfolio
- Innovation (e.g. La Poste Ventures)

A multi-activity business model

€31.2 bn **Operating revenue** **€34.6 bn**



* Transition to 4 business units on 1 July 2021, accompanied by a reorganization of La Poste Groupe's operating segments.

International activities, a key area of development

41% of 2021 operating revenue



A new status as an *"Entreprise à mission"*, 4 commitments
- Contributing to the development and cohesion of the regions
- Improving social inclusion
- Promoting ethical, inclusive and frugal digital services
- Working to accelerate the ecological transition for all

CHANGES IN LA POSTE GROUPE'S ACTIVITIES

Demographic transition

Durably low interest rates

Sharp decline in mail volumes

Accelerated growth in parcels

La Poste Groupe 2030, committed for you

7 priorities serving one goal: Be a profitable growth company, which has successfully transformed into a sustainable business model.

Customer
Serve customers at the highest level of quality and innovating to remain the customer's preferred intermediary and win new customers (professionals, young people, etc.).

Presence
Assert itself as increasingly present, thanks to the combined power of its physical, digital and human networks for development.

Digital services
Accelerate the digital transformation, develop digital trust services and digital inclusion.

Green
Commit as a leading company in the environmental transformation and make it accessible to all.

Citizen
Assert itself in its new status as an *"entreprise à mission"*. Provide proof of its civic, social and societal responsibility.

International
Go beyond geographical borders by capturing international growth.

Labour-management agreement and managerial culture
Strengthen the pride and commitment of postal workers, roll out the 2021-2023 employee agreement « La Poste, committed with postal workers » and implement a more agile organisation.

OUR VALUE CREATION

For the planet
- Climate strategy in line with the Paris Agreement
- Deployment of low-carbon urban logistics
- Close to **115,000 metric tonnes** of materials collected for recycling and reuse
- Assets under 100% SRI management

For the regions
- **97%** of the population within 5 km or 20 minutes by car from a retail outlet in France
- **€17 bn** in financing granted to the local public sector
- Financing of the local public sector

For our customers
- Over **18 billion** items delivered in 2021
- **1.1 billion** visits per year to laposte.fr, one of the most visited sites in France
- **1.4 million** customers benefiting from the banking accessibility mission
- Digital parcel and mail tracking

For our employees
- Gender equality index of 94/100
- Digital, AI, Data training
- High level of employee commitment measured in the annual survey

For our suppliers
- **87%** of VSEs / SMEs / ISEs among our suppliers and subcontractors

For our shareholders and investors
- CDP List A, Platinum according to EcoVadis and 1st in the Vigéo Eiris world ranking
- Credit rating: S&P A+, Fitch Ratings A+

4 modernised public service missions

- Universal Postal Service*
- Press transport and delivery
- Regional planning
- Banking accessibility*

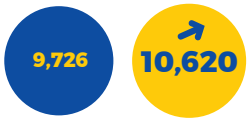
* The financial support granted by the French State in connection with these missions was resized in 2021

1.3 ACTIVITIES OF THE GROUP

1.3.1 SERVICES-MAIL-PARCELS

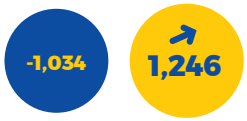
KEY FIGURES IN 2021

OPERATING REVENUE
In €M



2020 *(restated data)* | **2021**

OPERATING PROFIT/(LOSS)
In €M



2020 *(restated data)* | **2021**

ADDRESSED MAIL VOLUME
7.3 bn items
(-2.4%)

OUT OF WHICH PRESS VOLUME
791 M copies
(-3.2%)

NUMBER OF EMPLOYEES
114,238

UNADDRESSED MAIL VOLUME
7.8 bn items of printing advertising
(+8.9%)

OPERATED PARCEL VOLUME
505 M
(+7.2%)

KEY HIGHLIGHTS 2021

- An organisation redesigned as part of the new strategic plan "La Poste 2030, committed for you", with:
  - the creation of the Retail Customers and Digital Services business unit on 1st July, which reflects the desire to make the retail customer a priority, and brings together the La Poste Network and Digital Services business units,
  - the handover to GeoPost of the operational management of Asendia JV (a joint venture founded in 2012 by La Poste and Swiss Post), one of the leaders in the international e-commerce services market, in order to generate synergies, particularly in the field of parcels and international e-commerce,
  - the refocusing of the commercial activities of the Services-Mail-Parcels business unit on offers to companies and local authorities, with the Services-Mail-Parcels business unit retaining responsibility for postal logistics operations.
- Strong growth in parcel volumes to 505 million[1] items in 2021.
- Launch of new local logistics services, Log'issimo.
- Continued growth in New Services and Silver & Healthcare (€608 million for 2021).
- After falling in 2020, Mail volumes[2] declined slightly in 2021 (-2.4%).
- Signature, in December 2021, of a new employee agreement for postmen, supervisors and delivery and processing employees.
- Compensation for the universal postal service missions to maintain the business model of delivery and collection six days a week.
- Decision to launch a second industrial investment plan of €450 million over the 2023-2026 period aiming to provide the resources to process and deliver more than 1 billion Colissimo per year by the end of the decade.
- The effects of the health crisis lasted throughout 2021, generating absenteeism and severely affecting the print advertising market, particularly following the closure of supermarkets in the first four-month period.

The Services-Mail-Parcels business unit, ensuring mail and press delivery, parcel delivery and local services, six days a week, is La Poste Groupe's historic business and France's leading local network. It has to cope with the "technological shock" of the digitisation of exchanges, which has led to a structural decline in mail volumes: from 18 billion letters in 2008 to just over 7 billion in 2021 (including the retail customers activity[2]).

The Services-Mail-Parcels business unit aims to become, by 2030, the number one operator of local human services and e-commerce services. This is a major strategic model change based on three dynamics.

(1) The total number of parcels handled by the Services-Mail-Parcels business unit in 2021 was 505 million items. The processing of the Retail Customers flow (50 million items) is re-invoiced to the Retail Customers and Digital Services business unit and the related operating revenue is included in that of said business unit.
(2) The processing of Retail Customers mail is re-invoiced to the Retail Customers and Digital Services business unit and the related operating revenue is included in that of said business unit.

1. Strengthen the future of its historical businesses

The Services-Mail-Parcels business unit will be offering a new mail range in 2023 by rethinking the distribution organisation model and by adding more services and value to its offers. The mail of tomorrow will be more reliable, digital and green, by involving its stakeholders in the construction of its offers. The business unit will remain the leader in business marketing by offering the best of paper and digital to integrate perfectly into the media mix of its customers and will invest in data to integrate the Top 5 French digital marketing solutions.

2. Empower e-commerce services

To become the number one operator of e-commerce services and deliver one billion parcels in 2030, the business unit will open new Colissimo platforms (PFC) and improve the existing PFCs. It will develop new Colissimo offers that are more interactive with the recipient customer, adapted to its markets and increasingly responsible, green solutions for the local logistics needs of retail and general services. In addition to Colissimo, La Poste is launching "Log'issimo", a solution for the collection, delivery, advanced logistics and local distribution of small goods (< 70 kg).

3. Change dimension in new local services

The business unit's strategy of diversifying into local services, begun more than five years ago, has proved successful (€490 million in operating revenue in 2020 and €608 million in 2021, an increase of 24%). It has therefore set itself new objectives in order to become the leader in Silver economy and health services around the home by 2030. It is also convinced of the potential of services related to the energy efficiency of housing, the circular economy and knowledge of the regions. The objective is to achieve €1 billion in operating revenue from New Services and the Silver economy by 2025.

To succeed in its transformation, it relies on a base of resources of which the following four are the most important:

- its commitment to the environment and CSR;
- employee commitment and team autonomy;
- the acceleration of digitisation and the diffusion of innovation;
- a need for agility and competitiveness in all areas.

Thanks to its 63,983 postmen and parcel deliverers[1] present everywhere six days a week to serve over 42 million letterboxes, La Poste performs two of the four public service missions entrusted to it by the French State (see Section 1.4 Regulatory environment):

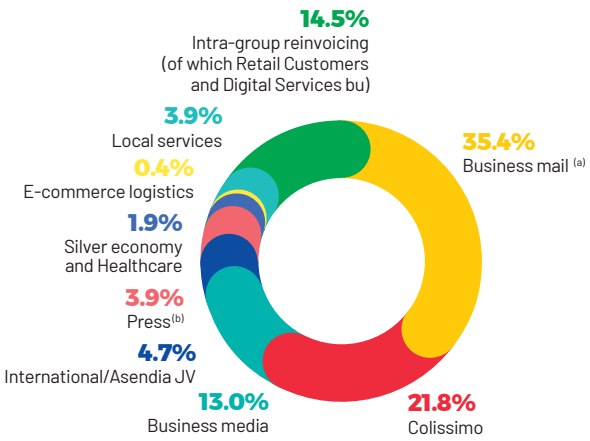
- the universal postal service, a mission entrusted for a period of 15 years from 1 January 2011;
- press transport and delivery.

Over time, La Poste has forged a special social bond and a relationship of trust with all French people. Through these two public service missions, it plays an essential role for the French economy. Indeed, traditional mail (mainly advertising mail and business mail) and more generally postal items, despite the increasing digitisation of exchanges, remain an important vector of communication and customer relations for economic players.

1.3.1.1 Activities of the business unit and market dynamics

La Poste's Services-Mail-Parcels business unit structures itself into divisions, which operate in eight markets. Each division is in charge of ongoing business development and the design of new value propositions, for enhancing the parent company and its subsidiaries' business.

Breakdown of 2021 operating revenue by market



(a) Including mail services such as pick-up and delivery. Affranchigo (a postage metering service) and post office boxes.
(b) These include public service press. the universal postal service. commercial press services and French State subsidies paid to La Poste Groupe.

The market dynamics of the Services-Mail-Parcels business unit are characterised by:

- strong growth in parcels, driven by e-commerce, in France but also internationally, and by increased requirements in terms of delivery (deadlines, services);
- structural attrition of mail and press volumes, but potential for increased value in the services on offer;
- reduction in addressed advertising mail, associated in particular with the decline of the traditional remote sales model. In addition, reduction in unaddressed advertising mail associated with a shift in the model of centralised distribution by large retailers;
- development of services for businesses and private individuals driven by the surge in digital platforms;
- development of new local services with La Poste New Services, La Poste Silver and La Poste Healthcare.

(1) Individuals.

Empower e-commerce services and the business unit's growth drivers

Colissimo

With 455 million parcels delivered to individuals in 2021 and operating revenue of €2,253 million, Colissimo, which represents the Parcels business of the Services-Mail-Parcels business unit and is a valued partner by companies and retailers for delivery to private individuals, continued its growth in 2021 (+8% in volumes) based on the strong development of e-commerce.

Colissimo offers its customers, both senders and recipients, a responsible and successful delivery with a comprehensive range of services, carbon neutral since 2012 and covering all needs: postage, collection, delivery, returns and customer service.

Colissimo's national offer for its corporate customers is structured around three areas:

- home delivery, which remains the major part with 80% of deliveries on the market. As the leader in this segment, Colissimo has developed the services and processes enabling it to deliver home deliveries for more than 95% of its parcels: notifications, systematic second presentation, possibility of rescheduling a delivery, network of 17,000 pick-up points in the event of absence, etc.;
- delivery to pick-up points, with the densest network in France: 24,000 pick-up points (retail outlets, pick-up and drop-off points of the Pickup retail network and automated lockers, as well as 900 mail preparation and delivery platforms (PPDC/PDC) and Parcel Offices);
- returns (to retailers) possible from post offices, pick-up and drop-off points of the Pickup retail network or directly from standard individual mailboxes in mainland France.

Colissimo also supports its customers internationally: with a worldwide offer to more than 235 destinations thanks to its postal agreements and a specific offer of deliveries to homes or pick-up points, and returns to 30 European destinations, mainly operated by Colissimo Europe and GeoPost subsidiaries.

As part of the investment plan decided by La Poste Groupe in early 2017, six new sorting platforms (Hauts-de-France, Alpes, Brive hub, Côte d'Azur, Île-de-France Nord and Île-de-France Sud) and more than 60 multi-flow parcel preparation and delivery platforms were created or modernised to absorb the strong growth in volumes (+190 million parcels in five years) and significant peaks in activity (particularly at the end of the year with up to 3.54 million Colissimos delivered per day compared to an average of 1.67 million the rest of the year).

Market momentum: historic growth in parcels, small goods and faster delivery

After an exceptional year in 2020, e-commerce continues to experience sustained growth. Online sales of goods increased by 7%[(1)], and now represent 14% of retail sales (vs 13% in 2020). The sector continues to focus on historical players (Amazon, Cdiscount, etc.) and has seen the Asian marketplace grow very rapidly since 2020 (in particular AliExpress).

To respond to this growth in e-commerce, the delivery services market is undergoing profound transformations:

- change in the competitive landscape: continued vertical integration of Amazon with the deployment of Amazon Logistics; emergence of new local players offering targeted offers (delivery during the day, by appointment, etc.); multiplication of physical and digital intermediaries;
- acceleration of the offer of low-cost delivery to pick-up points;
- acceleration of delivery times towards same-day or next-day delivery.

Strategy and outlook

As a growth driver for the Services-Mail-Parcels business unit, Colissimo is pursuing its ambition to be the number one delivery solution for sustainable and accessible e-commerce by:

- accelerating the roll-out of a next-day delivery parcel offer accessible to all e-merchants;
- maintaining a high level of service for all its customers everywhere;
- continuing to develop its production capacities with the construction of two new platforms in Aquitaine and Normandy and the launch of a second round of industrial investments of €450 million by 2026 (five new sorting platforms and more than a hundred distribution site modernisation projects), in order to absorb the growth in volumes, in particular those entrusted by Asian customers;
- already delivering 20% of Colissimo in soft mode in Paris and by continuing the deployment of processing and delivery solutions limiting its CO_2 emissions (three out of four packages delivered in soft mode in Paris at the end of 2022 and 100% at the end of 2023).

International/Export and Import

For several years now, international flows from and to France have increased, both within Europe and from third countries.

In 2021, new security, customs and tax rules were implemented within the European Union concerning the importation of goods from third countries. In particular, consumers are now liable for VAT on the first euro since 1st July 2021.

Market dynamics

Firstly, these new rules represent a major operational challenge. They are also a significant change for consumers and have led to a contraction in volumes across Europe and France since 1st July 2021.

(1) Source: Press release from the French Federation of e-commerce and distance selling (FEVAD) on the results of e-commerce in France in 2021.

Given the investments made by e-retailers and in particular by large platforms, this trend should be temporary.

In 2021, the business unit's export/import operating revenue amounted to €491 million (*vs* €518 million in 2020).

Strategy and outlook

As part of its medium-term acquisition and transformation strategy, the Services-Mail-Parcels business unit has set up a programme dedicated to developing export/import flows:

- in terms of exports, its ambition is to develop the services offered to e-commerce players, from small companies to large platforms, and to support its customers in the development of their activities in Europe and worldwide;
- in terms of imports, its ambition is to make the French territory attractive and to offer major customers (marketplaces, major brands, postal operators) a range of offers, from entry-level to premium, with both home delivery, which remains the DNA of the business unit, and out-of-home delivery.

New Services

An environmental and legislative context that generates local demand

The rise in environmental issues and the current health crisis are contributing to changing lifestyles, with major impacts in the regions for those who live, operate and work in them: people, households, administrations, local authorities and companies (large, medium and small).

These phenomena are amplified by consumers who increasingly favour local and ecological purchases (short loops and circuits, low carbon footprint) or choose more responsible companies. They thus generate a need among companies for new solutions to accelerate their environmental transition and meet the challenges of local logistics, well beyond the densest urban areas. This is also why administrations and local authorities are looking for intermediaries to roll out public policies (in particular for the environmental and energy transition) while preserving the well-being and attractiveness of each region. In addition, some companies have embarked on rationalisation efforts and intend to reduce their regional coverage while maintaining a close relationship with their customers.

The combination of these trends and the development of digital tools creates real opportunities for local services. Through its positioning, its regional coverage (buildings, rounds, expertise, postmen, etc.), its knowledge of the regions, its resources and its relationship of trust with the French people, elected officials and companies, La Poste can provide some of these services and meet the expectations of its customers.

The New Services division contributes to the development of the Services-Mail-Parcels business unit in two areas: e-commerce services and local services. It creates services in four strategic areas of activity:

Local logistics and transport to provide green solutions built around its know-how in the first and last mile, notably with the new Log'issimo brand, for local players, retailers and e-retailers.

The circular economy to provide solutions (mainly logistics) promoting the development of the circular economy, starting with the recycling of office waste, the reuse of e-commerce packaging and the refurbishment of end-of-life machinery and equipment.

Regional efficiency to strengthen the capacity for decisions and actions at the local level, thanks to solutions based on regional data and combining digital services and human intervention capabilities.

Energy efficiency to support public policies for the energy efficiency of buildings and development of active mobility.

1. LOG'ISSIMO local logistics services

With 120,000 services provided daily to companies and local authorities in 2021 and operating revenue of €333 million, the local logistics business of the Services-Mail-Parcels business unit continued to grow in 2021. This activity relies on its collection and delivery network which offers unrivalled geographic coverage in the region, and competitiveness on the first and last mile by pooling as much as possible the services to be provided within its logistics circuits.

Local logistics responds to the group's ambition to develop services for e-retailers with the development of local marketplaces (*Ma Ville Mon Shopping*) or new parcel collection and shipping services, as well as the need for local services (reduction and pooling of flows, reduction of distances travelled, etc.), and the emergence of local needs caused by new consumption patterns (pedestrian drives, rapid restocking, home services, particularly for seniors, etc.).

To accelerate its commercial development, the Services-Mail-Parcels business unit launched the LOG'ISSIMO range of solutions at the end of 2021. It is structured around the following offers:

- LOG'ISSIMO Retail, with collection services, local storage and supply of urgent goods or spare parts to the network of stores. This service offers local H+ delivery or next-day delivery throughout France;
- LOG'ISSIMO Fresh, which offers meal-carrying services to seniors on behalf of communal social action centres and local authorities to facilitate home care, company meal-carrying services by ensuring the daily restocking of connected refrigerators to offer employees a variety of high-quality meals. The offer is also expanding on the restocking of pedestrian drives to meet the challenges of transforming the food supermarkets sector with refrigerated deliveries;
- LOG'ISSIMO Facilities which meets the needs of outsourcing logistics for the sending or delivery of documents, parcels or mail to general services;

- LOG'ISSIMO *Sur Mesure* (Bespoke), which aims to carry out complex operations and define future service verticals. The offer includes two activities: the configuration and delivery of fleets of IT products (*e.g.* e-education with mastering, technical formatting and educational content and tools, and the delivery of tablets or PCs to high school students on behalf of the regions) or the logistics of advertising at the point of sale on behalf of companies.

More specifically in the e-commerce sector, the services offered by LOG'ISSIMO also support the development of:

- the online platform *Ma Ville Mon Shopping*, with its local logistics solutions (deliveries of fresh products at room temperature from stores), diffuse collection and packing-shipping, its supports to local businesses and craftsmen in their location and their proximity to consumers;
- the group by positioning itself as the first mile specialist to facilitate the development of the on demand collection services on behalf of Colissimo and GeoPost.

With LOG'ISSIMO, the Services-Mail-Parcels business unit asserts its leading position in local logistics services in France and offers its customers responsible and CO_2-neutral solutions since 2012.

2. **Regional efficiency,** with services around the address enriched with data for local authorities seeking to optimise the accessibility and attractiveness of their region, or companies aiming to improve their commercial efficiency by using postmen. For better knowledge of the regions, assistance with street naming and numbering aims to improve the quality of addresses, a key element in optimising the deployment of local offers and the delivery of online retail orders. The Services-Mail-Parcels business unit also offers local authorities solutions for auditing roads and measuring air quality (using sensors installed on the vehicles used by postmen on their rounds). In order to strengthen its positioning and master the technological bricks of this value chain, the division acquired Global Map Solutions, a publisher of platforms for processing and visualising regional data.
3. **The circular economy,** with as a priority the development, for companies, of recycling services for office waste collected by postmen: this is what the Recygo and *Nouvelle Attitude* range offer for paper recycling. Recygo has extended its know-how to the recycling of surgical masks used in companies, and launched an offer that completes the circularity cycle by offering its customers recycled products from the materials collected (paper, office equipment, etc.). It also means encouraging the reuse of e-commerce packaging by offering simple solutions for consumers (depositing empty packaging in street letterboxes).
4. **Energy efficiency,** with services supporting local authorities in the renovation of homes and buildings (residential, commercial and industrial) and encouraging the use of electric bicycles by individuals on behalf of local authorities or companies. La Poste operates mainly in the energy renovation market through its subsidiary Économie d'Énergie (EDE), a leader in the intermediation market between financial providers (public and private) and households. It is continuing its partnership with Transdev, Vélogik and Cyclez within the Fluow group, which has launched a long-term rental offer for electric bikes for residents in the Greater Paris region, and is deploying this service elsewhere, *e.g.* in Clermont-Ferrand.

In total, in 2021, La Poste provided more than 23 million local services, for operating revenue of around €594 million, excluding the Silver economy activities.

Market dynamics: a sum of dynamic market segments

An increasingly diverse array of home delivery services, returns from home services (reverse logistics) and services to individuals is now available. They are enhanced by technological innovations (smart objects, artificial intelligence). The appetite for local services comes from private individuals and businesses (stores and business sites).

The competitive advantage, when providing such services, is only partly a result of the performance of the digital platforms. It is also necessary to be able to offer a regular physical presence near businesses and households. It is necessary to benefit from their trust to enter their private spaces. Many brands are looking to combine the digital channel with physical presence ("phygital" marketing) in a bid to maximise purchases.

For businesses and professionals, the idea can be to structure the logistics of short circuits between producers or retail banners and consumers (supply, recycling) and, as for local authorities, to enrich their knowledge of their area by virtue of increasingly pertinent, aggregated, precise, visual and updated local data (roads, buildings, energy, local flows of goods or people). La Poste offers a wide range of services to cover these needs: Recygo for recycling; Proxi Courses for home delivery of provisions; Proxi Data for the collection of local information, Geoptis for the collection and processing of information on roads, air quality and telephone networks. Since 2017, La Poste has also offered local authorities technical support with their social action policies and home delivery of meals to the elderly. There is a growing interest in this daily delivery service with over one million meals distributed within the year. Local authorities also see this services as a means of combating isolation among the elderly. In a different vein, La Poste has also made tablets available to high school students in the Grand Est region, supplementing the service already provided for high school students in the Greater Paris region (*Île-de-France*).

Energy renovation is a key challenge for society with changes in regulations to encourage homeowners to undertake work, a context that is very favourable to services that put homeowners in touch with funders and companies. In this way, EDE supported more than 300,000 individuals in 2021 and more than 80 landlords (around two million housing units) in collecting aid to finance their energy renovation work.

Similarly, the Anti-Waste and Circular Economy Act creates new opportunities, in particular by forcing public players to include refurbished equipment in their calls for tenders for IT and electronic equipment or by limiting the use of single-use packaging.

Strategy and outlook

In its strategy of conquest and transformation in the medium term, the Services-Mail-Parcels business unit formalises its ambitions to change dimension in growing markets:

- from the delivery of meals for seniors to the new delivery of meals to companies;
- from soft mobility services using electric bikes to services around active mobility;
- from the recycling of corporate waste for the paper and cardboard sectors to a circular economy operator serving eco-organisations.

Regarding local logistics, 2021 was the year of the launch of its new brand Log'issimo, to give more visibility to the existing offers, support its development and establish its new positioning with its customers.

Silver & Healthcare

By creating the Silver & Healthcare division in 2016, La Poste expressed its ambition to also contribute to the challenges related to the demographic transition in France and the necessary transformation of the healthcare offer. It has prioritised the areas of services to individuals, home healthcare, support for the health journey and maintenance of autonomy. The development of new activities is achieved either through external growth within the La Poste Silver and La Poste Santé holding companies, or on the basis of the historical assets of the Services-Mail-Parcels business unit through organic growth, as illustrated by the new activities of postmen.

The La Poste Silver holding company carries out the acquisitions made in the field of home services and services for individuals, or in favour of digital inclusion:

- Axeo Services joined La Poste Silver in 2016. The company is one of the leading operators in the field of services to individuals in France (home and exterior maintenance, child day care, support for dependent people, business services such as cleaning of premises or green spaces, emergency works and repairs with Help Confort, etc.) with a very sustained development materialised by 327 agencies throughout the country;[1]
- Ardoiz, the digital tablet with simplified ergonomics and adapted to seniors, created by the start-up Tikeasy, is installed at home by the postman for immediate use. It was designed with seniors to cover their interests and maintain a social interaction with those around them. Ardoiz is a response to the digital divide and is acclaimed by consumer magazines[2] and certification bodies[3] with more than 76,000 tablets sold to date;
- *Bien-être à la Carte* joined La Poste Silver in September 2020. The company is one of the French leaders in concierge services thanks to the quality of its physical and digital offers. New services were introduced in 2020 to adapt to the healthcare context and reach employees remotely through a new mobile application, connected lockers and a telephone platform enabling the continuity of the home service.

La Poste is also developing through external growth in home healthcare through its holding company La Poste Santé. This strategy supports regions that fully contribute to equal access to healthcare and medico-social support. As a trusted third party, La Poste supports the transformation of the healthcare system by positioning itself, in collaboration with the regions and alongside healthcare professionals, to provide secure responses to the needs of patients and the organisation of their care:

- La Poste Santé holds a majority stake in the capital of Asten Santé. The company supports more than 100,000 patients suffering from chronic diseases by providing home care services on medical prescription, in the areas of respiratory assistance, infusion, nutrition, insulin therapy and home care. New activities such as non-invasive ventilation (NIV) monitoring have been developed and have grown for the benefit of patients suffering from Covid-19;
- La Poste Santé, through its subsidiary Diadom, provides care, monitoring and delivery of medical equipment in the fields of urology, neuro-urology and stomatherapy;
- in July 2020, La Poste Santé strengthened its stake in the start-up Nouveal e-santé, which has become the subsidiary specialising in the digitisation of the medical pathway, with care monitoring solutions linked to hospital services, from the patient's hospital admission to monitoring in his or her home. Nouveal e-santé also provides home care for patients undergoing chemotherapy in oncology and hematology;
- La Poste Santé also holds 27% of the capital of the e-health start-up Newcard. As an expert in the remote monitoring of heart failure and kidney transplants, Newcard wants to extend remote monitoring to other chronic diseases (respiratory failure, diabetes, neurological disorders, etc.) to develop new methods of care. With its home monitoring and measurement system, Newcard aims to improve the efficiency of patient care and reduce hospitalisations, thanks to the early detection of signs of worsening or acute decompensation of the patient's condition.

La Poste also aims, thanks to its historical resources – postmen and logistics – to support local health policies in terms of prevention and to develop services promoting autonomy and "ageing well at home". It is developing prevention, alongside healthcare professionals and ageing experts, to accelerate the reversibility of the first few vulnerabilities and promote the autonomy of people who prioritise this lifestyle: a societal as well as an economic challenge. In addition to the detection of frailty among the elderly, carried out by postmen (on behalf of pension and occupational health insurance funds, primary health insurance funds and regional health agencies), La Poste participates in the World Health Organization's (WHO) ICOPE[4] programme. In France, this programme is led by the Toulouse geriatric centre, a WHO collaborating centre that has modelled the entire approach for preventing and supporting age-related loss of autonomy. To serve this collective interest in prevention, many other campaigns can be relayed by postmen, such as influenza vaccination awareness, detection of colon cancer, etc.

(1) Axeo Services and Comfort Help networks combined.
(2) "Que choisir", comparison of tablets for seniors in 2017.
(3) AFNOR Label "Tested and Approved by Seniors" 2017.
(4) Integrated Care for Older People.

The Silver economy & Healthcare division generated operating revenue of €203 million in 2021 (vs €185 million in 2020).

Market trends

The Silver & Healthcare markets are driven by two underlying trends.

- Demographic change, marked by the ageing of the population, continues: the number of seniors aged over 75 will increase by 52% between 2020 and 2035. This demographic transition reinforces and reveals many needs in terms of preventing the loss of autonomy and support for fragility. They are concentrated around the home to preserve autonomy and quality of life.
- As a result of the ageing of the population, the prevalence of chronic diseases is increasing: 12 million French people suffer from long-term illnesses. These chronic diseases such as diabetes, neurodegenerative or respiratory pathologies can be treated at home.

The market momentum is also supported by public policies aimed at supporting and financing the transformation of the healthcare system and support for autonomy, notably within the framework of the *Ségur de la Santé* and actions for the elderly and autonomy.

Strategy and outlook

In its strategy of conquest and transformation in the medium term, the Services-Mail-Parcels business unit formalises its ambitions to change dimension in growing markets:

- accelerate Asten's organic growth and improve the coverage of the territory;
- continue to consolidate La Poste's positions in the French market through an acquisition policy (around 15 small regional consolidation operations have been carried out in the field of home healthcare services in two years);
- develop new home care services for challenging pathologies (oncology, diabetes, nutrition);
- further integrate postmen into public health prevention policies;
- prepare the development of activities in Europe.

Strengthening the future of La Poste's historical business lines

FOCUS

UNIVERSAL SERVICE

The universal service is one of the four public service missions entrusted to La Poste. It concerns the collection and delivery of mail and parcels as listed in the universal service catalogue.

The drop in mail volumes inevitably leads to a deterioration in the universal postal service mission account, which has posted a deficit since 2018. The health crisis accelerated this fall and amplified this deficit. Consequently, the cumulative cost of the public service missions left to La Poste becomes an expense liable to call into question the postal business model and the proper performance of its missions.

This is why the French State and La Poste studied an evolution of the universal service, firstly establishing a new definition of the scope and parameters for taking into account changes in uses and expectations, while promoting the deployment of more efficient organisations and processes in order, subsequently, to implement a balanced business model (see Section 1.4.2 Regulations applicable to the public service missions).

The first point is to maintain the obligation to collect and deliver six days a week.

The second point is to offer a new range to meet new mail uses. The selection criteria for mail items will continue to evolve: the importance of the shipment, the price and the level of service will take precedence. Despite the digitisation of exchanges, mail remains a medium projected by La Poste's main customers on many uses and is chosen for its value (trust, guaranteeing the confidentiality of exchanges and rewarding for recipients). Mail will therefore remain at the heart of exchanges over the long term. However, due to changes in usage, priority mail will become marginal in La Poste's flows. A three-day delivery offer will become the backbone of the mail range.

The third point concerns services. The future new mail range will be enriched and be demanding in terms of quality of service (95% expected for universal service offers).

Lastly, the new range will lead to further optimisation of La Poste's industrial facilities and its organisations. Delivery six days a week remains intangible. With three-day delivery at the heart of the mail offering, the managed delivery model will intensify and remain dominant in the deployment trajectory of the new mail range. Experiments may take place in search of new adaptation levers.

Business mail

The Business mail activity, with operating revenue of €3.6 billion in 2021, is the Services-Mail-Parcels business unit's leading activity. It covers:

- mailing solutions (€2.7 billion);
- value-added services (€63 million), including tracked delivery;
- secure solutions (€625 million), including in particular registered mail;
- mail-related services (€220 million), including postage for third parties, collection and contractual delivery of mail, mail holding and forwarding, and stamp-collecting.

La Poste offers two levels of mailing service with:

- fast mail, available in two forms (priority mail with next-day delivery and *Lettre Verte* (green mail) with two-day delivery);
- four-day economy mail.

In 2021, the two-day and four-day delivery offers represented more than 96% of the mail volumes, confirming customers' preference for reliable and responsible mail, *i.e.* carbon neutral mail.

Market dynamics: attrition of mail and press volumes, offset by the value to be given to services

Business mail is a volume market, where services still account for only a small part of operating revenue.

The sending solutions market continues to be dominated by companies and key accounts. The main products and services offered by La Poste to businesses include *Lettre Verte* (green mail) for two-day mail, priority mail for urgent next-day delivery, Ecopli for low cost, four-day delivery. Special products and services such as the *Lettre Grand Compte* (key account letter) and its Tempost G2 variant, which entails a contractual commitment to deliver within two days, and the *Lettre Ecopli Grand Compte* (Ecopli key account letter) and its Tempost G4 variant, which entails a contractual commitment to deliver within four days, are also available to large-scale mail senders.

With new digital uses, the attrition of the number of items is continuing. The use of digital technologies has created a need for responsiveness and facilitation among companies.

Strategy and outlook

To respond to this challenge, La Poste is fundamentally overhauling its range of mail for businesses and consolidating its position as a facilitator and partner by:

- continuing to simplify the use of mail, through increasingly digitised customer journeys, such as for registered mail;
- developing innovative services, for example with the overhaul of the industrial mail offer (monitoring and management of flows thanks to "smart data" technology), a change that radically simplifies preparation and delivery methods for customers;
- increasing the APIsation[1] of its offerings;
- developing a new value discourse anchored in the societal and ecological revolution and based on the proposal of increasingly eco-responsible offers;
- overhauling its customer relations services to offer a "unique customer", personalised and multi-channel experience;
- developing increasingly "phygital" offers[2];
- creating value through new services (monitoring, tracking, notifications);
- strengthening the sustainable dimension of the offers.

Business media

The Business media market includes:

- addressed advertising mail (€681 million in 2021), operated by La Poste;
- unaddressed admail (€311 million in 2021), operated by Mediapost, the leading distributor of printed advertising in France, also present abroad (Spain, Portugal, Romania, etc.);
- a Digital Marketing activity (€100 million in 2021) operated by several players in the Media division: the local communication segment is handled by Mediapost, promotion (sending and management of gaming coupons) by Sogec, and digital relationship marketing (customer knowledge, software solutions, channel activation consulting, etc.) by Isoskèle. In 2021, the Media division strengthened its positions by acquiring three companies:
  - Budget Box, a retail media player that, through its techniques for analysing consumer behaviour, offers brands targeted activation campaigns to spread the right message to the right target, at the right moment of their online purchase path (distribution of targeted digital discount coupons at the best time),
  - Time One group, a specialist in customer acquisition strategies, generates sales, leads and creates commitment between a brand and a consumer,
  - CyberCité, a digital marketing agency that supports its clients in their Internet traffic acquisition projects (natural referral, paid referencing, sponsored links, etc.).

Mail is an advertising medium that is both granular (targeted and customisable) and powerful (mass media), with high recall performance and impact on sales. The mail medium resonates with strong societal expectations:

- it is a responsible medium. Since 2012, La Poste has neutralised its carbon emissions generated by the transport and delivery of mail and uses paper from sustainably managed forests to improve its environmental footprint. To continually improve the environmental footprint of La Poste and its advertiser customers, in 2020 the Media division asked an environmental

(1) IT concept at the heart of the digital transformation (hence the expression "APIsation") of companies and administrations, the API – or application programming interface – is used to develop one or more applications offering users online access to company or administrative services. In this case, the Mail APIs offer franking or registered letter delivery features, for example.

(2) "Phygital" is the contraction of physics and digital. This term therefore refers to offers that combine physical and digital.

consulting firm to carry out the first life cycle assessment (LCA)[1] of the division's paper and digital communication media. Its purpose is to help advertisers reduce the environmental impact of their campaigns by proving to them that advertising mail is advantageous in terms of this criterion, which has become a central concern of consumers and brands;

- it is a non-intrusive medium. Recipients can pick up their mail from their mailbox at their convenience (frequency, etc.), which creates a special moment (ritualization), and read it whenever they want;
- it is the home media. The Media division's marketing solutions (including advertising mail with samples, augmented reality or voice commerce, etc.) make it possible to reach consumers at home, where they ahre ready to embark on a purchasing journey[2], capture the attention of targets with a medium that arouses emotion, and engage consumers in an innovative omnichannel journey of discovery and purchasing. It is in this context that the Media division at the end of 2021 rolled out its home-based communication campaign with the INH ("Inside Home") concept.

Market trends

Advertising mail is one of the most effective ways to attract consumers. It is popular with marketing professionals, who continue to give it a key place in their strategies.

The natural decline (excluding Covid) in addressed advertising mail is mainly driven by incumbent players whose business model is being disrupted (distance selling, for example). The sector is also suffering from the effects of media arbitrations carried out by large companies in a context of digitisation and increasing paper costs. However, there are positive signs: strong positions have been taken in certain sectors (e-commerce, consumer goods, etc.), some sectors remain at high levels of consumption (charities with calls for donations) and new uses are emerging (integration of the Media division's marketing solutions into the market's CRM tools).

Strategy and outlook

Mediapost is the market leader in printed advertising (unaddressed admail). The results in this market were further affected in 2021 by the Covid-related health measures. The measures taken (curfews, lockdowns, access restrictions in stores, etc.) have not made it possible to return to the pre-crisis situation. The advertising media division also benefited from very positive development in the digital and data markets (postal address, enrichment of files, leads, etc.). The strengthening of the Media division's positions in digital and data places the group among the main French digital marketing companies.

Finally, the deployment of synergy continues within the entities of the Media division to provide a global, omnichannel response to customers: hybridisation of offers (print/digital), integration of voice into marketing solutions (voice commerce), streamlining of the customer experience with enhanced platforming (digital access to offers), all-in-one solutions with integration of the entire value chain (creation/data/printing/distribution, etc.).

Press

As mentioned above, press transport and delivery at affordable prices is one of the public service missions entrusted to La Poste.

In addition to sales from newsstands, press items are distributed either by post (postal delivery) or by dedicated distributors to the reader's address (home delivery). Postal delivery is the second-largest means of press distribution after newsstand sales. In 2021, approximately 7,000 titles used the services of La Poste, which transported and delivered over 800 million copies or 30% of the national circulation, generating operating revenue of €322 million (excluding the subsidy from the French State of €87.8 million). La Poste supports its customers in the distribution of their publications and improves the value of press mailing through new offers, in particular for publishers who have chosen alternatives to plastic film.

1.3.1.2 Main transformation areas of the Services-Mail-Parcels business unit

Customer satisfaction as a priority

In line with the group's strategy, the Services-Mail-Parcels business unit makes customer satisfaction a fundamental driver of its action to be perceived as a service provider of excellence.

(1) The LCA consists of assessing the potential environmental impacts of a system, process, service or product.
(2) According to a study conducted by ILIGO, a firm dedicated to understanding consumer behaviour and measuring marketing levers, 86% of decisions concerning family projects are made at home.

The Services-Mail-Parcels business unit's quality management system operates in three areas:

Ensure the reliability of offers and processes upstream	Ensure operational excellence on a daily basis	Ensure an enhanced customer experience
The good design of offers, processes and information systems (managed in milestone reviews), the quality and quantity of resources of all kinds required to provide the services offered must contribute to ensuring the customer promise.	Managerial actions must contribute to the proper execution of tasks through the deployment of standards defined by Excellence.	Ensure a smooth and efficient end-to-end customer experience for all La Poste customers*.

* *The Services-Mail-Parcels business unit is no longer in charge of the customer experience for individuals and professionals, which falls to the new Retail Customers and Digital Services business unit, but only guarantees its successful implementation.*

Measured by the Net Promoter Score (NPS) for its main flows, customer satisfaction guides the management of each establishment.

Compliance with deadlines is also measured for many flows, particularly those that are part of the universal postal service. In 2021, the health crisis and its consequences on the conditions for providing services (social distancing, health measures) led the French State to not set any targets in this area. However, La Poste has endeavoured to gradually rebuild its organisations in order to rapidly provide a service that meets the expectations of its customers.

In addition, the overhaul of the handling of questions and complaints was continued with the possibility for customers to contact their post office or postman directly, in addition to the dedicated telephone number (3631) and the laposte.fr website. Complaints concerning delivery are now systematically dealt with by the operational team concerned, which contacts each claimant.

Industrial, logistics and IT master plan

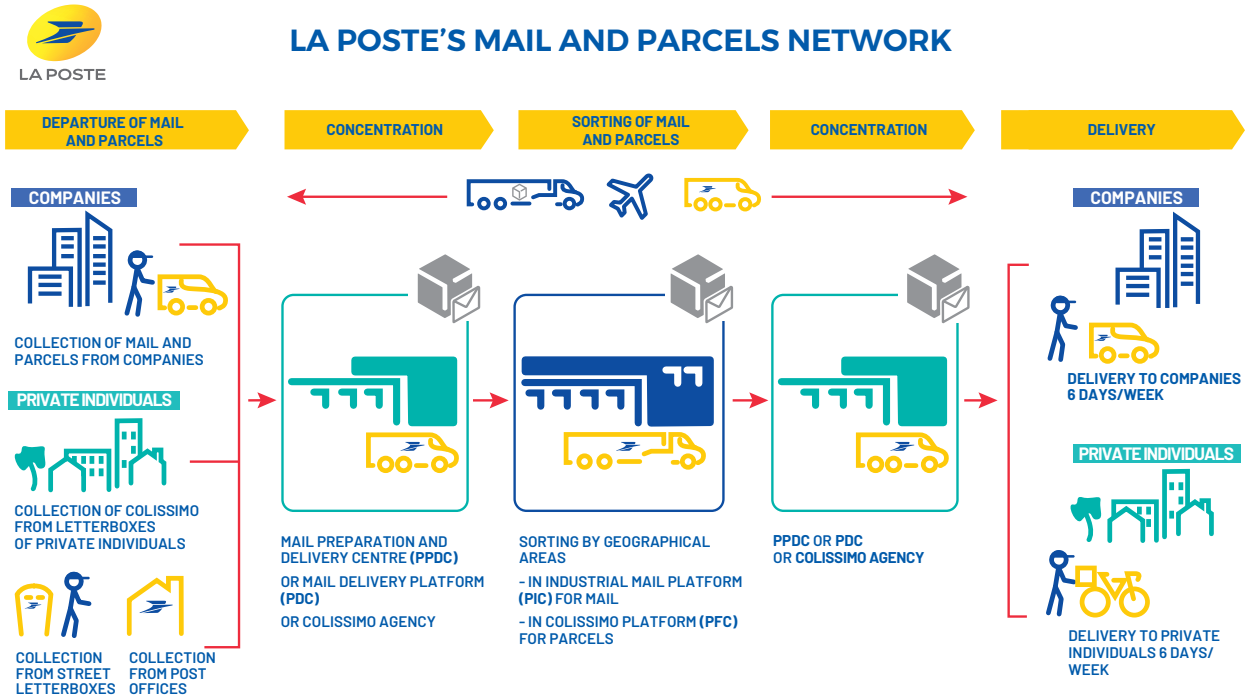
The Services-Mail-Parcels business unit has to deal with the digitisation of exchanges, which is leading to a structural decline in mail volumes: 18 billion letters in 2008, just over 7 billion in 2021. At the same time, the parcel volumes are exploding in line with the expansion of e-commerce: 505 million Colissimo items were delivered in 2021 compared to 25 million in 2015 (including the Retail Customers activities).

Faced with these changes, the business unit's industrial, logistics and IT plan must adapt to ensure the competitiveness and quality of the services provided. The first phase of this plan led to the investment of €450 million between 2017 and 2021 to strengthen and optimise the Services-Mail-Parcels business unit's parcel processing capacities and made it possible to handle over 505 million parcels in 2021 (including the retail customer activities). In 2021, this accelerated growth of the parcel market triggered the second phase of this investment plan from 2023 to 2026 in the amount of €450 million.

The master plan also aims to modernise the Mail business while adjusting its industrial capacity. This optimisation leads to a pooling of industrial capacities between Mail, Parcels and Chronopost. Convergence infrastructures have been created such as, for example, the multi-stream mail preparation and delivery platforms (PPDC MF) which bring together the main activities of the Services-Mail-Parcels business unit. This evolution in terms of infrastructure goes hand in hand with an optimisation of transport which reduces costs, greenhouse gas emissions and delivery times. More than 800 "swap bodies" (removable containers transported on trailers that can be stored on the quayside or in car parks), loaded in bulk (as opposed to being loaded on a pallet), increase the number of parcels transported by each road link (a normal team carries two swap bodies of 50 m^3).

In terms of IT, a comprehensive infrastructure and application renovation plan is underway to build standardised bases that will enable mail flows and the delivery of parcels and services. Like for parcels, each mail item will be identified by a unique digital tag, the "smart data". Registered or tracked mail will be processed, in terms of IT, in the same manner as parcels, thus pooling common systems. Artificial intelligence is widely used for reading addresses, detecting undeliverable items (moving without forwarding requested, for example) or collecting the data required for customs clearance.

The shipping of postal items, mail, parcels, press and printed advertising follows a standardised process.



This process requires a wide logistics and industrial network that is both partly owned and partly subcontracted.

Collection	Transport	Processing	Delivery
● 126,484 street letterboxes ● 117,300 pick-up and delivery customers ● Over 2,750 pick-up postmen	● 259 heavy goods vehicles ● 8,284 road links ● 4 planes and 2 extensions in Corsica serving 3 stops and the Roissy hub ● 28,984 internal combustion delivery vehicles ● 59 internal combustion motorcycles ● 6,590 electric cars ● 1,240 electric quads (Quadeo) ● 17,589 electric bikes ● 7,672 Staby electric vehicles	● 1,910 mail-delivery platforms (PDC) ● 220 Mail Preparation and Delivery Centres (PPDC) ● 26 Industrial Mail Platforms (PIC) ● 19 parcel platforms (PFC) and hubs ● The international hub in Roissy ● 2 local storage and logistics hubs	● 62,118 postmen* ● 1,865 parcel delivery people* ● 43,242 daily rounds excluding dedicated Parcel rounds ● 42.2 million letterboxes served six days per week ● 15,201 pick-up and drop-off points of the Pickup retail network in France ● More than 622 million kilometres covered per year by postmen ● 48 Parcel offices (ACP) ● an average of 1.67 million parcels delivered per day (up to 3.54 million at the end of the year)

* *Individuals.*

The business unit is gradually adapting its organisation to changes in its business, characterised in particular by a structural decline in mail volumes and growth in parcels. It has equipped itself with industrial facilities that can support the growth of e-commerce and improve the quality of service:

- transition from 45 Industrial Mail Platforms (PIC) at the end of 2010 to 26 at the end of 2021. Additional Colissimo parcel platforms (PFC) with 5 opened between 2017 and 2021 bringing the total to 19;
- creation of 62 Mail Preparation and Delivery Centres (PPDC) for multi-stream mail and parcels, small imported parcels, press, printed advertising, and Chronopost, by the end of 2021, and 5 automated parcel offices (parcels sorted by round);
- 43,242 mail delivery rounds completed with no additional sorting work in the delivery platforms;
- use of sites to create city hubs for local micro storage and for preparing orders for suppliers of various distribution networks with two early adopter sites in Paris;
- 467 drop-off/pick-up desks, located as close as possible to the routes of postmen, in order to reduce the distance between the platform that supplies them and the point of departure of their round.

This industrial master plan is based on industrial and economic excellence organised around three major programmes:

1. The scaling up of the industrial facilities to ensure the growth of the parcels business (modernisation and construction of new parcel platforms) and the increase in the flow of small international goods. Mail costs are controlled by:
   - gradually transforming the Mail Preparation and Delivery Centres (PPDC) into multi-stream distribution platforms: mail processing, small goods, press delivery, Chronopost (a product that is increasingly delivered by postmen) and parcels all handled on the same site,
   - adapting the industrial network to the volumes of mail to be processed;

2. The adaptation of the network of the sites preparing the rounds of postmen to the new activities and new services (modernisation of the first and the last mile) in order to:
   - automate the preparatory sorting work for the distribution of the round of each postman upstream in the Industrial Mail Platforms,
   - provide the postmen with "ready to deliver" bags not requiring any additional sorting work,
   - Postmen are as close as possible to the starting point of their delivery rounds, and are positioned in new local drop-off/pick-up desks,
   - steer the mail in the Industrial Mail Platforms so that each item is delivered on the promised date (one-day, two-day, four-day or seven-day delivery);

3. The digitisation of the logistics chain and all customer experiences (infrastructure and IT bases). This involves, for example, marking all items, the use of artificial intelligence for reading addresses and sorting, scanning, the information system for new services, the evolution of Facteo (postmen's digital personal assistants). In addition, the investments in information systems carried out in synergy with the Retail Customers and Digital Services business unit aim for real-time supervision, *via* the Mobile first[(1)] approach, and integration of artificial intelligence.

Social and environmental responsibility

La Poste Groupe, which was one of the first businesses in the world to include a large number of electric vehicles in its fleet, is continuing its commitment to environmentally-friendly transport. It now has electric vehicles with two, three or four wheels to adapt its resources to the distribution and transport constraints and comply with the regulations imposed by the municipalities to limit pollutant and CO_2 emissions. It is thanks to this responsible and pioneering policy that La Poste can access city centres.

Faced with the climate emergency, the pursuit of an ambitious trajectory to reduce greenhouse gas (GHG) emissions has become essential. The Services-Mail-Parcels business unit is therefore committed to achieving zero net CO_2 emissions by 2030, by integrating the minimum amount of carbon offsetting and by pursuing a trajectory to reduce its CO_2 emissions approved for its compatibility with the Paris Agreement by international climate experts. To achieve this objective, it prioritises:

- the deployment of electric vehicles and the optimisation of routes;
- the optimisation of logistics and loading (swapbodies, stored bulk) and the development of the use of natural gas for vehicles (NGV) or even BioNGV;
- the improvement the energy performance of buildings and using renewable energies;
- the development of eco-designed and reusable packaging.

At the same time, La Poste systematically integrates the analysis of the CSR impacts (in terms of risks and opportunities) of its offers and projects. It supports its corporate customers in optimising their environmental footprint by sharing CSR data and developing decision-support solutions. It acts as a responsible employer by deploying ambitious action plans in favour of the professional development and employability of its employees, the promotion of diversity and professional equality. It thus has a significant lead on the market in the service of stakeholders, which is an element of differentiation and a double lever of conquest to:

- support all of its offers: mail, parcels, media, new local services;
- diversify by positioning itself in markets supporting the energy transition; the Services-Mail-Parcels business unit promotes the decarbonisation of its transport and urban delivery activities, which it has made a strategic ambition for by 2030, and the improvement of air quality by relying on:
  - the new industrial master plans that optimise and pool the kilometres travelled on a daily basis,
  - the optimisation of logistics and loading (+30% of payload thanks to swap bodies – removable containers and stored bulk) to reduce the number of trailers required; it has one of the lowest carbon footprints per parcel in the sector, at only 420 g of CO_2 per Colissimo delivered in France in 2020,
  - the roll-out of one of the largest fleets of electric vehicles in the world (35,000 vehicles, including electric bikes, or 48%), thus more than half (54%) of the rounds are made by electric vehicle or in soft mode; and the training of 80,000 employees in eco-driving.

The ambition of the Services-Mail-Parcels business unit is to go further and plans, by 2025, to deliver soft or low-carbon delivery to the 27 largest French cities and towns, in particular through the acquisition of 4,500 additional electric vehicles, to deploy one of the largest fleets of cargo bikes in Europe and to contribute to the group's objective of increasing tenfold the space dedicated to urban logistics activities by 2030.

(1) The "Mobile first" approach to website design puts the mobile phone (smartphone or tablet) at the centre of the website's strategy and its content.

The Services-Mail-Parcels business unit is also implementing an eco-design policy for its envelopes and postal parcels and is working to develop the use of reusable packaging. All of its paper and cardboard mailing products are 100% recyclable. The vast majority of products in the Colissimo range include FSC Mix-certified paper (from sustainably managed forests and containing recycled fibres), corn starch or water-based glues and water-based inks. The percentage of recycled materials has increased considerably for certain ranges. As a result, Ready-to-Ship Europe and Global items now include 40% recycled material (compared to 20% previously). The proportion of recycled material in flexible pouches has increased from 50% to 70%.

As every year, as part of its Internal Carbon Fund, the Services-Mail-Parcels business unit supported innovative projects in 2021 to reduce the environmental footprint of its activities. The Colissimo platform (PFC) in Cavaillon has installed outdoor lighting that consumes less energy. By reducing light pollution, its project, carried out in partnership with the Luberon Regional Nature Park (*Parc naturel régional du Luberon*), also contributes to the preservation of biodiversity. The Auvergne Industrial Mail Platform submitted a project to plant an urban forest near the building, in partnership with the Town Hall of Lempdes, Municipality of Clermont Auvergne Metropolitan Area. Among its new sites, the PFC Île-de-France Sud has a two-hectare basin offering full compensation for the artificialisation of the soil (the rainwater is entirely directed to the water table). The installation of a double sorter increases the sorting capacity by a factor of two and a half, while reducing the surface area required for the activity by 30%. The generalisation of bulk loading reduces the number of trucks by 25% while increasing the site's production by 50%.

Lastly, in 2021 the Information Systems Department of the Services-Mail-Parcels business unit committed to a "Responsible Digital" certification process for all the information systems under its responsibility. This demanding certification, designed by the French Institute of Responsible Digital Services (Institut du numérique responsible – INR), in partnership with the French Ministry for the Ecological and Solidarity Transition, ADEME and the WWF, attests to its stakeholders that the Services-Mail-Parcels business unit is committed to an approach of continuous improvement aimed at reducing the environmental, economic and social footprint of information and communication technologies.

Excellence

The quest for excellence remains at the heart of the transformation of the Services-Mail-Parcels business unit. This management system is based on the need to develop the involvement of all players in the business unit in the service of performance, while relying on the values of La Poste Groupe (openness, consideration, proximity, accessibility, fairness, sense of service). Based on continuous improvement, and the permanent search for a balanced performance between the attention paid to La Poste's customers (quality management system), to La Poste's employees (health and safety at work management system) and the value created for the Company (performance management system), it applies to all business lines, both operational and functional, in order to guarantee the smooth running of the organisation, giving priority to the field.

The System of Excellence is a continuous development system for people and processes to serve the business unit's overall performance and is based on three interdependent Foundations:

1. Deploy a vision and a strategy, with clearly identified priority objectives, in order to establish a common Foundation that is essential to frame and guide the teams' actions; a multi-year strategic cycle is put in place to update the vision of the business unit and each entity; a medium-term plan breaks down the vision into programmes to be carried out; and, an annual contract of objectives identifies the priorities for the year (indicators and projects);
2. Lead the team's performance;
3. Developing the postures and skills of teams, managers and collectives, with a skills development and support plan adapted to the position held.

Customer satisfaction, in an increasingly competitive and demanding environment, can only develop thanks to the agility and autonomy of teams to respond proactively to the personalised needs of customers and to operate them with a high level of quality, by giving more control to the teams. The System of Excellence gradually aims to install autonomous and efficient teams at each level of the Company, responsible for their results, with identified room for manoeuvre.

Commitments

The transformation of the Services-Mail-Parcels business unit will not be possible without the commitment of postal workers. Committed postal workers, proud and confident in their future, is the best guarantee of the success of the transformation and development of the Services-Mail-Parcels business unit.

In 2021, another year marked by the health crisis, the Services-Mail-Parcels business unit made the health and safety of all its employees its priority:

- extremely rigorous compliance with the barrier gestures and health protocols in force;
- implementation of a proactive accident at work prevention policy through action plans targeting the major risks identified;
- development, through the occupational health and safety management system, of a culture in which everyone is involved in their own safety and that of others.

This policy made it possible to avoid, in 2021, 88 accidents at work with time off. Since the start of the health crisis, 1,707 lost-time accidents have been avoided.

Improving the quality of life at work remains a constant concern, whether in terms of the conditions in which the business is carried out or the openness and attention to others, as attested to by the business unit obtaining the Diversity label (see Section 3.3 Employment policy for the group's development).

The Services-Mail-Parcels business unit also attaches particular importance to the quality of the welcome and the systematic training of new employees, both in terms of their safety and business procedures and actions. For postmen, a standard enabling pathway combining theory and practice is being rolled out nationwide.

Training benefits everyone: 8 out of 10 employees of the business unit were trained in 2021, as in 2020, by massively developing distance training due to the health situation.

The Services-Mail-Parcels business unit also continues to deploy an employment model based mainly on permanent full-time employment (3,410 permanent hires in 2021). It is enhanced by forms of responsible employment that combine the quality of employment with the flexibility made necessary by the strong variations in the needs of La Poste's customers. Thus 6,000 seasonal employees were recruited during the peak period in 2021, to support the permanent employees in handling and delivering the extra parcels entrusted to La Poste by its customers.

The effects of the new strategic plan of the Services-Mail-Parcels business unit on its business model, changes in the business lines and skills requirements, are identified by the business lines and brought to the attention of the employees and their representatives within the framework of the business unit's forward-looking management of employment and skills. The new professions will be carried out by today's employees, thanks to the introduction of individualised support and training programmes (often leading to a certificate or diploma). Mobility to other business units (377 customer service managers at the Retail Customers and Digital Services business unit came from the Services-Mail-Parcels business unit in 2021) or missions of general interest (65 digital advisors) are also part of the many professional development opportunities offered to the employees of the Services-Mail-Parcels business unit.

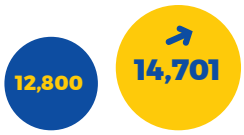
All of these policies and actions fully contribute to the commitment of the employees of the Services-Mail-Parcels business unit. And to carry out its transformation, the Services-Mail-Parcels business unit will continue to rely on a change management method based, above all, on social dialogue.

It is in this sense that a new majority agreement was signed with CFDT, FO, the CGC-CFTC *Osons l'Avenir* union group and UNSA, on 17 December 2021, for the benefit of postmen, managers and other postal workers of the business unit's mail establishments and industrial platforms. This new agreement sets out a method and a framework for preparing, in a rich and structured social dialogue, at the national and local level, the transformations of the business lines and activities of the business unit, in particular in connection with the future new mail range that will be rolled out from 2023. The agreement also includes immediate measures, for the benefit of the postal workers and their supervisors, in terms of delivery and processing. It will be deployed throughout 2022.

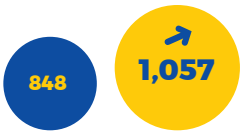
1.3.2 GEOPOST

KEY FIGURES IN 2021

OPERATING REVENUE
In €M



OPERATING PROFIT/(LOSS)
In €M



NUMBER OF PARCELS
2.1 bn (+14.1%)

SHARE OF OPERATING REVENUE IN BTOC
51% (vs 49% in 2020)

NUMBER OF EMPLOYEES
54,743

SHARE OF INTERNATIONAL OPERATING REVENUE
82%

OF WHICH OUTSIDE FRANCE
46,338

KEY HIGHLIGHTS 2021

The year 2021 was marked again by the health crisis, which impacted consumer habits and behaviour and continued to support the strong growth of e-commerce:

- the first half of the year saw a strong increase in the volumes handled (+23.6%), subject to the changes in health restrictions implemented worldwide. In the second half of the year, with the relative improvement in health conditions, business growth returned to pre-Covid levels. Over the year as a whole, volumes increased by 14.1%;
- the trend observed in the growing share of BtoC volumes in 2020 is confirmed: in 2021, 57.8% of the volumes concerned BtoC (vs 55.2% in 2020).

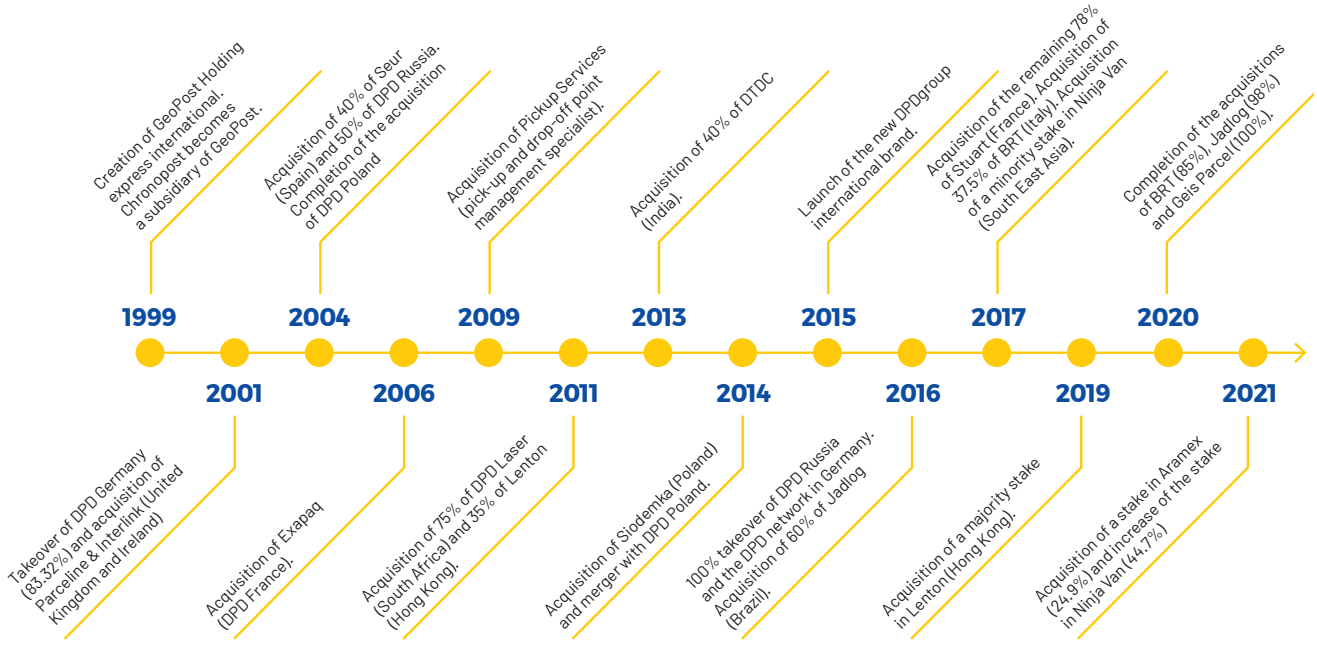
In March 2021, GeoPost announced its strategic plan Together & beyond, becoming the international reference in sustainable delivery and a leading enabler for the e-commerce acceleration, and initiated its implementation, with significant achievements during the year, of which:

- the strengthening of its core business, with the acquisition (69.81%) of Speedy AD in Bulgaria and DPD Romania, the acquisition of 100% of TIPSA[1] in Spain and the integration of Geis in the Czech Republic and Slovakia;
- the strengthened development of Out-of-Home delivery, with the continued deployment of the network of lockers and pick-up and drop-off points in 2021, the acceleration of the Shop2Shop offer[2] and the acquisition of 25% of PUDO24[3] by SEUR and DPD Portugal;
- the growth in the Food and Healthcare market segments, driven in particular by the deployment of DPD fresh offering and targeted acquisitions (*e.g.* BK Pharma Logistics[4]) and the development of Biocair[5], as well as the development of food e-commerce *via* a majority stake equity investment in the capital of epicery[6];
- the development of new urban services with Stuart (expansion in Poland and Portugal) and Pickup (pedestrian drives, deployment of the locker network, residential lockers, etc.), the acquisition of CitySprint in the United Kingdom[7];
- acceleration of international development, notably with the increase to 43.3% in the capital of Ninja Van[8] during its last fundraising, the acquisition of a stake of 24.9% in the capital of Aramex[9];
- following the reorganisation effective as from 1st July 2021, operational collaboration with Asendia[10], promoting the development of synergies, and the full acquisition of eShopWorld[11] (ESW) by Asendia;
- GeoPost also stepped up the implementation of its sustainable development strategy, through the deployment of low-emission fleets within its subsidiaries: more than 4,800 low-emission vehicles delivered to nearly 180 cities in Europe by the end of 2021.

(1) Specialist in express transport and temperature-controlled transport in Spain.
(2) Delivery service from one pick-up and drop-off point to another.
(3) Locker network in Spain and Portugal.
(4) Specialist in temperature-controlled transport in the Netherlands.
(5) Global transport specialist in the pharmaceutical, biotechnology and life sciences sectors.
(6) French application for ordering food products from neighbourhood merchants.
(7) Operation finalised in January 2022.
(8) Transport logistics company based in Singapore and operating in South-East Asia.
(9) Transport logistics company based in Dubai. Transaction subject to approval by the competition authorities.
(10) Specialist in cross-border e-commerce, joint venture between La Poste Française and Swiss Post.
(11) Global leader in cross-border e-commerce.

A long-standing postal parcel operator, La Poste was the first European postal operator to position itself in the express market with the creation of Chronopost in 1985. The creation in 1999 of GeoPost, a wholly-owned subsidiary, confirmed this strategic priority. The holding company then joined the Chronopost subsidiary and implemented an external growth strategy based on targeted acquisitions of recognised domestic operators, mainly in Europe (see Section 1.1.2 Key milestones in the group's history). In 21 years, GeoPost has become a key player in the European parcel delivery market thanks to strong positions in most countries:

- No. 1 in France[1], Spain, Ireland, Italy, Slovakia, Poland, Lithuania and Latvia;
- No. 2 in Germany, Austria, Estonia, Belgium, Portugal, Bulgaria, the Czech Republic and the United Kingdom;
- No. 3 in Russia, Croatia, Slovenia and Switzerland.

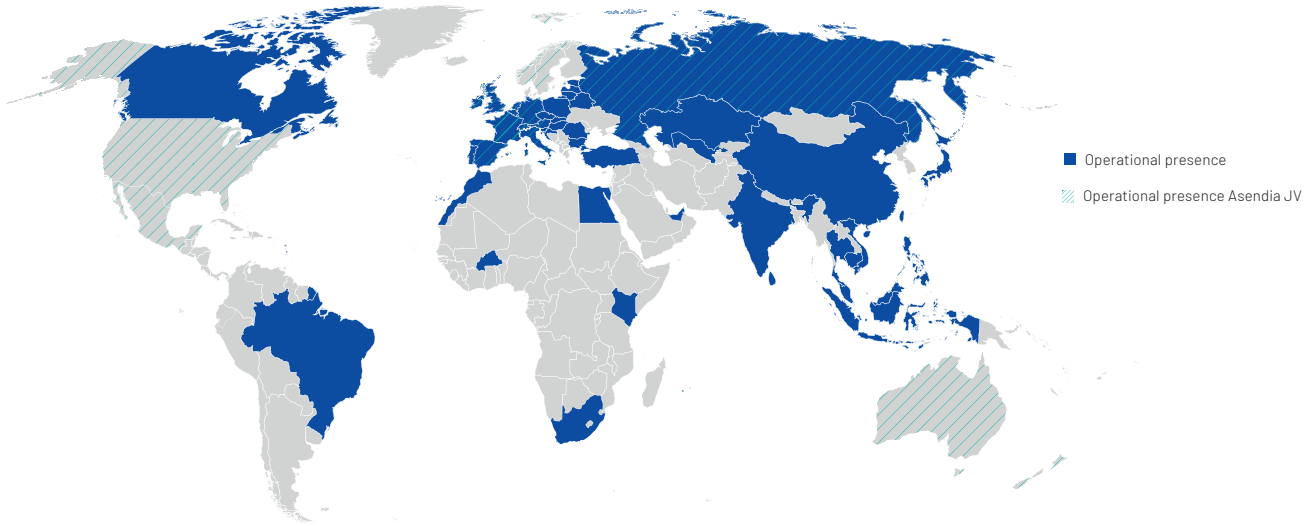


In 2021, GeoPost pursued its strategy of acquisitions and partnerships, in line with the strategic pillars of its Together & beyond plan, notably on international development, growth in the Food and Healthcare market segments, and development of Out-of-Home delivery.

At the end of February 2021, the presentation of the new strategic plan "La Poste 2030, committed for you" was completed by the announcement of a new organisation: Asendia, a cross-border e-commerce specialist, a joint venture between La Poste and Swiss Post, comes under the operational management of GeoPost in order to develop synergies between the two entities in the field of parcels and international e-commerce.

(1) In France, GeoPost's subsidiaries operating under the Chronopost and DPD France brands are number two in the market, behind Colissimo. La Poste Groupe (Colissimo + Chronopost + DPD France) is number one in France.

GeoPost international footprint as at 31 December 2021



Presence per brand and country

Majority stake
Minority stake

dpd
- Germany, Belgium, Belarus, Croatia, Estonia, France, Hongria, Irland, Kazakhstan, Latvia, Lithuania, Luxembourg, Uzbekistan, the Netherlands,, Poland, Portugal, Czech Republic, Romania, United Kingdom, Slovakia, Slovenia, Switzerland
- ☐ Austria

dpd United Kingdom
- United Kingdom

chronopost
- France, Mauritius
- ☐ Burkina Faso, Morocco

speedy
- Bulgaria

BRT
- Italy

SEUR
- Spain

dpd /
- Russia

dpd laser
- South Africa

ninjavan
- ☐ Indonesia, Malaysia, Philippines, Singapore, Thailand, Vietnam

DTDC
- ☐ India

jadlog
- Brazil

yurtiçi kargo
- ☐ Turkey

bosta
- ☐ Egypt

Other international activities

LENTON GROUP
Global Premium Logistics Solutions

Based in Hong Kong (China), Subsidiaries in France et and United Kingdom
- South Africa, Cambodia, Canada, China, United Arab Emirates, Hong Kong, India, Indonésia, Japan, Kenya, Philippines, Singapor, Sri Lanka, Taïwan, Thaïlande

ASENDIA
- France, Sweden, Norway, United Kingdom, Singapore, Hong Kong, Germany, Austria, USA, Australia, New Zealand, Switzerland, Spain, the Netherlands, Italy, Ireland, Russia, Mexico

1.3.2.1 GeoPost's market

GeoPost operates in the light-weight parcel delivery market, which is generally referred to as the Courier, Express and Parcel (CEP) market.

Light packages (generally speaking, parcels of less than 31.5 kg, *i.e.* 70 pounds) obey the "one man, one van" rule: unlike freight, they can be handled by a single person without special equipment. However, transporting light-weight parcels requires specific infrastructure (sorting centres and small vehicle fleets) and is based on delivery rounds. This market differs from other transport markets that do not require sorting operations (delivery market and cargo transport market). The light-weight parcels market is based on providing a service on behalf of an ordering customer (known as the "shipper") and a destination customer.

GeoPost processes 8.4 million parcels worldwide every day[1].

Market segmentation

The CEP market is traditionally segmented according to several criteria:

- **Delivery time,** which generally subdivides the market into two segments:
  - standard or deferred parcel, without guaranteed delivery times, which ranges from 24 to 72 hours,

(1) *This calculation is based on five delivery days per week.*

- Express parcel, with guaranteed delivery times that generally correspond to next-day delivery in the domestic market and next-day to two-day delivery in the international market.

GeoPost's core business is next-day parcel delivery to domestic customers with a Premium offer, notably through the Predict interactive notification service, which is also offered for intra-European road traffic (next-day to three-day delivery depending on the origin and destination concerned).

- **Geographic coverage:**
  - domestic markets (national delivery),
  - an international market, sub-divided between shipments within the European Union and shipments outside the European Union (also called intercontinental delivery).

GeoPost is specialised in domestic and intra-European delivery and is expanding in the intercontinental market;

- **The nature of the sender and recipient,** which subdivides the market according to the type of parcel flow:
  - business to business (BtoB),
  - business to consumer (BtoC),
  - consumer to consumer (CtoC),
  - consumer to business (CtoB).

GeoPost covers all customer needs in the various segments.

Market players

The market is served by various types of operators and each has an operating model based on their own structure and type of network:

- **global players** – or integrators (UPS, DHL Express, FedEx/TNT), which integrate the entire parcel delivery chain: they manage the functions of airline, customs broker, freight agent and often also road transporter;
- **major regional players,** including GeoPost, capable of serving a large number of countries in a unified manner. In this segment, GeoPost is the leading pan-European operator in terms of both operating revenue and number of countries covered by subsidiaries[1]. These road shippers do not have their own air fleet and rely on commercial flights (in the baggage compartment of the air plane) or on integrated operators for their express delivery services;
- **domestic players** which include:
  - some domestic postal operators that have extensive domestic distribution networks and that are major players in BtoC markets,
  - local players: partner networks, shippers and SMEs, mainly positioned in the domestic small parcel transport market (or even the regional market), mostly in BtoB, and which are generally absent from international delivery.

Global players have invested in the standard parcel market for a few years in the European CEP market to establish a foothold in the BtoC market. This market was initially dominated by postal operators as well as regional and local players.

However, it is considered that this segment is largely dominated by postal operators that have more than a 47% market share in both value and volume [1], although the distinction between postal operator and non-postal operator is starting to blur.

In Europe, GeoPost is currently the leading operator in the CEP market with an estimated market share of 13.2% in operating revenue in 2020 (an increase of 0.7 point compared to 2019). GeoPost is also the leader in the intra-European road transport export market [1].

Market trends

In 2020, the European CEP market was valued at €73.3 billion, representing 15.1 billion parcels. The market has enjoyed estimated growth of 17.4% by value and 22.2% by volume compared with 2019 [1].

Growth of e-commerce boosting both domestic and cross-border volumes

Domestic volumes

The development of e-commerce contributes to increasing the share of BtoC (estimated at slightly more than 62% of the European CEP market volumes in 2020)[1]. The BtoC segment drove the overall growth of the European CEP market, with growth of 37% in both volume and value in 2020. This trend is driven by the growth of European e-commerce, estimated at 29.6% in 2020 [2]. Backed by this momentum, GeoPost's ambition is to continue winning a substantial amount of new market share through its hybrid BtoB-BtoC network.

Cross-border volumes

The cross-border business corresponds to parcel import and/or export operations.

In 2020, 60% of regular European e-buyers have already made purchases on a foreign site [3]. As a result, it is estimated that 60% of French Internet users have already made foreign purchases on the Internet. The countries with the most mature domestic e-commerce sites (such as the United Kingdom, Germany, France and Poland) have the "lowest" rates, but still higher than 51%. Among countries that have a smaller domestic offering, the percentage of e-shoppers who have already made purchases on foreign sites stands at 60% in Italy, 62% in Spain, 78% in Belgium, 82% in Portugal and 87% in Switzerland.

(1) Source: annual internal survey.
(2) Source: eMarketer e-commerce Report 2020, February 2021 European e-commerce Report 2020, Ecommerce Foundation, June 2020.
(3) Source: GeoPost e-shopper barometer 2019-2021, conducted by GfK and GeoPost, in 21 countries and with 23,255 23,394 respondents.

Modelled on the growth of e-commerce within the European Union, the European CEP market has been driven by growth in intra-European volumes. Europeans often buy products from a neighbouring country: for instance, Austrians buy products from German sites.

Lastly, when it comes to buying outside Europe, regular e-buyers make their purchases mainly on American (30%) and Chinese (54%) sites. In the United Kingdom, 8% of regular e-shoppers have stopped buying on foreign sites since Brexit. Conversely in China, 80% of all e-shoppers have already purchased products from Europe, and 63% have purchased products from other Asian countries.

A geographically concentrated market under consolidation

The European CEP market is highly concentrated: Germany, the United Kingdom and France account for 55% of the European express parcel market. Together with Spain and Italy, these five countries account for 68% of the market.

In 2020, the market continued to grow in Western Europe (United Kingdom: +30.8%), but the strongest growth in value was in Eastern Europe (Slovenia: +30.6%; Lithuania: +30.0%; Bulgaria: +29.2%; Romania: +25.5%; Latvia: +22.6%; Poland: +22.3%; Croatia: +21.2%; Slovakia: +20.6%; Hungary: +20.4%[1]).

The three largest postal operators (DHL Express in Germany, Colissimo and GeoPost in France, and GLS and ParcelForce in the United Kingdom) hold approximately 47% of the European market[2] Compared to the US market, however, it remains relatively unconsolidated. This consolidation should therefore continue, as in recent transactions such as the acquisition of a 75% stake by Advent (which also owns the Polish operator InPost) in Hermes UK and 25% in Hermes Germany in 2020, and the acquisition of Mondial Relay at 100% by Advent, through InPost, in 2021.

Economic context and competitive environment weigh on market prices.

In 2021, the parcel industry gradually entered a post-pandemic phase. During the second half of the year, the growth in volumes gradually slowed down, in parallel with inflationary pressures and the increase in fuel prices. The express and deferred parcel transport business is faced a high level of pricing pressure in both the BtoB and BtoC segments. Two factors contributed to the pricing pressure:

- parcel operators' increasing capacities which are growing apace with the market;
- large customers' high bargaining power due to the consolidation of the e-commerce market around a handful of large e-retailers.

Furthermore, the costs linked to delivery to private individuals are higher than the costs linked to delivery to businesses, which causes additional pressure on margins, compounded by increasing difficulty in recruiting drivers.

On top of these factors, there is the positioning of the delivery offering compared to the global e-commerce offering: delivery tends to be considered as a commodity whose value is not recognised or hardly acknowledged by e-shoppers. These factors create a paradox where "toC" deliveries are more expensive and more demanding in terms of service, even while end-customers often expect to be offered the service for free.

GeoPost's objective is to combine growth in volumes with maintaining profitability through an adapted pricing policy, taking into account the rise in costs.

Lastly, competitive pressure remains high in GeoPost's markets, particularly with the increased level of internalisation of logistics and transport in certain marketplaces, and the emergence of new players (quick commerce players[3], other last mile players, etc.) and the diversification of traditional logistics and transport players in certain business segments.

Rise of the toC segment

BtoB and BtoC

The BtoB market suffered an initial decline at the start of the pandemic. A recovery in the second half of the year enabled it to end the year 2020 with positive growth of +0.7% in value terms and +0.6% in volume terms. The BtoC and cross-border BtoC segments continued to drive growth. The trend increased significantly in 2020, when online sales were boosted by the pandemic. During the successive phases of lockdown, the increase in online spending evolved to levels never before seen in Europe. Thus, online sales grew by 26% in Europe in 2020[4] thanks to an increased frequency of purchases by people who bought online even before the health crisis, but also thanks to the 15 million European customers who purchased online for the first time in 2020. This strong trend has increased the share of e-commerce in total commerce in Europe from 9% in 2019 to 12% in 2020.[4]

The BtoC market exploded in 2020 (+37.3% growth in volume) due to the boom in e-commerce driven by the pandemic. In 2020, domestic BtoC grew faster than cross-border BtoC, as consumers generally preferred local e-merchants.

The results of the first half of 2021 already showed a growth in BtoC volumes of +32.9% (compared to the first half of 2020)[4]. This strong growth was linked to the lockdowns that began in March 2020.

(1) Source: annual internal survey.
(2) CEP Market (Courier, Express and Parcel): market for the transport of parcels weighing less than 31.5 kg, which must be carried out through a network (including collection, sorting, transport and delivery operations), the parcels generally benefit from a tracking system (Track & Trace).
(3) Concept of delivery of food shopping in urban areas with very short delivery times.
(4) Source: eMarketer e-commerce Report 2020, February 2021.

CtoC

The CtoC segment, for its part, experienced accelerated growth thanks to a surge in marketplace sales. The growth in CtoC continued to accelerate (+30.5% in volume and +28.5% in value in 2020), as the Covid-19 crisis boosted sales of second-hand products in marketplaces such as Vinted in most European countries (whereas the trend was predominantly French in 2019).

1.3.2.2 A structure based on networks

GeoPost's organisation enables it to offer European shippers and recipients a consistent and comprehensive offering of BtoB and BtoC delivery services across the continent and to the entire world.

An interconnected multi-domestic network

In Europe

GeoPost's network offers comprehensive and competitive coverage in all European countries. It is based on reliable domestic networks, has a thorough understanding of specific local characteristics and is totally interconnected within a high-performance international network.

GeoPost is present on the European market:

- through wholly owned or controlled subsidiaries in 26 countries: under the DPD brand in Ireland, the United Kingdom, France, Belgium, Luxembourg, the Netherlands, Germany, Switzerland, the Czech Republic, Slovenia, Croatia, Poland, Slovakia, Hungary, Estonia, Latvia, Lithuania, Portugal and Romania; under the Chronopost brand in France; under the SEUR brand in Spain; and under the BRT brand in Italy;
- through capital and industrial partnerships: on the Austrian market thanks to a 26% stake in DPD Austria;
- through commercial partnerships with leading companies: PostNord in the Nordic countries (Denmark, Sweden, Norway, Finland and Iceland); Lagermax in South-East Europe; Nova Poshta in Ukraine.

Thus, in Europe, GeoPost is active throughout the continent. Thanks to its locations in these major markets, it now has the most extensive parcel delivery network on the continent.

France, Germany and the United Kingdom account for 53% of its operating revenue. GeoPost generates 82% of its revenue outside France.

Outside Europe

Outside Europe, GeoPost has expanded its presence in dynamic markets:

- through wholly owned or controlled subsidiaries: in Russia with a 87% stake in DPD Russia/SPSR; in Belarus and Kazakhstan with 100% stakes; in South Africa with a 75% stake in DPD Laser; in Brazil with a 98% stake in Jadlog; in Mauritius with a 75% stake in Chronopost Mauritius; in Asia with the increase in Lenton's capital to 65% in September 2019;
- through capital and industrial partnerships: in India with a 43% stake in DTDC; in Turkey with a 25% stake in Yurtiçi Kargo; in South-East Asia with a non-controlling equity investments in Ninja Van (43.3%); and in French-speaking Africa: Morocco (34%) and Burkina Faso (40%) under the Chronopost brand; and in Egypt with a 10.57% stake in Bosta;
- lastly, GeoPost is positioned on the international transport market for specialised pharmaceutical products through its subsidiary Biocair (100%).

GeoPost has also built an air network, mainly through partnership agreements with airline companies[1], equity investments in international operators[2], equity investments in companies offering domestic services[3] and partnership agreements with other regional operators throughout the world. For example, GeoPost owns 35% of Sodexi (joint venture with Air France Cargo) since 2012, a company that carries out Air France Cargo airport express operations.

This air network, which operates from Chronopost's Roissy-Charles de Gaulle hub (France), delivers parcels to 230 destinations worldwide.

Asendia: cross-border e-commerce

Since 2012, La Poste has implemented a strategic alliance with Swiss Post to develop cross-border e-commerce activities, which has led to the creation of a joint venture called Asendia.

This segment of cross-border e-commerce is particularly promising, with average annual growth exceeding 15% per year by 2025 and a volume of transactions expected to exceed €800 billion.

In this segment, Asendia offers two types of services:

- logistics services for cross-border shipments of small goods and mail from 18 countries and three major geographic areas (Europe, North America and Asia-Pacific), with an business model that is not very capital intensive, which consists of purchasing transport and distribution solutions and manufacturing a seamless offer for customers by injecting volumes into the distribution network (usually postal) of the destination countries;

(1) Including Air France-KLM, Cathay Pacific, American Airlines.
(2) Like SoDExl (subsidiary owned 65% by Air France SA and 35% by GeoPost).
(3) Such as DTDC in India, DPD Laser in South Africa, etc.

- technological services operated by its subsidiary eShopWorld and allowing brands to manage cross-border transactions with a customer experience equivalent to domestic transactions.

In 2021, Asendia generated operating revenue of €2,178 million, representing growth of more than 20%. The company has taken advantage of the e-commerce boom linked to the pandemic and has been able to adapt its processes very quickly to an exponential demand.

Following the announcement by La Poste Groupe of its new strategic plan for 2030, and in agreement with the co-shareholder, GeoPost has been responsible for the operational management of Asendia since 1st July 2021. The objective is to promote the creation of value and synergies between the entities, while respecting the shareholders' agreement.

Customs developments in the European Union, and the impacts of Brexit

On 24 December, a new cooperation agreement between the European Union and the United Kingdom was reached and its application came into force on 1 January. Since that date, trade and the movement of goods between the European Union and the United Kingdom are subject to this new agreement. This new commercial relationship between the European Union and the United Kingdom means for the parcel industry: the need to collect detailed data to export goods, to declare each parcel to customs, to manage goods subject to VAT (and customs duties where applicable), and to be subject to potential customs controls on certain imported or exported goods.

Since 2019, GeoPost had been preparing for these changes by adapting its network, in particular by adjusting its transport plans and developing its customs clearance capacities at dedicated import/export consolidation points (gateways) in the United Kingdom, Ireland, France, the Netherlands, Switzerland (site located near the border on the French side) and Spain. Thus, the continuation of services can be ensured in a context that has become more complex. Some British or European customers have opened warehouses to be able to ship within the same customs area, allowing GeoPost to retain some of the volumes, which are now operated on different routes. However, the many constraints created by these new regulations have discouraged many customers from exporting, leading to significant reductions in volume at GeoPost between the United Kingdom and the European Union, in both directions.

Since 1st July, a new EU regulation removes the exemption of €22 on import VAT (BtoC) and introduces a new optional tax regime to simplify the declaration obligations and the payment of VAT on distance sales of goods imported into the European Union with a value of €150 or less. This system, called Import One Stop-Shop (IOSS), allows companies that join it to no longer have to register in each member State of consumption in order to declare and pay the VAT due. However, according to this regulation, certain goods, depending on their value, must be cleared in the country of destination. In order to support British customers, GeoPost has launched a vast opportunity study in the Europe region to optimise its customs consolidation points; one of the first results was the opening of a new Gateway in Germany on 1st July 2021.

The new European Regulations, the intensification of controls on both sides of the English Channel, the measures concerning VAT on 1 January 2022 in certain territories, as well as the new classifications of goods (HS Code), management and adjustment of the principle of preferential origin (new threshold of €150 for the United Kingdom) are all new rules requiring adaptability of customs clearance methods and La Poste's network across Europe.

GeoPost thus strengthens its network and customs clearance solutions to allow customers the optimal movement of their goods.

A growth model based on a hybrid BtoB-BtoC network

GeoPost operates essentially in a market where volume growth is a key defining factor for success. The CEP market grew by 12.9% on average per year between 2017 and 2020, from 10.5 billion to 15.1 billion parcels. The CEP market experienced an incredible growth of 22.2% in volume from 2019 to 2020. While BtoB volumes increased by 0.6% on average per year, BtoC volumes rose considerably, with +37.3% growth on average per year over the period.(1)

In this context, flow pooling is a key factor in performance. The challenge is two-fold:

- being able to handle constantly growing volumes from the market and meeting customers' needs, especially those of key accounts;
- reducing unit costs during industrial processing (sorting and dispatch) and delivery phases (optimised rounds) and ensuring competitive products and services.

GeoPost was one of the first BtoB operators in the market to make the strategic choice to expand into BtoC more than ten years ago. By pooling together BtoB and BtoC flow processing within its network, it was able to tap into the market's growth while improving its competitiveness.

In 2021, market growth was confirmed and the BtoC market share was once again consolidated. GeoPost benefited from strong growth in both operating revenue and volumes. As a result, the BtoC share now represents 58% of its business volume in 2021.

GeoPost's growth potential therefore relies on its ability to increase its market share in both BtoB and BtoC flows.

Operational excellence in a context of significant increase in volumes

High-quality shipping and delivery solutions guarantee customer satisfaction and loyalty.

(1) Source: annual internal survey.

GeoPost makes substantial targeted capital expenditures in order to drive growth, deliver a high quality of service and optimise its regional coverage, allowing it to strengthen and modernise its production capacity. In recent years, investments have been made in particular in favour of the opening and expansion of hubs in France and Europe, the regular renewal of delivery scanners and the improvement of IT processes and data monitoring.

In 2021, to respond to the explosion in volumes and strengthen its production capacities, GeoPost inaugurated the opening of 56 new hubs and local storages in Europe[1], including a new hub in Miranda (SEUR), a new hub in Hinckley (DPD UK), a new local storage in Holzgünz (DPD Germany), and a new hub in Bratislava (DPD Slovakia). Ninja Van also added a new hub in Singapore.

These investments made it possible to absorb the growth in volumes and the management of the peak activity at the end of the year, characteristic of the retail delivery market. GeoPost broke its daily volume record with 12.2 million parcels processed on 29 November in Europe following Black Friday orders, *i.e.* +60% compared to its usual daily volumes. For the total peak period, from 15 November 2021 to 15 January 2022, GeoPost processed 380 million parcels in Europe.

1.3.2.3 Comprehensive and innovative delivery offering

Through its main trademarks, GeoPost offers a comprehensive and innovative range of BtoB, BtoC and CtoC services, in terms of:

- delivery times (domestic, European and intercontinental):
  - deferred delivery services, a standard delivery service that usually provides next-day delivery, without a delivery guarantee,
  - premium express (guaranteed next-day delivery, usually before 1 pm; date and time specified – refund if not delivered on time);
- customised solutions and value-added service. These customised offers are adapted locally to meet customers' needs as closely as possible (parcel tracking, cash on delivery, online proof of delivery, insurance, collection requests, etc.). Available for domestic delivery, some of its products and services are also offered for import/export flows in order to facilitate international e-commerce trade;
- carbon footprint. GeoPost aims to reduce emissions from its transport activities as much as possible while offsetting the remaining emissions. In 2020, GeoPost offset 100% of its transport and energy consumption emissions and reduced its CO_2 emissions per parcel by 19% (compared to 2013). Its ambition is to reduce its CO_2 emissions per parcel by 30% by 2025.

Home delivery

82% of regular e-shoppers in Europe prefer home delivery (door-to-door)[2] which is GeoPost's core business. However, consumers are tending to favour alternative delivery places: pick-up points, at work, in a shop or in a package locker. Among all the possible delivery options, the use of lockers is the one that has gained the most popularity.

In this context, GeoPost offers a "Return my parcel" service to facilitate returns. Customers can drop off their items at the pick-up points or book a home pick-up whenever they wish. This service also makes it possible to follow the parcel's itinerary. The simplicity of returns brings peace of mind and facilitates the online shopper's overall experience.

Delivery to Pickup points

The challenges raised by home delivery, with pressure on prices and the need to offer more flexibility and options in terms of delivery methods, make having a network of pick-up and drop-off points a true asset for increasing BtoC market share.

Lockers are gaining ground among e-shoppers in Europe: 17% of regular European e-shoppers use lockers, making them the third preferred delivery method. Pick-up and drop-off points remain the second preferred delivery method: this is particularly the case in France (58%), the Czech Republic (51%), Slovakia (41%), Hungary (27%) and Belgium (25%).

With Pickup Services, a subsidiary specialising in the development of out-of-home delivery solutions such as retail pick-up and drop-off points (tobacconists, newsstands, bookstores, stationery shops, etc.) or pick-up and drop-off point in larger stores (mass distribution, store networks, franchise networks), acquired in 2009, GeoPost has rolled out this model throughout Europe to offer shippers a homogeneous network, meeting the same quality of service requirements.

For the purpose of creating new parcel pick-up solutions for individual customers (BtoC and CtoC), GeoPost has set up a network of 600 automated Pickup Station lockers in high-traffic areas in France. Most Pickup Station lockers are accessible 24 hours a day and 7 days per week. In addition to the lockers installed in SNCF train stations and post offices, the Pickup Station lockers located in supermarkets and hypermarkets are becoming increasingly popular. New lockers are also being rolled out in metro stations and RER stations in the Greater Paris region (Île-de-France), to simplify the daily life of passengers.

Today, GeoPost has one of the most extensive networks of pick-up and drop-off points in the market. This network comprises more than 70,000 Pickup points (pick-up and drop-off points) in 31 countries around the world, including 16,000 Pickup points in France, 7,352 in Germany, 6,137 in the United Kingdom, 4,418 in Italy (Fermopoint), 4,138 in Poland, 2,671 in Spain and 9,345 in the Nordic countries (Denmark, Finland, Norway and Sweden) via the strategic partnership with PostNord. Automated lockers are booming in Europe, with nearly 5,300 lockers deployed to date.

(1) Sites open temporarily for the peak period included.
(2) Source: GeoPost e-shopper survey for 2021, conducted by GfK and GeoPost, in 21 countries and with 23,394 respondents.

Its aim is to ensure that 95% of Europeans are located no more than 15 minutes away from a pick-up or drop-off point.

Interactivity with the consignee

In 2010, GeoPost made the decision to prioritise innovation to help overcome the challenge of delivering to private individuals, and above all, to ensure that first-time delivery attempts are successful.

GeoPost uses new technologies to ensure that deliveries are organised in an optimal manner *via* a round optimisation software that calculates and organises the delivery order on a daily basis. Thanks to this scheduling and the resulting delivery schedule predictability, GeoPost has developed notification systems not only to notify consignees but also to interact with them.

- **The Predict service**: GeoPost has created this unique interactive delivery service that enables home delivery within a one-hour window, announced the same morning (by e-mail or SMS), or to reschedule *via* a smartphone or the Internet the delivery to another date or to another place, for example: new address, to a neighbour or to a specific Pickup point. Launched in 2010 by DPD UK, Predict has been rolled out to all subsidiaries. Thanks to Predict, now available in 21 countries[(1)], GeoPost is the first operator to offer its customers a one-hour delivery window across Europe.
- **The myDPD portal**: to allow ever greater customisation of the service by the recipient, GeoPost continues to develop the consignee portal accessible *via* an app and the Web. Launched in 2016 in the United Kingdom and Ireland, it has since been rolled out across Europe, including Croatia, Lithuania, Portugal, Slovenia and Switzerland in 2021. From 2022, myDPD will also be implemented in Italy, France (DPD France) and the Czech Republic. This interface allows consignee to be informed in real time about their delivery, by tracking on a map, thanks to "Live tracking", the precise route of their parcels. Consignees can also interact at any time: for instance, by redirecting a package to a Pickup point or a neighbour's house, or by changing the delivery date. This portal will be enhanced with additional services to make life even easier for users.
- **Simplified returns management for e-merchants**: the "Return my parcel" portal used in several countries allows consumers to order a return by drop-off at a Pickup point, or by collection at home, from e-merchants that authorise prepaid returns. This service also makes it possible to follow the parcel's itinerary. The simplicity of returns brings peace of mind and facilitates the online shopper's overall experience.

1.3.2.4 Strategy and outlook

As part of La Poste Groupe's new strategic plan for 2030, disclosed in February 2021, GeoPost has defined its transformation trajectory for 2025: "Together & beyond" with the aim of becoming the international reference in sustainable delivery and a leading enabler of the e-commerce acceleration.

This trajectory is based on three pillars:

- strengthening positions acquired in the core business;
- accelerating initiatives in strategic segments;
- conquering new horizons.

Developing positions acquired in the core business

In the context of the Covid-19 crisis, the explosion in volumes linked to e-commerce has accelerated the evolution of the market towards a majority of BtoC flows. In 2020, for the first time, the majority of GeoPost's volumes (57%) came from BtoC, confirming the hybrid development strategy initiated in 2008 consisting of capitalising on the development of the historical BtoB segment and the proactive capture of the growth of BtoC.

Consolidating positions in the BtoB market

From 2017 to 2020, the European BtoB market grew by around 2.2% each year. In 2020, the BtoB activity did not fall as much as expected, as a recovery in the second half of the year enabled annual growth of +0.7% in operating revenue and +0.6% in volume.

GeoPost is now the leader in the BtoB market in Europe. Its intra-European road network enables it to offer its customers comprehensive solutions, including a range of last mile services across the continent. Despite increased competition, GeoPost intends to maintain this leading position through a strategy of risk management, measured price increases and cost controls.

In a post-Covid context, GeoPost's BtoB strategy aims to support:

- the segments that are still growing, such as the BtoB marketplaces and healthcare;
- the recovery of the segments most affected by the crisis such as high tech, automotive and industry;
- the transformation of certain segments in which the pandemic has accelerated the transition to BtoC (traditional retail, fashion and food) by offering a one-stop-shop BtoB/BtoC model.

The acquisition of a majority stake in the capital of Speedy AD in 2021, making it possible to strengthen GeoPost's presence in Bulgaria, Romania and Greece, as well as the acquisition of 100% of TIPSA in Spain, are part of this perspective.

(1) Predict is available in the following 21 countries: Austria, Belgium, Croatia, the Czech Republic, Estonia, France (Chronopost and DPD France), Germany, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, the Netherlands, Poland, Portugal, Slovakia, Slovenia, Spain, Switzerland, the United Kingdom.

Strengthening the development of intra-European cross-border flows

At the same time, in the European cross-border parcel market, which grew by 17% in value and 18.4% in volume in 2020[1] GeoPost intends to pursue its strategy of stronger-than-average growth in order to consolidate its leading position.

This ambition is driven by a continuous improvement in operational performance through a premium door-to-door offer combined with strong development of an out-of-home service based on a densification of its network of pick-up and drop-off points with the doubling of retail outlets by 2025.

Through a comprehensive delivery offer, GeoPost aims to consolidate its position as a preferred partner for both pan-European and multi-domestic customers and European SMEs for their BtoB, BtoC and CtoC delivery needs.

Accelerating initiatives in strategic segments

Supporting the expansion of delivery to private individuals (XtoC)

To achieve this ambition, GeoPost wants to:

- pursue its policy of innovation in premium services;
- continuously enrich the customer experience and increase its commercial impact through personalised services, a competitive approach and individualised management of the customer relationship (both from the shipper's and recipient's point of view);
- offer the densest out-of-home network (parcel shops and lockers) in Europe.

In the out-of-home delivery segment, GeoPost plans to double its Pickup network and offer the best coverage in Europe with 100,000 Pickup retail outlets. The objective is to reach a coverage of 90% of the European population with access to a Pickup point in less than ten minutes. In 2021, GeoPost accelerated the roll-out of its Shop2Shop offer, addressing the needs of CtoC in particular, and continued to develop its network, as illustrated by the acquisition of 25% of PUDO24, a network of lockers in Spain and Portugal, by SEUR and DPD Portugal.

Developing offerings in the Food and Health segments

With the digital revolution and the acceleration effect generated by the Covid-19 crisis, the development of the e-commerce food market is now a real societal change with the emergence of new consumer expectations and new preferences that favour local purchasing and short supply chains. Chronofresh, launched in 2015 by Chronopost France, then the launch of DPD fresh in Belgium in 2020 are a perfect illustration of this underlying trend.

The food market is therefore undergoing profound change, with producers and the food industry rethinking their distribution channels. The market has high expectations for an innovative, competitive and economically viable solution in the express delivery model. In this context, GeoPost's ambition is to position itself as the leading operator in temperature-controlled delivery solutions in Europe.

In this context, GeoPost carried out several transactions in 2021 to strengthen its presence in these segments and its temperature-controlled assets, including the acquisition of BK Pharma Logistics and BK Sneltransport in April 2021 by DPD Netherlands, the acquisition of a majority stake in TIPSA in Spain and the acquisition of CitySprint in the United Kingdom, a same-day player that brings, among other things, the benefit of strong expertise in healthcare.

Be the European leader in responsible urban logistics

The current urban logistics market demonstrates the growing importance of transparent, flexible and convenient delivery for customers of all profiles. Urban space and needs are becoming more complex, leading to the emergence of new logistics and delivery requirements on the part of retail and mass market players.

GeoPost has a strong urban logistics offering with innovative services with high potential in dense urban areas: same-day delivery, scheduled night-time delivery, home delivery from "urban hubs" or stores. GeoPost wants to become a leader in responsible urban logistics with an offer that is fully integrated into its value proposition by targeting urban areas with more than two to three million inhabitants, with very high population density and a high level of traffic flow.

The urgent transport market

GeoPost's customers and subsidiaries can opt for same-day delivery in Spain, Portugal, France, the United Kingdom, Hungary, Poland, Estonia, Lithuania, Latvia, Belgium and Luxembourg, or delivery within two hours in Germany (DPD Now) and Spain (SEUR Now).

Urgent urban delivery by courier has been growing strongly since 2015 with the appearance of many players. In March 2017, GeoPost increased its stake in Stuart to 100% (22% owned since 2015), a French company created at the end of 2014, which has developed a last-mile delivery platform for retailers and e-retailers who want to provide their end customers with quicker and more precise H+, same-day or next-day delivery.

Historically positioned in the emergency food shopping segment, Stuart has diversified its business sectors and now collaborates with all food retailers and leading retailers in their segments, but also with local merchants and e-merchants by making urban deliveries both from their stores and from warehouses located in city centres. In addition, Stuart has increased its diversification with the development of activities in heavy and bulky goods through its Stuart XL offering. Stuart is also growing geographically, with a presence in five European countries (France, the United Kingdom, Spain, Portugal and Poland) at the end of 2021.

(1) *Source: annual internal survey.*

Thus, with Stuart, GeoPost is investing in the urgent urban transport market, a key segment of urban logistics and last mile delivery.

Urby

Created in 2017, Urby was born from the desire to offer solutions that make cities more breathable and more peaceful for their inhabitants. A subsidiary of La Poste Groupe (60%) and Banque des Territoires (40%), Urby is present in 21 cities in France and offers urban delivery and goods collection services (all formats), storage and collection of professional waste (cardboard, plastic, wood, etc.).

To this end, the Urby concept relies on two types of structures: pooling centres located on the outskirts of cities, and urban logistics areas (ULA) in the heart of the city. The pooling centres allow carriers, courier, brands and communities to free themselves of the first and last mile. For these players, Urby collects and stores goods and organises deliveries in dense urban areas with 220 low-emission vehicles (investment of €20 million): electric vehicles, natural gas vehicles (NGV or organic NGV), cargo bikes, etc. The ULAs offer solutions for local storage, order preparation, restocking between stores, pick-up and delivery of products by appointment for retailers, craftsmen and large retailers.

With 250 employees, and the acceleration of its development, Urby will continue to open its network in ten additional cities and continue to train its teams in the delivery codes of tomorrow.

Urby locations in France



Conquering new horizons

Strengthening positions outside Europe

Outside Europe, GeoPost aims to expand its positions, by applying the method that proved its success in Europe: acquisition of domestic delivery leaders to which GeoPost then provides its expertise to implement innovative services, vectors of growth.

For example, in Brazil, following the takeover of Jadlog in 2016, a network of almost 3,500 Pickup points is gradually being set up, making it the leading network of pick-up and drop-off points in Latin America at the end of 2021. In 2021, Jadlog rose to the forefront of delivery to private individuals in Brazil (80% of its operating revenue *vs* 20% in 2016) and delivered a total of 39 million parcels (vs 7 million five years earlier).

In September 2021, GeoPost acquired a 43.3% stake in Ninja Van, one of the main parcel delivery players in South-East Asia, during their last fundraising, following a first equity investment in 2017, strengthening the group's presence in South-East Asia (Singapore, Malaysia, Indonesia, Thailand, Vietnam and the Philippines).

Conquering new markets and developing intercontinental flows

The global CEP market continues to grow faster outside Europe, particularly in Asia, the Indian subcontinent, the Middle East, South America and Africa.

GeoPost's long-standing strategic partnerships and its positions in the freight forwarding sector, together with the development of partnerships in Asia, are aimed at promoting flows between Asia and Europe, notably from e-commerce, and ensuring delivery to European consumers *via* its unified GeoPost network. With the acquisition of a majority stake in Lenton in Asia in 2019, GeoPost seeks to develop flows to and from China by deploying the DPD brand in China. With this in mind, in 2021 Lenton acquired Your Cargo Contact, a Dutch company specialising in customs clearance and international logistics.

With the acquisition of a 24.9% stake in Aramex in October 2021, GeoPost wishes to continue developing synergies with an operator that has a strong international network in the Middle East, Asia, Africa and Oceania, complementary to GeoPost's strong presence in the delivery markets in Europe.

In addition, in 2021, the operational management of Asendia, a joint venture between the French post office and Swiss Post, by GeoPost is also part of this international strategy. Asendia, a specialist in cross-border e-commerce, has the strategic ambition to "make cross-border e-commerce easy and reliable, everywhere in the world". This merger aims to develop synergies between the two entities.

Under these conditions, Asendia and its subsidiary ESW will develop:

- services offered to major players in global e-commerce and supporting customers in the development of their activities in Europe and worldwide;

- freight services from 30 countries;
- services for major brands for their international sales; and;
- services for e-merchants who want to internationalise their sales.

Moreover, GeoPost sold the Hong Kong-based company Tigers to JAS Worldwide in January 2021, in order to focus on other strategic acquisitions and partnerships.

Becoming the international reference in sustainable delivery

GeoPost has long been committed to a sustainable development policy, notably through its commitment to carbon neutrality, which began in 2012. By 2025, GeoPost wants to become the market benchmark for sustainable delivery and has set itself the goal of reducing its CO_2 emissions and pollution, particularly in urban areas.

350 cities delivered with low-emission vehicles by 2025

In October 2020, GeoPost announced its commitment to deliver to 225 of the largest European cities with low-emission delivery means by 2025. Given the faster-than-expected deployment of these solutions, GeoPost has revised its target and has increased the number of cities covered to 350 by 2025. By then, the Company will have deployed more than 15,000 alternative vehicles, 6,700 charging points and 250 urban depots solutions.

In 2021, several subsidiaries deployed low-emission delivery fleets, including DPD Poland, DPD Portugal, DPD UK and DPD Estonia. In France, Chronopost now delivers to 41 cities, thanks to more than 1,000 low-emission vehicles. GeoPost aims to serve 20% of the European population, *i.e.* 110 million people, with low-emission delivery solutions by 2025.

Thanks to this experience, GeoPost redesigned its last mile operations by creating micro-storages and urban storages, and by implementing appropriate alternative delivery solutions.

An air quality monitoring programme

Lastly, since the end of 2019, GeoPost has been rolling out an air quality measurement programme. Using sensors[1] on its delivery fleet as well as in urban local storages and Pickup points, air pollution levels such as PM2.5 fine particles are measured in real time. In order to contribute to improving the quality of life and health in cities, GeoPost makes the results of its air quality monitoring programme available to authorities and citizens through an online interface called Air Diag.

This programme is now deployed in 14 European cities: after the pilot cities of Lisbon, Paris and Madrid in 2019, London, Rotterdam, Dublin and Hamburg in particular recently joined this initiative. 1,050 mobile sensors and 155 fixed sensors have already been deployed. GeoPost intends to extend this means of collecting data to equip a total of 20 European cities in 2022.

A federator model

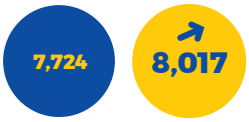
GeoPost wants to continue its development by pooling energies. Over the last twenty years, numerous partnerships have shaped the group and contributed to its success. GeoPost will continue to develop this unifying model based on partnerships, in order to ensure that local knowledge and expertise are always privileged.

(1) Pollutrack laser detectors measure the levels of PM2.5 fine particles in the air in real time.

1.3.3 LA BANQUE POSTALE

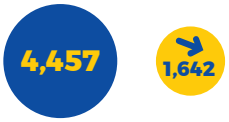
KEY FIGURES IN 2021

OPERATING REVENUE
In €M



2020 (restated data) | 2021

OPERATING PROFIT/(LOSS)
In €M



2020 (restated data) | 2021

COST OF RISK
€268 M
(16 bps)

LOAN TO DEPOSIT RATIO
82.1% (-1.4 pt)

BALANCE SHEET TOTAL
€772 bn
(+4.7%)

CET1 RATIO
19.1% (-1.4 pt)

NUMBER OF EMPLOYEES
21,488

KEY HIGHLIGHTS 2021

- La Banque Postale acquired the 16.1% of the share capital of CNP Assurances held by Groupe BPCE. La Banque Postale's stake in CNP Assurances amounts to 78.95% at the end of December 2021. La Banque Postale also announces its intention to file a simplified takeover bid with the AMF (*Autorité des marchés financiers*) for the minority shareholders of CNP Assurances. Following these transactions, a delisting of all CNP Assurances shares could take place during 2022, if the conditions are met.
- La Banque Postale and BPCE group entered into exclusive negotiations as part of the proposed acquisition by Natixis Investment Managers of the 40% stake in AEW and the 45% stake in Ostrum Asset Management, held by La Banque Postale at the end of December 2021.
- The CNP Assurances subsidiary completed the acquisition of Aviva's life insurance activities in Italy.
- Deployment of the new Caixa Vida e Previdência operational structure for contingency, consumer loan insurance and pension products in Brazil.
- La Banque Postale Asset Management is the leading asset management company in France in terms of the number of SRI-certified funds, thanks to its subsidiary Tocqueville Finance, with 106 certified funds.
- Confirmation of the success of Ma French Bank, La Banque Postale's fully mobile bank, also accessible in 7,400 post offices, which reached 425,000 customers at the end of 2021.
- Announcement of the creation of the new Corporate and Investment Bank effective on 1 January 2022.

1.3.3.1 Overview of La Banque Postale

A limited liability company with a Management Board and a Supervisory Board, La Banque Postale is a wholly-owned subsidiary of La Poste Groupe.

Its activity is organised around four business lines:

- Bancassurance France, comprising the retail banking activities of La Banque Postale, Ma French Bank as well as the domestic life and non-life insurance subsidiaries;
- International Bancassurance, comprising the international bancassurance activities of CNP Assurances, notably in Brazil, Italy and Ireland;
- Wealth and Asset Management: combining the activities of BPE private banking, the asset management companies La Banque Postale Asset Management and Tocqueville Finance, the non-controlling interests in AEW Ciloger's property management activities, as well as in Ostrum AM's interest rate and insurance management activities[1];
- Corporate and Investment Banking combining the activities for companies, the local public sector, financial institutions and institutional customers, as well as the market and specialised financing activities.

La Banque Postale has developed on the basis of a multi-partner business model founded on the values of trust, accessibility and proximity inherited from La Poste Groupe, which explains its original and unique position in the French market. Therefore, in its commercial strategy, La Banque Postale favours simple and affordable products adapted to the needs of its customers.

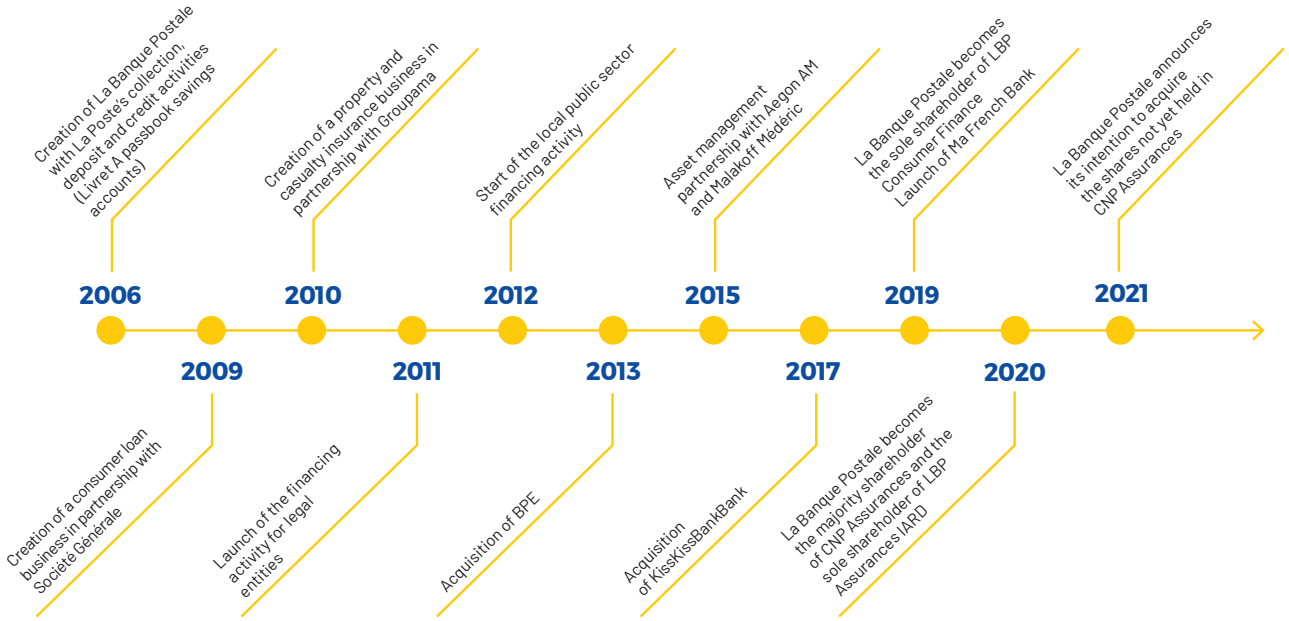
La Poste and La Banque Postale have a very close relationship. This closeness is reflected in both their governance and management bodies and their commercial relations. The Chairman of La Banque Postale's Management Board serves as an Executive Vice-President of La Poste and is a member of its

(1) *On 28 October, Groupe BPCE and LBP announced the entry into exclusive negotiations as part of the proposed acquisition by Natixis Investment Managers of the 40% stake in AEW and the 45% stake in Ostrum Asset Management now held by La Banque Postale .*

Executive Committee. The Chairman of La Poste is also the Chairman of La Banque Postale's Supervisory Board.

The French Postal Act of 1990, revised in 2010, entrusted La Poste with four public service missions, including banking accessibility carried out by its subsidiary La Banque Postale. Pursuant to Article L. 518-25-1 of the French Monetary and Financial Code, this mission is governed and specified by two agreements entered into with the French State: the Public Service Agreement between the French State and La Poste (2018-2022) and the agreement between the French State and La Banque Postale (2021-2026) (see Section 1.4.2 Regulations applicable to the public service missions).

Brief history



In March 2020, La Banque Postale became the majority shareholder of CNP Assurances. This transaction marks the creation of the large public financial group, as announced by the Minister of the Economy and Finance in August 2018 with the aim of strengthening regional cohesion and combating the regional divide thanks to the expertise of La Banque Postale, Caisse des Dépôts, Bpifrance and CNP Assurances.

In April 2020, La Banque Postale and Groupama announced the completion of the transaction for the acquisition, by La Banque Postale, of the 35% stake held by Groupama in La Banque Postale Assurances IARD and the extension of their cooperation in the areas of legal protection and assistance.

At the end of 2021, La Banque Postale and Groupe BPCE committed to streamlining their capital ties and strengthening their industrial partnerships:

- In December 2021, La Banque Postale acquired the shares of CNP Assurances held by Groupe BPCE (16.1%) and now holds 78.95% of the share capital of CNP Assurances. La Banque Postale intends to file with the AMF a simplified takeover bid for the minority shareholders of CNP Assurances at a price of €21.90 per share, with a view to mandatory delisting, if the conditions are met;
- The two groups also entered into exclusive negotiations as part of the proposed acquisition by Natixis Investment Managers of the 40% of the share capital of AEW and the 45% of the share capital of Ostrum Asset Management currently held by La Banque Postale. This transaction should take place in the first half of 2022;
- Lastly, La Banque Postale and Groupe BPCE plan to strengthen and extend the existing industrial partnerships and their commercial agreements during 2022.

Organisational structure

La Banque Postale's structure is organised around La Banque Postale, the parent company to which La Poste's Financial Services activities have been transferred: at the heart of the retail banking business, it directly supports the most recent acquisitions.

In 2021, SF2 was merged with La Banque Postale SA. SF2 was the holding company that brought together 24 subsidiaries and equity investments[1], with the exception of directly owned entities. This holding company was created at the time of La Poste Financial Services and transferred to La Banque Postale when it was created in 2005. At the time of the contribution, SF2 held most of the insurance and asset management subsidiaries. See Section 1.1.3 Simplified organisation charts.

(1) As at 31 December 2021.

Operational relations with La Poste Groupe

Wholly owned by La Poste, La Banque Postale is both the group's customer (in particular of the Services-Mail-Parcels and Retail Customers and Digital Services business units) and supplier, acting as its primary bank. La Poste acts as a service provider by assigning to La Banque Postale employees who work "in the name and on behalf of" La Banque Postale.

The relationship between La Banque Postale and La Poste falls within a framework governed by service agreements provided for in Article 16 of Act No. 2005-516 of 20 May 2005 relating to postal sector regulation. These measures consist of a framework agreement that defines the general principles and responsibilities between La Poste and La Banque Postale. This agreement is supplemented by 15 agreements spread out over five areas:

- IT and telecommunications;
- staff recourse and accommodation;
- counters, automated teller and cheque deposit machines and sales;
- controls, risks, compliance, fight against money laundering and the financing of terrorism;
- support functions.

The La Poste employees assigned to La Banque Postale implement the latter's policies in its name and on its behalf. In accordance with specific rules, these employees have been given the necessary powers by La Banque Postale to carry out banking activities, primarily performing back-office and middle-office operations, supporting the selling of La Banque Postale's banking, financial and insurance products and services, and providing IT support.

The counter services are provided by the network of post offices of La Poste's Retail Customers and Digital Services business unit and are governed by agreements defining the nature of the transactions to be carried out, their unit price and implementation, and the quantitative and qualitative service criteria.

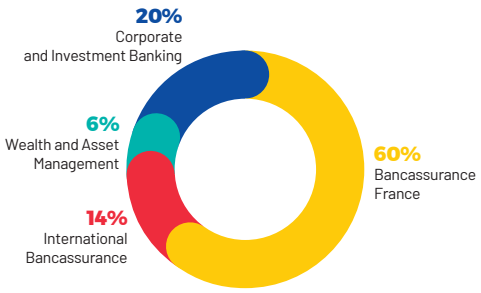
Organisation of La Banque Postale

La Banque Postale's organisation relies on:

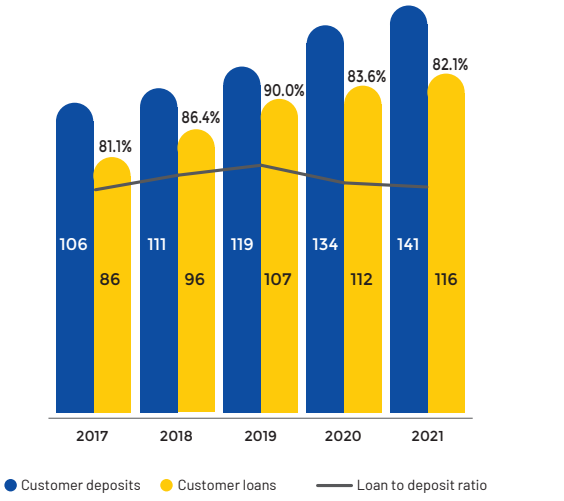
- its own resources, those of its subsidiaries and strategic investments;
- the resources made available by La Poste Groupe, in particular post offices, bank advisors and customer managers.

1.3.3.2 Activities of La Banque Postale

Contribution of the business lines to net profit group share

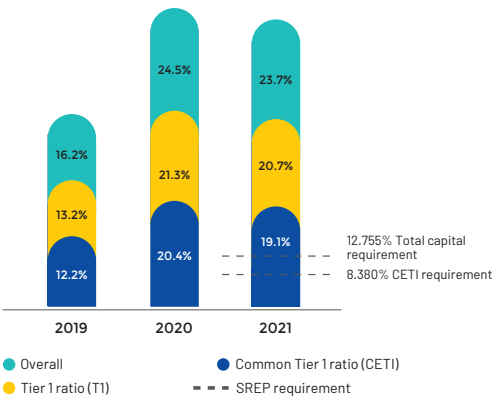


Outstanding customer deposits and loans (in €bn) and loan to deposit ratio (in %)



Prudential ratios

La Banque Postale's prudential ratios have improved and exceed the Supervisory Review and Evaluation Process (SREP) requirements notified by the ECB.



Bancassurance France

La Banque Postale's historic activity, retail banking offers banking products and services to individuals[1]. It offers its customers a comprehensive and responsible range of banking and insurance products and services. Holding 78.95% of the share capital of CNP Assurances[2] at the end of December 2021, La Banque Postale confirmed its bancassurance model by being present in life insurance, personal insurance and property and casualty insurance.

KEY FIGURES IN 2021

NET BANKING INCOME	OUTSTANDING SAVINGS MANAGED	OUTSTANDING LOANS	ACTIVE INDIVIDUAL CUSTOMERS	INSURED
€6,222 M	€321 M	€69 M	10.1 M*	48 M**

* *La Banque Postale SA and Ma French Bank scope and excluding BPE. According to the new segmentation applied in 2019, active individual customers correspond to "Core" individual customers, including committed and non-committed equipped customers. The notion of commitment is linked to the domiciliation of income and the notion of equipment to the holding of several families of products.*

** *CNP Assurances scope: 12 million policyholders in Savings/Pensions and 36 million in Contingency/Protection.*

Retail banking

La Banque Postale offers a comprehensive range of products and services for private individuals relating to deposits and savings, means of payment, loans (home and consumer) and insurance products.

La Banque Postale supports its customers with their projects. Among its loan offers, outstanding home loans increased by 4.3% over one year.

La Banque Postale has renewed and broadened its offering targeted at customers in the 16-25 age bracket through its "#TalentBooster" offering. In addition, La Banque Postale has mobilised for the start of the 2021-2022 school year by promoting its loans to students and apprentices.

Two years after its launch, Ma French Bank reaches 425,000 customers and continues its development with minors with the launch of the WeStart account for ages 12 to 17 and with premium customers with its new high-end formulas.

Ma French Bank accounts are available online and in 7,400 distributing post offices. These results reflect La Banque Postale's ambition to democratise mobile banking throughout France and to meet the needs of young customers looking for a simple and attractive offer.

La Banque Postale's digital acceleration is also reflected in the launch of 100% digital experiences for entering into customer relationships and applying for home loans.

At the end of 2021, La Banque Postale had 10.1 million active individual customers. La Banque Postale's retail banking activity remained dynamic with €71.2 billion in outstanding sight deposits (+4.4%), €63.7 billion in outstanding home loans (+4.3%) and €5.3 billion in outstanding consumer loans (+2.4%).

The financially vulnerable customer policy, a strong indicator of La Banque Postale's civic commitment

Every day La Banque Postale takes action to support customers in financially vulnerable circumstances. By adopting an inclusive definition of this specific customer base, La Banque Postale has strengthened its actions in favour of its most modest customers or those experiencing temporary financial difficulties. It thus holds the largest share of this customer base with 1.6 million of the 3.8 million financially vulnerable customers identified by the French Banking Inclusion Observatory (*Observatoire de l'inclusion bancaire*) at the end of 2020. These financially vulnerable customers benefit from a cap on banking incident fees of up to €25 per month. Since 1st November 2020, the date of entry into force of Decree No. 2020-889 of 20 July 2020, La Banque Postale has changed its definition of financial fragility and accelerated the detection and capping of incident fees. In accordance with its commitment to transparency and clarity for its customers, La Banque Postale publishes its financial fragility criteria on its institutional website and updates them in the event of a change.

Actions to promote the so-called *Simplicité* account, an offer dedicated to this customer base which benefits from an attractive price (€2.30 per month), made it possible to continue to equip its financially vulnerable customers. More than 188,000 customers used the *Simplicité* account offer at the end of September 2021, an increase of 41% over a year. These customers benefit from a more advantageous cap on banking incident fees, of €20 per month and €200 per year, like the holders of the basic banking service as part of the procedure for entitlement to an account (see Section CSR, paragraph Financially vulnerable customers).

In September 2021, the *Atout Simplicité* relationship programme was launched to support La Banque Postale's customers in the event of a hardship by offering them a range of offers and services adapted to their situation. In terms of equipment, four areas of

(1) *The wealth management activity is presented in Section 1.4.3 "Wealth and Asset Management"; the activity aimed at companies, social economy players and the local public sector is presented in Section 1.4.4 Corporate and Investment Banking.*

(2) *On 16 December, La Banque Postale acquired the entire 16.1% of the share capital of CNP Assurances held by Groupe BPCE for €2.4 billion, i.e. a price of €21.90 per share (dividend attached). This transaction followed the press release of 28 October 2021. Following this acquisition, La Banque Postale's stake in CNP Assurances is 78.95%.*

need are covered by the programme to meet the essential needs of financially vulnerable customers at a lower cost:

- managing one's daily budget;
- protection through, on the one hand, La Banque Postale's compulsory auto and HRM insurance offers with citizen and accessible guarantees and, on the other hand, the dissemination of educational tutorials for retail customers on insurance clauses and guarantees, in order to raise customers' awareness of the risk of not insuring themselves and not having the appropriate equipment, in partnership with La Banque Postale Assurances and Crésus;
- La Poste Mobile's competitive mobile and Internet offers; and
- financing solutions adapted to customers' projects, particularly for people excluded from traditional credit.

In addition to the budget support offered by *L'Appui*, and the dedicated package of offers and services, La Banque Postale encourages its customers to download the *Pilote Budget* and *Pilote Dépenses* applications, in order to gradually make customers autonomous in their digital uses and in managing their daily budgets. The milestone of 100,000 downloads was reached in November 2021.

The innovative social partnership with Créa-Sol, the microfinance institute for the distribution of personal microcredit in France, has significantly accelerated the development of personal microcredit for people excluded from traditional credit.

As an extension of its initiatives to promote digital banking inclusion, La Banque Postale renewed its partnerships with four players: the social start-up WeTechCare, the *Points Information Médiation Multiservices* network (PIMMS – National union of multiservice information centres), the *Fondation Agir contre l'exclusion* network (FACE – Foundation against exclusion), and the social start-up Konexio, specialised in the digital inclusion of migrant populations, which has broadened its scope to include people in situations of poverty and digital illiteracy (see Section 3.2 Societal commitment policy).

Banking accessibility mission

La Poste Groupe has been awarded four public service missions by the legislator, including the banking accessibility mission, which La Poste delivers through its subsidiary La Banque Postale. This banking accessibility mission guarantees universal and non-discriminatory access to free, simple and essential banking services for people excluded from traditional banking services and who have specific needs (see Section 1.4.2 Regulations applicable to the public service missions).

Insurance activities in France

La Banque Postale offers insurance products capable of providing the best possible support to its customers at every moment of their lives. To do this, it relies on the expertise of CNP Assurances (held at 78.95%[1]) and its subsidiaries specialising in non-life insurance.

A major player in life insurance and supplementary pensions[2] [3]

In France, the life insurance and capitalisation market remains concentrated and dominated by bancassurers, which are ahead of traditional insurers and mutual insurance companies. In 2020, the top five players, including CNP Assurances, held more than 52% of the market. CNP Assurances is the second largest player in life insurance with 11% of the market (-1.2 pt *vs* 2019).

In the private banking market, CNP Assurances is developing innovative offers for multiple distribution partners (private and network banks, family offices, private banking companies, brokers and independent wealth management advisors).

CNP Assurances is also present in the supplementary pension market through Arial CNP Assurances, a joint venture with AG2R La Mondiale. Arial CNP Assurances is the only insurer dedicated to supplementary pensions in France with 943,000 policyholders, nearly 21,000 companies and €18.2 billion in gross inflows at the end of 2021. A specialist in collective retirement, it supports companies in terms of social strategy and very long-term commitments. It designs, markets and manages all types of pension plans for companies: retirement savings plans, defined benefit plans, Article 82 group life insurance, management/outsourcing of employee benefit obligations.

Leader in creditor insurance [4]

CNP Assurances is the leader in the increasingly fragmented market for creditor insurance. CNP Assurances is a partner of 204 financial institutions, brokers, social economy players and mutual insurance companies, which offer insurance from CNP Assurances and individual insurance. CNP Assurances offers a wide range of guarantees (death, work incapacity, disability, loss of employment, budget, support or assistance services) which provide extended protection for borrowers in the event of a hardship. CNP Assurances is at the forefront of issues of borrower inclusion and insurability, notably through its actions within the AERAS Commission[5].

(1) On 16 December 2021, La Banque Postale acquired the entire 16.1% of the share capital of CNP Assurances held by Groupe BPCE for €2.4 billion, i.e. a price of €21.90 per share (dividend attached). This transaction followed the press release of 28 October 2021. Following this acquisition, La Banque Postale's stake in CNP Assurances is 78.95%.
(2) Key data for 2020, French Insurance Federation (Fédération française de l'assurance – FFA), July 2021.
(3) The figures relating to the Arial CNP Assurances scope exclude supplementary pensions by AG2R La Mondiale.
(4) Top 10 de l'assurance emprunteurs par le chiffre d'affaires (y compris acceptations), Argus de l'assurance, septembre 2021.
(5) The AERAS agreement makes it possible to insure and borrow despite an increased health risk.

A long-standing player in contingency insurance

La Banque Postale is a long-standing player in the group and individual contingency markets.

In the group contingency market, its subsidiary CNP Assurances was one of the first insurers to address issues of dependency. It is one of the leaders in group insurance with 9% of the market, in fifth position (stable *vs* 2019) in individual insurance as main and sole guarantee.[1] CNP Assurances offers a range of products with mandatory or optional membership that anticipate financial needs and support in the event of loss of autonomy.

La Banque Postale Prévoyance, a 100% subsidiary of La Banque Postale, is the number four bancassurance player in the contingency insurance market [2], with a presence on the individual and group markets.

On an individual basis, it has a comprehensive range of products covering all needs in terms of protection against the risks of life (term life insurance, funeral insurance, dependency insurance) and offering a wide range of services to supplement the financial benefits. Its entire range is marketed through La Banque Postale's distribution channels. On a collective basis, La Banque Postale Prévoyance carries out a co-insurance and reinsurance business for creditor insurance policies.

In 2021, the operating revenue generated by La Banque Postale Prévoyance amounted to €481 million (excluding CNP Assurances). La Banque Postale Prévoyance had nearly 2.4 million policies in its portfolio at the end of 2021.

A player in individual and group health insurance

La Banque Postale is present in the group health insurance market through CNP Assurances, which offers additional cover to local authorities and businesses. It also reinsures mutual insurance companies and provident institutions.

It is also present in the health insurance market through La Banque Postale Assurances Santé (owned at 51% by La Banque Postale, 35% by La Mutuelle Générale and 14% by Malakoff Médéric), whose business is essentially based on complementary health insurance and hardship insurance in the event of a serious illness, distributed by the La Banque Postale networks.

In 2021, the operating revenue of La Banque Postale Assurances Santé amounted to €88.8 million (excluding CNP Assurances). La Banque Postale Assurances Santé had nearly 172,000 policies in its portfolio at the end of 2021.

Growing player in property and casualty insurance

La Banque Postale Assurances IARD, now a wholly-owned subsidiary of La Banque Postale, since the purchase of Groupama's shares in 2020, offers a range of property and casualty insurance to individuals. Car insurance, multi-risk home insurance, legal protection, everyday life accident insurance and means of payment insurance are offered to customers through La Banque Postale's omnichannel distribution system.

In a very competitive and slow-growing market, La Banque Postale Assurances IARD posted almost 2.1 million policies in the portfolio at the end of 2021, up by 4.3% in volume year-on-year. The operating revenue amounted to €511.4 million.

Differentiation through services

La Banque Postale and CNP Assurances pay particular attention to the services integrated into their offers, both for its partners and for policyholders, and rely on subsidiaries dedicated to supporting individuals.

Within the Assuristance, Filassistance International develops a range of services to individuals that combines digital and human relations through a network of 10,000 service providers. Over 8 million people can benefit from its services through their insurance policy.

Lyfe is CNP Assurances' digital platform for health, well-being and ageing services and advice. It supplements the social protection of the members and employees of its mutual partners, brokers and companies. Its offer – prevention, well-being coaching, assistance to caregivers, 24h a day and 7 days a week teleconsultation, access to health networks in less than 72 hours – facilitates access to care and preparation for retirement.

(1) Contingency policies in 2020, French Insurance Federation (Fédération française de l'assurance – FFA), October 2021.
(2) 2019 Ranking of Provident Insurance, Argus de l'Assurance, April 2020.

International Bancassurance

Holding 78.95% of the share capital of CNP Assurances [1], La Banque Postale has a significant international presence since it generates 14% of its net banking income outside France. In line with the strategic plan for 2030, La Banque Postale aims to increase the proportion of its activities carried out internationally by accelerating the development of CNP Assurances' multi-partner model.

Thanks to this multi-partner model, CNP Assurances designs and distributes life insurance, savings/retirement and creditor insurance products, and deploys these activities in Europe and South America in particular.

KEY FIGURES IN 2021

NET BANKING INCOME	OPERATING REVENUE[2]	NUMBER OF COUNTRIES WITH OPERATIONS	SAVINGS/ RETIREMENT POLICYHOLDERS	INSURANCE/ PROTECTION POLICYHOLDERS
€1,215 M	€11.7 M	18	3 M	14 M

Significant presence in European countries

Active in 16 countries [3], CNP Assurances is the 6th European insurer [4].

Italy: CNP Assurances' second-largest market in Europe

The long-term partnership between CNP Assurances and UniCredit, established through their joint subsidiary CNP UniCredit Vita, runs until 2024. It covers central and southern Italy, Sardinia and Sicily with a comprehensive range of personal insurance products. It includes a sales activity coordination organisation dedicated to the development of unit-linked savings, individual protection and creditor insurance, in line with CNP Assurances' product mix strategy.

In 2021, following the acquisition of Aviva's life insurance business in Italy, CNP Assurances became the fifth largest insurer in the Italian life insurance market, with a doubling of its market share which should reach nearly 6%[5]. The acquisition scope covers operating revenue of €2.9 billion and total assets of €17.8 billion (data at the end of 2020). It offers a range of savings and protection products that are both competitive and innovative with a return on funds that are among the best in the Italian market. The distribution of the offer is diversified, relying on both bancassurance partnerships and networks of financial advisors targeting high net-worth customers.

Development of the partnership model

Santander Consumer Insurance distributes CNP Assurances' creditor insurance in 11 countries. More than half of the activity is carried out in Germany, while Spain, Poland, Italy and the Scandinavian countries in particular represent the majority of the remainder of the operating revenue.

In Cyprus, CNP Cyprus Insurance Holdings, a wholly-owned subsidiary of CNP Assurances, is ranked first in non-life insurance with nearly 14% of the market and second in life insurance with 24% of the market and an increase of 5% in its inflows.

In a growing South American market

The renewal of the agreements between CNP Assurances and its long-standing partner Caixa Econômica Federal, the country's number two public bank, resulted in the launch of two new subsidiaries in 2021: Caixa Consórcios and Caixa Vida e Previdência. This latter subsidiary alone accounts for 80% of CNP Assurances' activity in Brazil.

Caixa Vida e Previdência offers group and individual retirement savings, consumer loan insurance and contingency products. At the end of November 2021 it was the second insurer in the country in retirement savings and consumer loan insurance with respective market shares of 23% and 15% and the sixth in contingency with a market share of 5.7%.[6] CNP Seguros Holding retained its leading position in real estate creditor insurance with a market share of 53.2% at the end of October 2021 (compared to 57.5% in 2020).

In addition, the non-exclusive distribution agreement for capitalisation and dental insurance products signed with Correios, the Brazilian postal service, opens up new development prospects.

Brazil has become the second largest market for CNP Assurances. CNP Assurances also operates the first 100% digital insurance company in Brazil, Youse. At the end of 2020, Youse had conquered more than 185,400 customers, holding more than 268,600 active policies.

(1) On 16 December 2021, La Banque Postale acquired the entire 16.1% of the share capital of CNP Assurances held by Groupe BPCE for €2.4 billion, i.e. a price of €21.90 per share (dividend attached). This transaction followed the press release of 28 October 2021. Following this acquisition, La Banque Postale's stake in CNP Assurances is 78.95%.

(2) CNP Assurances' savings/retirement operating revenue and contingency/protection premiums earned.

(3) Austria, Belgium, Cyprus, Denmark, Finland, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Norway, Poland, Portugal, Spain, Sweden.

(4) Source: Bloomberg, at the end of November 2020, consolidated financial statements of each company, classification by size of assets under management.

(5) Source: ANIA, National Association of Insurance Companies (Italy), November 2020.

(6) Source: SUSEP insurance market from end-August 2020 to end-August 2021.

Corporate and Investment Banking

In November 2021, La Banque Postale announced the creation of the new Corporate and Investment Bank (CIB),[1] reflecting its ambitions to conquer the market for legal entities. It strengthens La Banque Postale's ability to support its customers and institutional investors as close as possible to the regions and to provide them with product expertise in bank and bond financing and cash flows, in order to support their development and their energy transition.

KEY FIGURES IN 2021

NET BANKING INCOME
€1,066 M

BUSINESS AND LOCAL PUBLIC SECTOR CUSTOMER
308,000

OUTSTANDING LOANS
€45.5 bn

NUMBER OF BOND ISSUES IN WHICH THE CIB PARTICIPATED
90

Diversified customers

Legal entities

With the creation of its Corporate and Investment Bank, La Banque Postale wants to become a major banking partner for French companies, by aiming to accelerate its activity towards large companies, double the number of SMEs and mid-market companies, and multiply the volume of flows processed by 2.5 by 2025. It will strengthen its ability to support its customers' development projects in Europe (investments, acquisitions) thanks to its expertise in structured finance (LBO, real estate, leasing, factoring, assets & projects), bond origination (Debt Capital Market) and improving the customer experience (digitisation, quality and increased responsiveness, etc.). It also aims to develop institutional customers in France and Europe, thanks to dedicated coverage. The CIB also wants to gradually expand internationally. The creation of this new CIB is based on a governance aimed at strengthening product expertise and focused on the customer. This new organisation has also resulted in the inclusion of professional customers (craftspeople, traders, liberal professions) in the Bancassurance France division.

Local public sector

La Banque Postale is the leading banking partner for local authorities with a market share of 25% in financing. La Banque Postale works with SFIL/CAFFIL through the "originate to distribute" mechanism, with CAFFIL stating the amounts outstanding transferred by La Banque Postale on its balance sheet. It also works in the health sector by meeting the needs of public health players and private organisations. Because local authorities play a key role in the energy transition, La Banque Postale has developed a financing offer (green loans) intended to finance environmental projects (sanitation, waste management, green mobility, renewable energy, etc.).

As the bank for eight out of ten social housing associations (5.4 million housing units), La Banque Postale is a leader in the social housing market and offers them a range of offers ranging from flow management (rental collection solutions, etc.) to short- and long-term financing solutions.

In addition to these banking activities, La Banque Postale also works with local authorities in the field of social action, through its subsidiary Domiserve (see Section 3.2.1 Contributing to regional development and cohesion). The acquisition in 2021 of Hippocad, which offers remote aid management solutions for home care services, strengthens Domiserve's positioning.

Corporate customers

Corporate customers are at the heart of the development ambitions of the new CIB. La Banque Postale currently has 11,000 SME/mid-market customers. Fifty percent of the companies belonging to the CAC 40 index are LBP customers, as are 53% of the companies of the SBF 120 index. La Banque Postale has developed a complete range of products for SMEs, mid-sized companies and large companies.

As a player increasingly committed to the environmental transition, it supports and advises its corporate customers on this new dimension and has thus developed a range of green financing, an impact credit and a range of specific services (carbon footprint diagnosis with the Carbo fintech, energy saving certificates, etc.).

La Banque Postale has been supporting companies since the start of the health crisis by offering adapted financing solutions and French State mechanisms (moratoria, State-guaranteed loans, etc.). In 2021, La Banque Postale represented more than 17% of the total amount of the Participative Recovery Loans distributed.

Financial institutions

With a specially dedicated team within its CIB, La Banque Postale supports financial institutions including banks, insurance companies, pension funds and mutual insurance companies. La Banque Postale has a long-standing presence with this customer base and is making it a major area of development for the coming years.

(1) The creation is effective since 1st January 2022.

Tailor-made and innovative offer

La Banque Postale offers its corporate, social economy, local public sector and financial institution customers its expertise, supported by a team organised by business line.

Transaction banking

The creation of La Banque Postale's CIB also led to the creation of a new transaction banking department, bringing together product experts and technical sales persons, in order to ensure and develop this historic activity of La Banque Postale for legal-entity customers.

Traditional financing

With its range of short-term loans (overdraft, cash lines, RCF, etc.) and medium-term loans, the CIB addresses all of its customers' financing needs, ranging from short-term cash flow requirements to long-term project loans up to more than 20 years.

Trading room

The trading room operates in two distinct and complementary areas. On the one hand, it is in charge of transactions on its own behalf, such as financial management on its own behalf under the ALM mandate, and the execution of the hedging of certain market risks (mainly interest rate and foreign exchange risks), the execution of orders or mandates on financial instruments and, on the other hand, participation in investments under delegated management. The trading room also ensures the activities with La Banque Postale's customers on financial instruments, such as the design and structuring of financial instruments distributed directly by the trading room or through other internal or external distribution channels, the response to customer needs and requests on transactions in financial instruments and the hedging of the market risks generated by customer transactions.

Structuring/syndication

La Banque Postale develops expertise in bond issues and/or private placements for its customers, as well as their syndication and placement with bond investors. It also offers them tailor-made support for the issuance of ESG bonds *via* dedicated teams who are also responsible for offering new products to CIB customers, from the offering of green loans to impact loans.

Securitisation activity

This division includes trading activities and the management of investments on its own behalf based on the secondary acquisition of portfolios of granular trade receivables intended to use La Banque Postale SA's excess liquidity.

Specialised financing

The specialised financing offer includes a range of complex financing solutions.

The Structured Finance offer includes the origination, structuring and execution of syndicated corporate loans or transactions intended to finance LBO transactions, the execution of capital-call type investment fund financing transactions, investment in corporate private debt assets, or the execution of structured collateral swaps with leading banking counterparties, secured by diversified portfolios of financial assets.

The Asset and Project Financing offer makes it possible to offer specific financing solutions for assets of a size or nature justifying a customised transaction, or for investments with a total or partial public guarantee in the context of exports.

The Real Estate Financing offer includes property leasing, mortgage financing, financing of real estate development, particularly through loans and the issuance of financial completion guarantees, either directly or through other banking partners.

The Equipment Leasing offer includes furniture leasing, financial leasing and the assignment of rental receivables.

The Factoring offer encompasses traditional factoring and reverse factoring and is based on three key areas of expertise: cash financing, trade receivables management and securing trade receivables.

Wealth and Asset Management

This division brings together the wealth management banking activities (BPE) and the asset management activities.

KEY FIGURES IN 2021

BPE		LBP AM	
NET BANKING INCOME	NUMBER OF HIGH NET-WORTH CUSTOMERS	ASSETS UNDER MANAGEMENT (LBP AM)	NUMBER OF PUBLIC SRI-CERTIFIED FUNDS
€296 M	64,000	€14.1 bn	€55.9 bn / 98

Wealth management bank

At the end 2021, La Banque Postale reached over 64,000 high net-worth customers, an increase of 1.8% over one year. High net-worth customers place their confidence in La Banque Postale and in BPE to help them build, grow and manage their assets. For each customer, depending on his or her needs, an individual relationship is offered with a La Banque Postale expert advisor or a BPE private banker. Among the offers offered by La Banque Postale, the PASS Patrimoine relationship programme is being expanded with the *Coach Investisseur* (Investor Coah). This new module relies on one of the start-ups of Plateforme58, the La Banque Postale incubator, to respond to the real estate investment projects of its high net-worth customers. In addition, in May 2020, BPE, the private bank of La Banque Postale, strengthened its real estate expertise with the acquisition of La Banque Postale Immobilier Conseil (LBP IC), a subsidiary of La Banque Postale.

Asset management

This activity brings together companies managing assets on behalf of third parties which provide their expertise to enable La Banque Postale to offer its private individual, legal entity and institutional customers a comprehensive range of savings and investment products covering traditional financial markets as well as more diversified asset classes. Asset management includes the activities of the subsidiary La Banque Postale Asset Management (LBP AM), and the minority stake in AEW Ciloger's property management activities, as well as Ostrum AM's interest rate and insurance management activities.

Conviction-based management by La Banque Postale Asset Management and Tocqueville Finance

Held at 70% by La Banque Postale, at 25% by Aegon Asset Management and 5% by Malakoff Humanis, La Banque Postale Asset Management (LBP AM), with its subsidiary Tocqueville Finance, manages €60.2 billion in assets, through a range of open-ended SRI-certified funds, as well as dedicated mandates and funds. It stands out as the number five conviction-based management company in France with 173employees including 61 investment professionals.

Convinced of the need to respond to the major societal and environmental challenges and of its ability to contribute to them, LBP AM has made the strategic choice to certify all its open-ended funds and to offer its customers a wide range of modular products and services adapted to their own convictions. As the only significant asset manager to have a 100% SRI offering, LBP AM is the leader in SRI in France.

LBP AM focuses its management offering around four high value-added investment clusters, which systematically integrate non-financial analysis based on the proprietary and innovative GREaT method:

- an equities division managed by Tocqueville Finance, a long-standing player in multi-capitalisation European equities and with a track record of 30 years. Covering the entire economic cycle, it brings together Growth, Small & Mid-cap, Value and Thematic expertise in collective and discretionary management;
- a real & private assets division, with a focus on debt, proposing responsible investment strategies in real assets and the real economy in Europe, in the infrastructure, real estate and corporate sectors. It offers investors a diversification and return strategy by capitalising on recognised expertise and track record in terms of origination and management;
- a multi-asset and absolute return division, relying on the company's long-standing expertise in building customised solutions, and encompassing multiple areas of expertise (convertibles, absolute return rates, and diversified multi-assets);
- a quantitative solutions division, incorporating an exhaustive Smart Beta range enabling investment in systematic management strategies, based on robust SRI-certified models developed in-house.

Interest rate and insurance management with Ostrum AM

As part of the entry into exclusive negotiations between Groupe BPCE and La Banque Postale, Natixis Investment Managers would acquire a 45% stake in Ostrum Asset Management, currently held by La Banque Postale. This capital transaction would not call into question the existing industrial partnerships and commercial agreements between the two groups; on the contrary, it would strengthen and extend them.

A leading player in insurance and bond management, Ostrum AM offers two distinct and independent offers: asset management on the one hand and dedicated investment services on the other.

With €442 billion in assets under management, of which nearly 75% in insurance management, Ostrum AM is one of the top ten asset managers in Europe dedicated to institutional investors (insurers, pension funds and large companies) operating with liability constraints.

A responsible and committed player, Ostrum AM has strong ambitions in SRI and relies on reinforced research teams for its non-financial analyses, intervening in support of management and using the GREaT methodological framework developed by La Banque Postale Asset Management.

AEW Ciloger property management

Within AEW SA (a subsidiary in which La Banque Postale holds a 40% stake, alongside Natixis Investment Managers and Groupe BPCE), AEW Ciloger is the regulated management company for all the AEW group's institutional and retail activities in France. The management company ranks among the top five players in intermediated real estate savings in France and is developing expertise in all areas of real estate asset management for third parties. Its products are distributed by three major banking networks (Caisse d'Epargne, Banques Populaires and La Banque Postale), the main insurance platforms and a selection of partner wealth management advisors.

At the end of 2021, at AEW Europe level, the assets under management amounted to €37.6 billion, an increase of 10.8% compared to the end of 2020.

1.3.3.3 Strategic plan for 2030

In March 2021, La Banque Postale launched its strategic plan for 2030 with one objective: to become the French people's favourite bank.

It focuses on three priorities:

- to become a leader in customer satisfaction and one of the top 3 by 2023 for remote services;
- to position itself as the fair transition bank with the launch of a citizen commitments platform;
- to put its employees at the heart of its strategic plan by improving its employer Net Promoter Score by 20 points by 2025.

Three priority ambitions

Positioning La Banque Postale among the customer experience leaders by 2023

La Banque Postale aims to enter the top 3 in customer satisfaction for its remote services by 2023 and for all its services by 2025,[1] which is a particularly demanding challenge given the diversity of its 20 million customers – from financially vulnerable individuals to high net-worth customers – and the new customer experience standards.

La Banque Postale has strengths which are acknowledged by its customers. They have already placed it on the customer satisfaction podium thanks to its human qualities, the competence of its teams in all transactions, including the most complex ones, and their knowledge of each customer's individual situation.

Reaffirming the citizen ambition to serve the fair transition

La Banque Postale, which since its creation has been built around a profoundly citizen identity, today reaffirms its ambition to service a fair transition, that meets environmental, social, regional and digital challenges. This ambition involves integrating the systematic measurement of its impacts for all of its activities into La Banque Postale's model.

La Banque Postale has set up a citizen engagement platform that brings together its priorities:

- finance the energy transition and promote responsible consumption;
- address new inequalities;
- democratise impact financing by involving all of its business lines;
- mobilise all employees to achieve this goal through customer advisory and support.

La Banque Postale has set itself a goal of zero net emissions for 2040 for all of its activities.

Putting the employee experience at the heart of our strategy

La Banque Postale is proud of its employees' commitment and of their involvement with customers, which has been particularly exceptional doing the health crisis.

The symmetry of care provided to employees and customers is one of the key factors for the successful completion of the strategic plan. This is why La Banque Postale will be refocusing its management model on customer satisfaction. Quality of service improvements will depend on the increased accountability of the teams. Any initiative which brings us closer to our customers and enables us to better meet their expectations will be encouraged.

Three main levers to serve major ambitions

The development project will be supported by three main levers:

- consolidating the retail banking Foundation;
- accelerating the diversification of La Banque Postale's model;
- preparing for the future by developing an innovative, partnership and international model.

(1) *Net Promoter Score and Voice of the Customer.*

Consolidating the retail banking Foundation

La Banque Postale will consolidate its positions through an ambitious conquest and the development of offers that build on its three brands (La Banque Postale, Ma French Bank, BPE).

- La Banque Postale, the bank for all customers, will multiply its conquest and equipment efforts, notably for high net-worth and professional customers, to conquer over 3 million new contacts by 2025. La Banque Postale will continue its banking accessibility public service mission and the attention paid to financially vulnerable customers, sometimes without digital access.
- Ma French Bank, the digital bank, as a vector of conquest, aims for 1.4 million customers by 2025, to which it will offer a comprehensive range of simple and accessible products and services (consumer loans, savings, insurance) by 2023.
- BPE, a unique private banking model anchored in the regions and recognised for its expertise, aims to double its outstandings by 2025 (i.e. +€10 billion). It will become the high net-worth expertise hub of La Banque Postale and will reinforce its territorial network by doubling the number of BPE spaces (100 spaces in 2025).

The operational model will combine reinforced territorial anchoring, digital excellence and the industrialisation of operations.

Accelerating diversification

La Banque Postale will accelerate the diversification of its activities by optimising the accretive allocation of its own funds in the short term.

Developing business with private individuals

La Banque Postale will continue to develop its responsible consumer loan business with a goal of 40% growth in outstandings by 2025. This will translate into an increase in the customer equipment level; an expansion of the product range (instalment payments, allocated credit, buyback of mortgage loans, etc.); an increase in distribution partnerships. The Business Solution platform, launched in 2021, will facilitate the distribution of white-label products.

LBP AM will consolidate its position as a leader in sustainable finance and broaden its range of conviction-based strategies, including on real assets, by drawing on world-renowned expertise. The outstanding SRI assets under management will increase, notably thanks to external distribution, to reach €70 billion in 2025.

Expanding the scope of business with key accounts

La Banque Postale wants to become a major partner of French companies by doubling the number of its SME-ISE customers and by increasing the flow volume 2.5 times by 2025. It will increase its capacity to support the development projects of its customers in Europe (investments, acquisitions) thanks to expertise in structured finance (LBO, leasing, real estate, factoring, assets & projects) and in debt capital markets (DCM). Customer journeys will be digitalised.

It will promote the "originate to distribute" model (loan origination, arranging and syndication) by ensuring 25% of syndicated structured financing production.

The customers of financial institutions in France and in Europe will be developed for syndication (DCM, loans) and funding thanks to dedicated coverage with a NBI growth target of 30% by 2025.

La Banque Postale will consolidate its position as the leading banking partner for all public players, in partnership with SFIL, with a target of 30% market share by 2025.

Realising the potential of the bancassurance model

CNP Assurances will become the sole insurance vector of the group for life and non-life insurance to fully realise the potential synergies of the bancassurance model with:

- the restructuring of the operating model for CNP Assurances and La Banque Postale for life insurance with a voluntary transformation of assets and the renewal of the offering and of the multi-channel processes. This dynamic should result in a unit-linked production rate of nearly 30% by 2025;
- an improvement in customer equipment in non-life insurance, thanks to an expansion of the services offering and the digitisation of the customer experience, with a goal of 100% digital journeys and an equipment rate of over 30% by 2025[1]. In addition, distribution will be diversified (brokers, distribution partnerships) and the offer will be enhanced, particularly for Pros and VSEs.

Building the bank of the future: partnership-based, innovative and international

La Banque Postale of the future will be more international

Partnerships will be the preferred method to implement La Banque Postale's international development goals, which will include CNP Assurance's locations. The development of partnerships in other countries will enable the acquisition of new skills, the diversification of the portfolio of activities to reduce the exposure to the negative rates in the Euro zone, and the capture of the potential of regions and sectors experiencing strong growth. The operating revenue from international activities should account for 20% of total NBI by 2025.

(1) On active customers.

La Banque Postale of the future will be built on a partner-based, innovative and tech-oriented model

La Banque Postale will launch new, open platforms and position itself as both a service producer and provider and as an aggregator of personalised services for all of its customers.

It will offer its customers the first packages of services in 2022.

La Banque Postale will innovate together with technology partners and, to do so, will rely on its innovation ecosystem, whose development it will accelerate *via* its platform58 incubator which, to date, has incubated 39 fintech, assurtech, securtech and regtech start-ups. In addition, an innovation fund of €150 million will be created to invest in start-ups and promote partnerships with the business lines, subsidiaries or departments of La Banque Postale.

Profitable and sustainable growth (2025 objectives versus 2020)

La Banque Postale is targeting profitable growth resulting in the following:

- group NBI (AAGR): growth in excess of 3%;
- group cost to income ratio: -10 points;
- RONE at 8% as of 2030.

This growth will also be sustainable due to robust capital (CET1 at 20.4% in 2020) and controlled growth in RWAs at 3.5% (AAGR until 2025).(1)

First achievements in 2021

In 2021, La Banque Postale continued its strategic equity alliance with CNP Assurances with the purchase of the 16.1% stake held by Groupe BPCE, and the launch of a simplified takeover bid on the remaining 21.1%, followed if necessary by a squeeze-out if the conditions are met. By increasing La Banque Postale's stake in CNP Assurances, this project would be a new step in the creation of the large public financial group announced by the Minister of the Economy and Finance on 31 August 2018. It would also accelerate the backing of the insurance activities of CNP Assurances and La Banque Postale, by continuing the plans to transfer its non-life insurance activities to CNP Assurances in order to accelerate the current diversification strategy of CNP Assurances and to make it the sole insurer of La Banque Postale.

The year 2021 also saw decisive progress regarding the civic commitment of La Banque Postale, whose objective is to become a world leader in impact finance. La Banque Postale adopted a *raison d'être* (purpose), which is the first step to becoming, in February 2021, an "*Entreprise à mission*" (a mission-driven Company). In addition, after committing to become net zero emissions by 2040 on its banking activities – *i.e.* ten years before the deadline set both by the European institutions and as part of the Net Zero Banking Alliance – La Banque Postale went further in its commitments by announcing that it will no longer support players in the fossil energy sectors beyond 2030, unless they have announced a credible transition plan to exit these sectors. It also became the first European bank and one of the first financial institutions in the world to have a decarbonisation trajectory validated by Science Based Targets initiative (SBTi), an independent benchmark body managed by four international organisations.

In 2021, La Banque Postale began to develop the Global Impact Index, a proprietary financial indicator to measure global impact, integrating environmental, social and regional dimensions. This project is central to supporting the fair transition, which is central to La Banque Postale's strategy. The work in progress aims to build a multi-use tool measuring the environmental, societal and regional impact (CO_2 footprint, support for financially vulnerable customers, etc.) of each La Banque Postale loan or investment decision in addition to the assessment of financial risk and return. The Global Impact Index will be developed according to a logic of co-construction with all stakeholders wishing to be associated with this project (customers, associations, universities, NGOs, etc.), for a launch planned for 2022.

Numerous achievements were also made in the Bancassurance France division in 2021. Foremost among these was of course the acceleration of digitisation. This digitisation is part of the more general framework of improving customer satisfaction and quality of service. Key indicators for the quality of service and the customer experience improved significantly in 2021 (waiting time for incoming calls, pick-up rate, complaint handling, etc.) and the perceived quality improved throughout the year on almost all customer experience pathways.

Regarding **the Bancassurance France division**, the year 2021 was also marked by the strengthening of the link between CNP Assurances and La Banque Postale, which made progress in all areas: offer, distribution, customer experience, innovation systems, services, support, etc. This good momentum of the equity alliance has already made it possible to advance faster than expected in terms of the unit-linked ratio in gross inflows, since this rate is already close to 30% whereas it was below 20% in 2020.

La Banque Postale Consumer Finance (LBP CF) was also very active in 2021. It launched its platform for credit as a service in February, its consumer loan with impact in September, and forged a strategic partnership with the fintech Alma to offer a consumer loan offering on the fast-growing e-commerce market, with a 12/24/36 month offer.

Regarding **the International Bancassurance division**, La Banque Postale ended the year 2021 with a consolidated and strengthened international footprint. Firstly, thanks to the renewal of the agreements with Caixa in Brazil:

- Deployment of the new operational structure: Caixa Vida e Previdência, with an exclusive distribution agreement that runs until 2046;
- Finalisation of the exclusive consortium (*consórcio*) distribution agreement with CEF, with an expiry date in 2041.

(1) Excluding the Basel 4 impact.

Moreover, the strengthening of CNP Unicredit Vita's positions in Italy, following the agreement to acquire Aviva's life activities, will enable CNP Unicredit Vita to double its market share in life insurance to 6% and become the number five life insurer of the peninsula.

Regarding **the Wealth and Asset Management division**, the year 2021 was marked in the Asset Management activity by the exclusive negotiations between Groupe BPCE and La Banque Postale as part of the proposed acquisition by Natixis Investment Managers of 40% of the share capital of AEW and 45% of the share capital of Ostrum Asset Management, currently held by La Banque Postale.

In addition, the financial and non-financial performances of La Banque Postale Asset Management (LBP AM) over the last three years have enabled it to receive several awards in 2021 (*Trophées 2021 de la Finance Durable, Corbeille bronze gamme réseau bancaire,* etc.). It is important to note that the SRI positioning of LBP AM is still strengthening and allows LBP AM to maintain its leading position in France in terms of the number of SRI-certified funds and in the Top 3 in terms of outstanding SRI-certified funds.

The Corporate and Investment Banking division was profoundly overhauled in 2021 following the creation of the new Corporate and Investment Bank (CIB) announced in November 2021 and effective since 1 January 2022. This new CIB is a key driver for the growth and diversification of La Banque Postale's business model for companies and institutional investors. It will make its expertise available to the entities of the large public financial group and will thus be a major lever for the implementation of La Banque Postale's strategic plan.

La Banque Postale wants to become a major partner of French companies by doubling the number of its SME-ISE customers and by increasing the flow volume 2.5 times by 2025. It will strengthen its ability to support its customers' development projects in Europe (investments, acquisitions) thanks to its expertise in structured finance (LBO, real estate, leasing, factoring, assets & projects), bond origination (Debt Capital Market) and digitisation of the customer experience and the development of the flow bank. It also aims to develop institutional customers in France and in Europe through dedicated coverage, and will consolidate its position as a leading banking partner for all public players.

As part of its pioneering commitment to the fair transition, it will also support its customers in their societal, regional, environmental and digital challenges in accordance with its *raison d'être* and its desire to become an "*Entreprise à mission*" (a mission-driven Company) in 2022. In particular, it will provide all its sector-specific expertise on topics of the future such as renewable energies, digital technology, transport and infrastructure.

The CIB also wants to gradually expand internationally.

More detailed information is available in Chapter 1 of La Banque Postale's Universal Registration Document for 2021.

1.3.4 RETAIL CUSTOMERS AND DIGITAL SERVICES

On 1st July 2021, La Poste Groupe, as part of its new strategic plan, "La Poste 2030, committed for you", created the Retail Customers and Digital Services business unit in order to place the quality of service provided to its individual customers, professionals and small local authorities at the heart of its transformation.

This new business unit gathers almost 50,000 employees. It brings together La Poste Groupe's main players in direct contact with retail customers: physical and digital networks and customer relations centres.

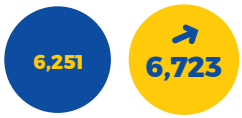
The Retail Customers and Digital Services business unit is responsible for:

- developing the market for private individuals, professionals and local authorities for the group;
- coordinating the regional coverage of all La Poste retail outlets and access points to the group's postal services in France;
- pursuing the group's digital transformation and the development of digital as a growth driver, notably through its subsidiary Docaposte.

In addition to its key role in distributing and marketing the group's product and services, the Retail Customers and Digital Services business unit is key for the proper execution of the regional planning and banking accessibility public service missions. It also contributes to the universal postal service mission.

KEY FIGURES IN 2021

OPERATING REVENUE
In €M



(restated data)

OPERATING PROFIT/(LOSS)
In €M



(restated data)

POINTS OF ACCESS TO POSTAL SERVICES
More than **35,000**

ANNUAL FOOTFALL IN POST OFFICES
268 M customers
(-12% per year on average over the 2019-2021 period)

UNIQUE VISITORS WWW.LAPOSTE.FR
27.8 M per month
(-5%)

MY ACCOUNT
23.5 M customers
(vs 21 M in 2020)

DIGIPOSTE
7 M
(vs 5.5 M in 2020)

DIGITAL IDENTITIES
510,000

KEY HIGHLIGHTS 2021

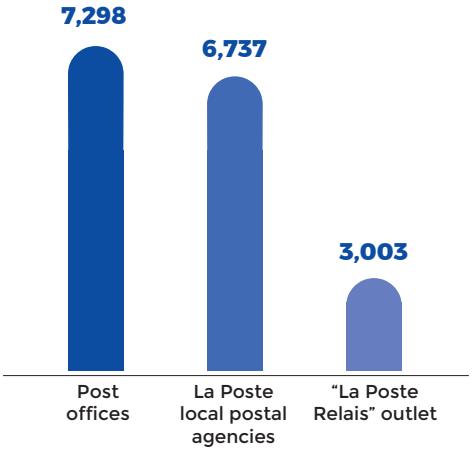
- Creation of the new Retail Customers and Digital Services business unit on 1st July 2021.
- Unprecedented IT investment for employees in contact with customers (10,000 PCs and 7,000 Smartéo).
- 370,000 creations of digital identities, including one third in post offices.
- Partnership signed with Inria(1) and the Inria Foundation in January 2021.
- Acquisition of Boxtal (100%) and Open Value (80%) and creation of an Artifical Intelligence division around Docaposte.
- Launch of the "Pros" and "Data and Artificial Intelligence" Group Acceleration Programmes.

(1) *French National Institute for Research in Digital Science and Technology (Institut national de recherche en sciences et technologies du numérique).*

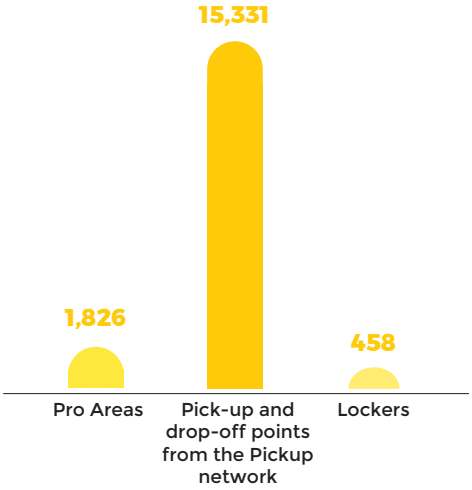
1.3.4.1 Several forms of presence

In 2021, there were nearly 35,000 physical access points to a La Poste Groupe service in France. These include post offices, La Poste local postal agencies, La Poste Relais outlets, as well as establishments catering to professional customers, pick-up and drop-off points from the Pickup network, and lockers, in which one or more services of La Poste or its subsidiaries are offered.

Types of access points to the La Poste network



Types of other access points



In the local postal coverage agreement signed by La Poste Groupe, the French State and the French Mayors' Association (*Association des maires de France – AMF*), La Poste undertakes to comply with a minimum number of 17,000 La Poste retail outlets in France. Numbering 17,038 at the end of 2021, the network of post offices and partnerships with the La Poste logo is the group's multi-activity retailer with a banking priority. Its founding mission is to welcome, serve and advise individual and professional customers of La Poste, La Banque Postale and La Poste Mobile. Its network guarantees one of the group's four public service missions: the regional accessibility of its services to more than 95% of the population located less than 5 kilometres and 20 minutes away by car (see Section 1.4.2 Regulations applicable to the public service missions).

With mail establishments open to the public, pick-up and drop-off points from the Pickup network and lockers, La Poste offers additional access points to its services that meet customer needs.

Post offices

The 7,298 post offices provide support and advice to local individuals and professionals. They market the group's offers:

- banking and insurance services (day-to-day transactions and individualised advice);
- mail services (pre-paid envelopes, postage, collection of items, forwarding, etc.); Parcel and express services (sale, drop-off, pick-up, etc.);
- mobile telephony services.

Depending on the nature of their location, some offices also market new services such as the driving license theory exam, the *Veiller sur mes parents* (Watch Over My Parents) offer, etc.

Among the offices, some have specific features or fulfil a specific mission. This is the case, for example, of 1,280 postmen-counter clerk offices and 312 France Services-certified offices.

Postman-counter clerk offices

Faced with the dual observation of the acceleration in the decline in mail volumes and the decline in the footfall in post offices, the Retail Customers and Digital Services business unit and the Services-Mail-Parcels business unit are increasingly pooling their resources. The postman-counter clerk system, initiated in 2011, is fully in line with this approach by helping to maintain the postal coverage in the regions and to develop the offer and access to services. At the end of 2021, there were 1,280 postmen-counter clerks. They divided their working time between the delivery of all postman services (mail delivery, local services) and the role of customer service manager in a post office where they provide comprehensive care for the network's customers.

France Services certified offices

In 2019, the French State created France Services, a new model of access to public services for French people. This model aims to offer every citizen wherever they live, in the city or in the countryside, access to public services and to be welcomed in a unique place by staff specially trained to help carry out everyday public service procedures.

La Poste is committed alongside the French National Agency for Regional Cohesion to roll out the France Services programme. In order to make life easier for residents and support the French State in modernising its public service activities, La Poste offered a set of offices that meet the specifications of the new France Services model. In February 2022, 312 post offices were awarded the France Services label and, in addition to offering postal services, facilitate the online administrative procedures of nine public service operators (public finance, job centre, family allowance funds, national health insurance fund, agricultural mutual health insurance company, etc.). Twenty-seven are located in urban priority neighbourhoods (QPV).

La Poste takes action to promote social and digital inclusion

The French government has made access to digital technology a priority of the France Recovery plan and is mobilising €250 million for digital inclusion, in particular to roll out 4,000 France Services digital advisors by the end of the first quarter of 2022 and to strengthen the *Aidants Connect* system to help the French people furthest from digital technology.

La Poste support the momentum launched by the Government by actively contributing to the France Services digital advisor system. During the first quarter of 2022, La Poste will deploy 100 digital advisors in 57 departments selected with ANCT. These digital advisors work in post offices located in areas particularly affected by digital illiteracy, urban priority areas and rural areas. Their role is to identify the digital fragility of citizens and to organise introductory workshops on digital technology.

This initiative is part of the actions of the strategic plan "La Poste 2030, committed for you" to promote digital inclusion. It complements other systems:

- support for people unfamiliar with digital technology in 550 post offices thanks to the intervention of mediators in urban priority areas;
- the setting up of *L'Étape Numérique*, an area dedicated to digital inclusion, offering workshops and digital training to the general public and companies. The first such area was inaugurated in July 2021 in Agen with the project partner La Banque des Territoires. A second area was deployed in Perpignan in December 2021; other openings are scheduled for 2022.

Partnerships

The 9,740 La Poste retail outlets operating in partnership include 3,003 "La Poste Relais" outlet merchants and 6,737 La Poste local or intercommunal postal agencies located in town halls.

This adaptation is the result of cooperation with elected representatives in national and departmental governance bodies set up through a local postal coverage agreement signed between La Poste, the French State and the French Mayors' Association. The fifth agreement, currently in force and pertaining to the 2020-2022 period, was signed on 5 February 2020.

These partnerships support the proximity between customers and the most common postal services by maintaining their accessibility.

La Poste Local or inter-communal postal agency

The La Poste local or intercommunal postal agencies offer most of the services of a post office, whether for mail, parcels or financial assistance such as cash withdrawal or deposit for legal entities. In return for a contract signed with the municipalities and the resources they commit, they receive a compensatory allowance. A standard agreement on local and intercommunal postal agencies between La Poste and the French Mayors' Association sets out the legal framework.

La Poste Relais outlet

The La Poste Relais outlets are located in the areas where customers live. They offer extended working hours and offer La Poste's essential services. Under this partnership, La Poste enters into an agreement with a shopkeeper, trader or non-profit organisation to provide postal services in its name and on its behalf and in rural areas basic financial services for La Banque Postale customers (cash withdrawals by holders of postal cheque accounts and Livret A savings accounts). In exchange, they receive a fixed fee and transaction commissions on the business activities.

In cities, these outlets are being developed (+156 in 2021) to respond to urban changes and changes in lifestyles, in addition to the post office network. National agreements have been signed with large retailers (Carrefour, Intermarché, Casino group, Auchan, etc.) to meet the needs and practices of customers.

La Poste also works with partners in the social and solidarity-based economy (associations or Foundations), such as disability employment organisations (*Établissements et services d'aide par le travail* – ESAT), where employees with disabilities carry out certain postal activities (sale of stamps, dispatch and delivery of mail, parcels, etc.). At the end of December 2021, La Poste had 8 partnerships of this nature and 25 others with associations in the social and solidarity-based economy.

Other forms of presence

In addition to the 17,000 retail outlets registered in the postal coverage agreement, La Poste offers its customers over 15,000 other points of access to its services.

Pro Areas

The 1,826 Pro Areas are mail processing catering to the public. La Poste has renovated more than 100 of them over the past two years. The layout and reception have been redesigned in a boutique spirit and the paths adapted to the types of customer.

Pick-up and drop-off points from the Pickup network and lockers

Pickup is a subsidiary of La Poste Groupe offering more than 15,000 access points to a postal service. Pick-up and drop-off points from the Pickup network are local shops (bookstores, flower shops, bars, etc.) and automated lockers (present in many train stations, bus stations, shopping centres and post offices) in which it is possible to drop off or pick up parcels. The lockers offer a wide range of hours allowing the collection of parcels day and night, often seven days a week.

1.3.4.2 Business development

La Poste is responding to the structural decline in mail by developing other growth drivers. The Retail Customers and Digital Services business unit is making a major contribution to this by implementing a strategy of conquering and developing banking customers, complementing and extending the retail customer offerings and significantly increasing its digital activity.

Development at the service of the Bank

Conquering high-stake customers

In a very competitive banking market, the network supports La Banque Postale's strategy to develop even more assertively in the segment of high-stake customers, particularly through home loans, by intensifying its efforts to conquer new business.

In addition to La Banque Postale and its comprehensive offering, Ma French Bank is responsible for attracting young customers aged 12 or more thanks to its attractive digital offering. In 2021, Ma French Bank confirmed the success of its launch with the acquisition of 190,000 new customers.

Approach by moments of life

A new marketing approach has been adopted to respond to key moments in customers' lives, such as retirement, the birth of a child or its coming of age, the death of a spouse, etc. The objective is to offer customers who so wish autonomy for everyday activities (management of means of payment, transfers/direct debits, etc.), assistance with simple transactions (consumer loans, cash investments, etc.) and to mobilise bank advisors to provide value-added advice.

Digitisation of processes

Significant changes in tools and processes have been rolled out for greater simplification and assertive digitisation. New business methods combine digital and remote communication to make many customer experiences more fluid (account opening, home loans, etc.). The development of video conferencing in customer relations is an example of this evolution.

Development for the retail customers

Traditional shipping offers

The digitisation of Mail continues actively, with the possibility of writing and sending any type of mail from your smartphone: standard and tracked online letter ("*Lettre en Ligne*"), online registered letter and the Youpix postcard, a printed personal photo in postcard format. In 2021, 1.8 million electronic registered letters were sent and Youpix had more than 80,000 customers.

The negotiation of the compensation for the universal service in 2021 was an opportunity for the French State to reaffirm the priority given to the quality of the customer experience. A new mail range is being prepared to better respond to changes in customer expectations and offer them products that are accessible at physical and online retail outlets.

Philaposte

The flagship "philatelic" offers of 2021 have enabled a return to the operating revenue trajectory prior to the health crisis, like the "75 years of the Little Prince/Saint Exupéry" theme, which generated more than €1.5 million in operating revenue on Philaposte channels.

In 2021, Philaposte continued its development in the check printing market:

- a new contract was signed with two Crédit Agricole regional branches to provide them with ten million checks in the first year;
- La Banque Postale has ordered 115 million checks.

Diversification with new customer services

The general theory test (*épreuve théorique générale* – ETG) of the French Highway Code remains a success for La Poste, which remains the leader in this market, with more than 4.5 million tests taken since 2016.

With *Veiller sur mes parents* (Watch Over My Parents), a solution created in 2017, it contributes to keeping elderly people at home by offering a visit to ensure that the person visited is in good health. The offer has been enhanced with 24 hours a day, 7 days a week remote assistance. Thanks to these services provided in each region, 200,000 postal services are provided each year, and two people in very vulnerable situations are transported to hospital every day.

Acceleration of the conquest of professionals

La Poste is also making professional customers, a growing market, a major focus of its development by deploying a dedicated Group Acceleration Project led by the Retail Customers and Digital Services business unit. This programme focuses on e-commerce, business creation and administrative assistance solutions.

In October 2021, the following were launched:

- The Creator Box, which helps to support the moment of business creation, by offering a selection of adapted services, and to engage in conversation with the customer;
- Digiposte PRO's offer, a new 100% digital solution, which allows professional customers to simplify their administrative procedures and the management of their documents.

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LA POSTE MOBILE

La Poste Telecom celebrated its tenth anniversary in 2021. France's leading independent Mobile Virtual Network Operator (MVNO), it accounts for a 3.2% share of the mobile telephony market. La Poste Telecom, which is owned at 51% by La Poste Groupe and 49% by SFR, relies on the SFR telecom network, the post office distribution network and the La Poste brand to market its telephony offer, under the La Poste Mobile (LPM) brand.

LPM's offer includes a comprehensive range of mobile telephony offers, including fixed-price contracts with or without commitment, with or without mobile phones and prepaid plans. Since 2020, LPM also distributes the SFR Box.

Key highlights: In 2021, LPM finalised its withdrawal from the white-label fixed-line business carried by LPM, renewed the wholesale contract with SFR (provision of services on the SFR mobile network) under good market conditions, launched multiple offers in synergies with La Poste Groupe (La Banque Postale, Digital Identity and Ma French Bank in particular), and distributed 5G plans at the end of the year. At the end of 2021, La Poste Telecom had a base of nearly two million customers.

Outlook: LPM wants to continue its development by increasing its visibility in post offices (project to present the mobile offer in post offices on modern and digitised gondolas), by developing synergies with La Poste Groupe (launch of payment in N instalments free of charge in partnership with LBP CF), while continuing its policy of simple (mobile at €1) and accessible offers.

Development of digital activities

La Poste is fully adapting to new digital uses. Through laposte.fr and its application programming interfaces (API), it makes La Poste's services accessible to everyone from anywhere and capitalises on the development of e-commerce. Digital trust is a major focus of the development of its new services, driven by its subsidiary Docaposte. LP11's offerings enable it to support its "toB" customers in customer knowledge or the development of projects related to data management and artificial intelligence.

Development of e-commerce

In 2020 and 2021, to respond effectively to the new second-hand purchasing trend, La Poste integrated its Colissimo and Mail delivery solutions, *via* APIs, on major e-CtoC platforms, such as the Vinted site.

www.laposte.fr is an ecosystem including a website, a mobile site, applications and a free webmail:

- it develops tools to guide customers in their shipping process (online tracking of mail and parcels, assistant to find answers to their questions);
- it enables continuity of services between digital and the physical network of post offices through services such as sending parcels or registered letters from one's mailbox;
- it offers services to simplify the lives of professional and private customers, for example by allowing them to print stamps from home or send a registered letter from their computer. This quest to simplify the daily lives of its customers has led www.laposte.fr to host, through a marketplace, more than 300,000 products dedicated to mailing (packaging boxes, envelopes, office supplies) that can be ordered at the same time as postage;
- it has developed a new locator of post offices and partner points which provides real-time information on opening hours and the range of services offered;
- in 2021 it made available a new version of the La Poste application, which is more user-friendly, offering a new postal service locator and offering a number of postage offers.

Significant growth driver for the group in digital trust

La Poste has developed an ecosystem of innovations and digital trust infrastructures that is unrivalled in scale:

- the digital, intelligent and secure Digiposte letterbox, which collects, classifies and shares important documents, giving legal value and a secured date to native digital documents. In 2021, Digiposte equipped 7 million French people; in October 2021 it launched its Digiposte PRO offer;

- La Poste's Digital Identity service operates and offers online proof of identity to secure and simplify BtoBtoC exchanges for corporate and government customers. The first and only digital identity certified in France to comply with the substantial guarantee level of the French National Cybersecurity Agency (*Agence nationale de la sécurité des systèmes d'information* – ANSSI), it offers access to more than 900 public and private services. A vast programme to equip French people was launched in the summer of 2021 in all post offices. More than 510,000 French people have already subscribed to it;
- the email address @laposte.net respects the privacy of users with the guarantee that no information is read or resold. In 2021, Laposte.net had three million active mailboxes.

Docaposte, the digital subsidiary of La Poste Groupe, is positioned in the digital trust sector by relying on La Poste's historical values: neutrality, universality, sustainability. With operating revenue of €735 million Docaposte has become a major player (€315 million in 2021), with electronic signature and archiving services, as well as services adapted to the specificities of different sectors, in particular healthcare, the public sector and education, bancassurance and small- and medium-sized enterprises. Among recent initiatives, Docaposte is supporting the French National Housing Agency (*Agence nationale de l'habitat* – Anah) in the implementation of the MaPrimeRénov' aid. Index Education, which joined Docaposte at the end of 2020, is the first data host to store school data in a secure and certified environment.

Docaposte is the only trusted service provider to have obtained the Electronic Identification, Authentication and Trust Services (eIDAS) certification for all its solutions open to qualification. It is also increasingly integrated into the digital trust ecosystems: within Gaia-X as a founding member, with Inria and ANSSI at the service of digital sovereignty and everyday digital trust, through the Agoria initiative to improve the analysis of health data. These requirements for digital trust are illustrated by the Tech & Trust marker by Docaposte, which brings together internal guidelines, labels and certifications obtained, as well as ethical, social and environmental rules.

FOCUS

DOCAPOSTE

Through its new strategic plan, Docaposte is strengthening its positioning in trust services and is developing along three focuses and a proactive external growth plan:

- develop its four strategic markets, with a positioning as a trusted third party: Health, Public Sector, Bancassurance, and Small and Medium Business. A fifth market will focus on traditional retail, manufacturing, services and utilities customers and their transformation towards digital trust services;
- enhance the offerings of strategic markets with innovative technologies in artificial intelligence, data management and consulting;
- undertake a targeted international expansion strategy focused on trust services;
- pursue external growth, by strengthening its capabilities through complementary digital trust solutions.

Key highlights

- Creation of a large Consulting and Services division with Amétix, Softeam and Docaposte Conseil.
- Growth of Index Education and launch of *ProNote Primaire*.
- Acquisition of a stake in Adobis Group, a Big Data .
- Electronic signature integrated in Digiposte.
- Docaposte received the EcoVadis award (digital transformation and CSR).
- In March 2022, Docaposte created a data and AI division comprising 400 experts to accelerate innovation in digital trust services.

Digital services driven by LP11

In 2021, LP11 continued its development around its two activities:

- the Internet offering online services based on customer knowledge and facilitating daily life. In particular, it includes the following sectors:
  - the web advertising network (Adverline) which, with 24 million unique visitors per month and more than 40 premium websites, offers numerous solutions to raise awareness and develop web traffic,
  - managed hosting (Oxeva) based on cloud solutions for high-traffic sites and applications requiring high availability,
  - a comparison of services on the Internet (Marketshot) which markets successful sales, lead marketing and multi-channel activation campaigns based on proprietary data targeting,
  - a comparator of parcel shipping solutions on the Internet (Boxtal, which joined the group in 2021). It is aimed at VSEs/SMEs wishing to optimise their shipping costs and small e-merchants wishing to simplify parcel delivery for their customers.

- Artificial Intelligence and data offering expertise to business customers and improving the performance of La Poste Groupe. This sector is addressed by:
  - ProbaYes (60 data scientists). Their areas of expertise are predictive analysis, optimisation in the industrial field in particular (fraud detection, energy optimisation, autonomous vehicles, etc.) or image analysis (address recognition),
  - Open Value (90 data scientists), which joined the group in 2021. It supports key accounts in various sectors such as retail, banking, insurance and energy. Its projects concern high value-added topics (recommendation drivers, customer segmentation, textual analysis, sales prediction, etc.).

1.3.4.3 The Retail Customers and Digital Services business unit serving the entire group

The Retail Customers and Digital Services business unit is the entry point for La Poste Groupe's customers. As such, the Retail Customers and Digital Services business unit aims to support the transformation of the customer relationship to develop its quality and to serve the image of the entire group.

The Retail Customers and Digital Services business unit also has unique digital expertise that it provides to the entire group to support its digital transition.

Transformation of customer knowledge and experience

The customer experience, at the heart of the group's strategy, "La Poste 2030, committed for you", is at the origin of the creation of the Retail Customers and Digital Services business unit.

Customer knowledge

At the end of 2021, La Poste had 23.5 million individual accounts.

The information collected is used to carry out a major customer-focused transformation in order to:

- propose fluid and consistent customer experiences across all channels;
- simplify the lives of customers by giving them autonomy;
- personalise the relationship between La Poste and its customers;
- strengthen the promotion of offers and services and facilitate the placement of new offers. Nine million customers were contacted through targeted campaigns in 2021, including three million through local campaigns.

This action is amplified by an active data enhancement policy, such as the addition of mobile phone numbers.

Improved customer experience

In 2021, La Poste deployed several systems to facilitate and improve the customer experience:

- customer relationship centres have been brought together to facilitate the handling of complaints;
- the online relationship assistant, available on laposte.fr since July 2021, is the single digital entry point to obtain information and contact La Poste. 223 types of customer requests are interpreted using artificial intelligence and more than 400 questions and answers are updated on a daily basis:
  - the timetables, updated in real time, as well as new, more qualitative photos of all post offices, La Poste Relais outlets and La Poste local postal agencies are available since May 2021 on Google My Business and www.laposte.fr,
  - since June 2021, it is possible to make a 100% digital forwarding with one's Digital Identity from laposte.fr and to archive one's forwarding contract in Digiposte.

Transformation around data and artificial intelligence

The Retail Customers and Digital Services business unit has specific expertise that enables it to support the group's digital transformation.

Training of employees in Artificial Intelligence (AI)

At the end of 2021, over 20,000 employees had been trained in artificial intelligence in partnership with *Institut Montaigne*, OpenClassrooms and *Fondation Abeona*.

Artificial Intelligence and data as a lever for development

The Retail Customers and Digital Services business unit is a sponsor of the Group Acceleration Project dedicated to Artificial Intelligence and Data (AI & Data GAP) launched in September 2021 in support of the strategic plan "La Poste 2030, committed for you".

The purpose of the AI & Data GAP is to derive more value from the data collected in order to better personalise and digitise offers while respecting data confidentiality, the GDPR, banking secrecy and the group's ethical charters. This project is a major challenge for customer knowledge, quality of relationships and customer satisfaction (see Section 1.2.2 Strategic orientations).

Data mining and artificial intelligence are at the heart of the group's transformation. Several projects are already operational:

- a conversational HR assistant has been developed to respond to more than 800 HR topics on generic issues such as employee savings, COVID, training, professional development, etc.;

- AI enables the Services-Mail-Parcels business unit to automatically read 96% of the addresses on mail;
- the group's Finance Department has developed an in-house solution to automate invoice processing to facilitate the work of accountants, with a success rate of 80%.

1.3.4.4 Strategy and outlook

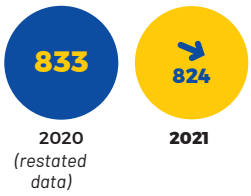
By creating the Retail Customers and Digital Services business unit, La Poste Groupe is overhauling its organisation to align with its ambition to make customers the top priority of its strategic plan. The strategy of the Retail Customers and Digital Services business unit is based on three convictions, the economic impact of which, amounting to more than €8 billion, goes beyond its operating revenue, as it serves the development of the other business units:

- the link with retail customers is a considerable opportunity for La Poste, which it must nurture by offering a customer experience that meets the highest standards in the market, by resolving the annoyances, by offering a true relational signature and seamless paths combining physical and digital. In 2022, La Poste will further strengthen the referencing of its retail outlets, redesign the complaints process, renovate post offices and adapt their opening hours, and will offer a personalised welcome to its professional customers. It will continue the digitisation of its offers and the deployment of mixed, physical and digital pathways. This transformation will be possible because it will be accompanied by a very strong investment in favour of the employees who are in direct contact with customers by simplifying the compliance, control and training procedures, facilitating connectivity in post offices, and providing each customer service manager with an individual Smartéo;
- in the face of the decline of mail, development requires an ambitious diversification of the postal model. In 2022, La Poste will continue to transform banking business development through digital technology by optimising, in particular through artificial intelligence, the time spent on commercial activities by bank advisors and customer service managers. It enhances the added value of the mail and parcel offers and is working on a new mail range. It relies on its presence at different times of customers' lives to offer new services to retail customers. It continues to develop digital trust services to make them a real growth driver for the group;
- La Poste must respond to the strong local needs, clearly expressed since the health crisis, by combining economic requirements and social demands. The Retail Customers and Digital Services business unit coordinates all of the group's retail outlets in France. It is working to develop a physical presence adapted to new uses and a strengthened digital presence. La Poste also aims to develop its partnership model by joining forces with new partners. In 2022, a new postal coverage agreement will be signed, which will define the framework of its relationship with local elected representatives.

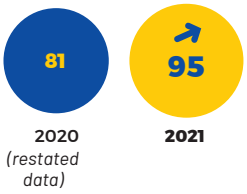
1.3.5 LA POSTE IMMOBILIER

KEY FIGURES IN 2021

OPERATING REVENUE
In €M



OPERATING PROFIT/(LOSS)
In €M



USABLE LEASABLE AREA
6.1 M m² of which

DIRECTLY-OWNED PROPERTIES
3.3 M m²

RENTAL PORTFOLIO
2.9 M m²

BUILDINGS
9,745 of which 2,444 directly-owned

NUMBER OF EMPLOYEES
787

KEY HIGHLIGHTS 2021

- Several large-scale projects delivered:
  - La Poste du Louvre building, after five years of restructuring. This mixed-use building, restructured by La Poste Immobilier's project management teams, houses a hotel, a restaurant, offices, a post office, shops and urban logistics;
  - the Le Onze building in Lyon Gerland, a new office building, also managed by La Poste Immobilier as project manager, welcomed its first occupants. In the long term, 400 employees will work in the building;
  - The urban logistics platform of the MIN (National Interest Market) in Toulouse.
- Strategic programme to transform 12 postal buildings into serviced senior residences (SSR): protocols signed:
  - with Les Jardins d'Arcadie, the future operator of the SSR;
  - with La Banque des Territoires and 123 IM[1], La Poste's investor partners, for the creation of an investment structure to finance this strategic programme.
- A year hailed by numerous awards from the world of architecture and real estate: *Geste d'or* for La Poste du Louvre, *Trophée de la construction* and Special Jury Award at the *Salon de l'immobilier d'entreprise* (SIMI) for La Poste Marseille Colbert, International Prize for the transformation of offices into housing for Magenta Paris, *Grand prix national de la mixité urbaine* of the *Fédération des promoteurs immobiliers* for Hôtel des Postes de Strasbourg, *Trophée du Bâtiment et de l'Immobilier* and *Geste d'Argent* for Hôtel des Postes de Lyon Bellecour.
- Launch of the "Power 10,000" energy management programme on all of its buildings, the largest energy efficiency project in France in terms of the number of buildings (10,000, 6.2 million m²) and employees involved.

A very large real estate portfolio

Spread over the whole country, La Poste Groupe's real estate portfolio is one of the largest in France in terms of number of assets. It is extraordinary by its size: 9,745 buildings, representing 6.1 million square metres. Atypical, it includes widely diversified assets in terms of size, architecture, type and usage. It comprises vast industrial platforms, small- and medium-sized retail spaces, commercial premises, but also buildings with remarkable architecture, built from the end of the nineteenth century to support the industrial, commercial and service development needs of La Poste.

A triple ambition

La Poste Immobilier supports the threefold real estate ambition of its parent company, whose transformation it supports:

- have an operational and optimised production tool;
- contribute to regional balance;
- develop La Poste Groupe's activities in its strategic areas (urban logistics, Silver economy, etc.).

Real Estate division

The division has nearly 790 employees. It manages the majority of the group's real estate activity and, with its eight regional departments, covers the entire portfolio throughout the country.

(1) Management company.

La Poste Immobilier has developed valuable know-how in the field of construction, the management of a diversified portfolio, the management of complex real estate projects, and the rehabilitation of a remarkable portfolio. With its dual real estate and postal expertise, La Poste Immobilier contributes directly to shaping the city of today and tomorrow, through buildings adapted to contemporary uses, combining functionality, sharing and innovation.

Sustainable real estate

Since 2019, La Poste Immobilier has included its sustainable real estate policy as one of the four pillars of its strategy with the aim of being exemplary in its implementation and becoming a leading player in the energy and environmental transition.

It is based on four pillars: energy, climate, circular economy and biodiversity, and serves La Poste Groupe's ambitions in terms of environmental transition.

This policy applies to all of La Poste Immobilier's activities and is aligned with France's low-carbon strategy.

To manage the reduction of its emissions, La Poste Immobilier relies on several complementary aspects: energy performance, equipment and building management, but also the acculturation of occupants to best practice.

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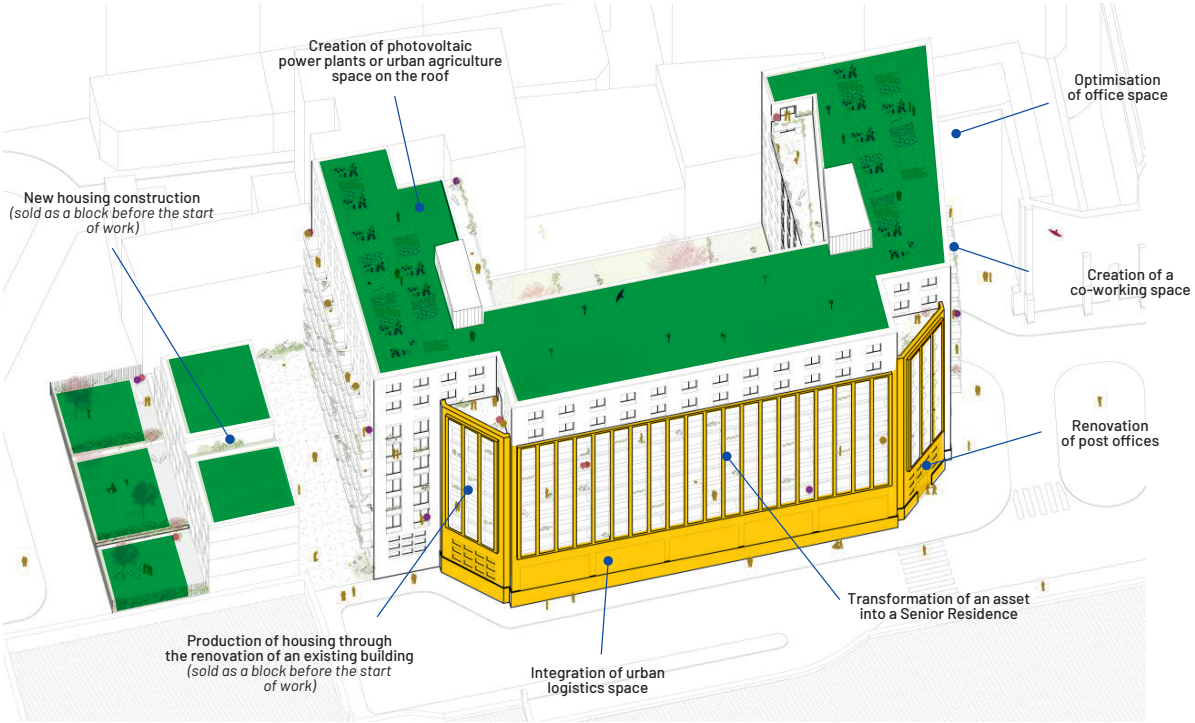
ON SUSTAINABLE REAL ESTATE: THE NANTES PHOTOVOLTAIC PLANT

The Nantes Hôtel des Postes rooftop photovoltaic plant was inaugurated in June 2021.

The operation of the power plant has generated an initial positive assessment: in the second half of 2021 more than 130,000kWh were produced by the plant. This represents 70,000 kg of CO_2 not emitted, *i.e.* the equivalent of the CO_2 absorbed by 6,600 planted trees.

Business structure

Illustration of an intervention of La Poste Immobilier on its portfolio



1.3.5.1 Managing the group's real estate portfolio

Offering the group's business units real estate adapted to their needs, to new customer uses and to regional changes: this is La Poste Immobilier's main mission.

Industrial master plan for the Services-Mail-Parcels business unit

More than ever, the Mail-Parcels business is undergoing a profound change. The real estate sector is supporting this transformation, in particular by implementing the industrial master plan in a timely manner. As a result, since 2017, 25 new platforms have been opened (5 parcel platforms and 20 multi-flow platforms) totalling 250,000 m^2 and an investment of €125 million on directly-owned sites (*i.e.* owned by La Poste Groupe). Land searches are continuing.

Network transformation

La Poste Immobilier also supported the master plan of La Poste Network by combining La Poste Immobilier's expertise in real estate opportunities and the Retail Customers and Digital Services business unit's vision of the appropriate network of post offices.

The advancement scenario is expected to generate lower real estate costs for the network and a consolidated presence in places identified as strategic. In 2021, €43.6 million in renovation works were started on the network, including the renovation and adaptation of 443 post offices, in order to better meet customer needs.

La Poste Immobilier is also supporting the Retail Customers and Digital Services business unit, which will reposition the mission and functionality of post offices for citizens. La Poste Immobilier works very closely with the Retail Customers and Digital Services business unit to design these new formats, which are still undergoing transformation: injection of digital technology, new materials, signage, cleanliness, etc. During the summer, an office refurbishment operation was carried out: 80 offices were renovated in a very short timeframe, with a satisfaction rate of 97%.

Optimisation of the office portfolio

La Poste Immobilier also manages the real estate aspects of the group's overall plan for its portfolio of commercial buildings in order to adapt it to the group's structural changes, while also optimising surface area, interbusiness unit synergies and working on quality of life at work.

La Poste Immobilier carried out renovations or rehabilitations of emblematic La Poste sites to current tertiary standards, and was able to conduct development projects on vacated sites.

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La Poste Immobilier completed more than €19 million "green" maintenance investments corresponding to energy renovation operations carried out on the existing real estate portfolio. They include actions on the building envelope (insulation, repair of joinery, waterproofing, etc.) and on equipment (replacement of heating and ventilation systems, replacement of lighting to reduce consumption, etc.).

1.3.5.2 Creating value for the group in the regions

Project development

For ten years now, La Poste Immobilier has been involved in the development and management of complex real estate projects. With a very solid management team for complex projects, it broadens the analysis of the value held by the regions by revealing the potential of its sites and their ability to respond to market signals. La Poste Immobilier is based on its threefold expertise in project management:

- manage complex restructuring operations, from project development to completion;
- link real estate issues to regional and environmental issues;
- assert through the project the high historical, architectural and urban value of the portfolio.

Thanks to its experience, notably from Hôtel des Postes Colbert in Marseille or La Poste du Louvre in Paris, the company decided to offer its know-how to external customers, so that they may entrust it with their own real estate or transformation projects.

Completed projects

The past year has been very rich in achievements:

- the most significant operation was the completion of the transformation of the iconic La Poste du Louvre. In January 2021, the renovation project was completed and gave way to the final interior fitting work. The first businesses (restaurants, the Madame Rêve hotel, and a police station) moved in during the second half of the year. The renovated post office opened in early 2022, when the site is inaugurated. The rental income generated by this project amounts to €18 million per year;

- in Lyon, two major projects are about to be completed, strengthening the postal coverage in the city. The first, called Le Onze, is located in the rapidly changing Gerland area on a former postal wasteland: a new building of 9,000 m² has been built to accommodate 400 employees from the group's regional departments, making it possible to return five scattered sites in the region.

The second project concerns Lyon Hôtel des Postes, located on Place Bellecour: its spaces and remarkable 1930s architecture have regained their splendour, benefiting the 400 La Poste employees who work there daily. At the end of the year, the work will be fully completed.

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The Lyon Hôtel des Postes building is a fine example of sustainable real estate, with the installation on its roof of a self-consumption photovoltaic plant that will cover 30% of the building's energy needs, and a very high recovery rate, nearly 90%, of the waste produced (reuse, recycling or reuse).

Projects underway

- The Palais du Commerce de Rennes building made significant progress: the project was adjusted, in consultation with Frey, a partner on this project, the city of Rennes and the French Architectural Heritage Authority (*Bâtiments de France*). The start of the development work is scheduled for 2023, with an opening scheduled for the end of 2025.
- Studies are continuing on Cergy Hôtel des Postes and Grenoble Hôtel des Postes, which had also been the subject of calls for projects. Diversity, openness, regional revitalisation, are the key words of these projects carried out in partnership with Quadral and GR *Projets Immobiliers*, respectively.
- The Metz Hôtel des Postes, a flagship of the postal heritage and the city of Metz, also made significant progress: the studies to define the future programme led to an intergenerational project combining a serviced senior residence with 110 residential units, an innovative serviced residence with 160 residential units for young people, an urban logistics hub, and new generation offices. Following a project management consultation involving four teams, the project proposed by the Ferrier-Marchetti agency was selected for its ability to respect the original architecture of the building while providing an adapted contemporary style.

Disposals

La Poste Immobilier supports the group's modernisation strategy and helps update the portfolio in line with new uses. Since its creation in 2005, La Poste Immobilier has reduced the size of La Poste Groupe's directly-owned properties by 32% and the cash and cash equivalents generated by disposals and surplus internal cash have enabled the group to finance €4.9 billion in construction work. In 2021, €85.3 million in asset disposals were signed.

Urban logistics

Change from 35,000 m² in 2021 to 400,000 m² in 2026; commit more than €500 million in long-term investments: these figures clearly show the strategic ambition of the group and La Poste Immobilier to place urban logistics at the forefront. New projects are being developed to provide an urban logistics infrastructure network in the 22 major cities of France. La Poste Immobilier thus serves the group's entities to secure strategic positions and manage the property bill.

Completed projects

In 2021, a large-scale project was completed with the transformation of the Fondeyre logistics area, adjacent to the MIN in Toulouse. After 12 months of work, this 28,000 m² project will soon welcome its occupants, La Poste subsidiaries and external companies. The particularity of this project also lies in its careful urban integration and its strong architectural signature by Éric Lapierre.

Projects underway

- This year also saw the launch of the urban logistics building in Nanterre with a surface area of 15,000 m².
- The work on the Lyon Édouard Herriot urban logistics building, a 30,000 m² urban logistics building, has been started.

Serviced senior residences

In early 2020, La Poste Immobilier appointed *Les Jardins d'Arcadie*, a leading player in the senior real estate market, to develop a first series of sites with a view to transforming them into serviced senior residences by 2025. In the spring of 2021, an investment company called SCI Résidences Seniors La Poste was created to finance this first series of sites. This SCI is held at 59% by La Poste Immobilier, 21% by La Banque des Territoires, and 20% by 123 IM. The company will finance an initial portfolio of real estate investments estimated at approximately €185 million.

La Poste Immobilier, in addition to being an investor, will also be involved in the transformation of buildings by providing project management for several buildings (as in Metz or Saint-Etienne, where preparatory work has begun).

Projects underway

The Strasbourg serviced senior residence is currently under construction. It will include 84 residential units (with restaurant, entertainment hall, sports and wellness facilities) and will be part of a mixed programme of social housing and home ownership, tertiary spaces and a renovated post office. Its delivery is scheduled for 2022.

In addition, building permits have been obtained and cleared for three residences, and building permit applications for six new residences will be filed in 2022.

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The serviced senior residences developed by La Poste Immobilier will comply with the high-performance NF HQE and BBC Rénov environmental standards. These standards ensure that La Poste Immobilier's buildings achieve environmental and energy performance in line with current best practice.

Expertise of La Poste Immobilier's subsidiaries

Startway

In 2016, La Poste Immobilier acquired an 80% stake in Startway Partners. With Startway, La Poste has the opportunity to accelerate the development of co-working, with a controlled risk and multiple synergies: renting and enhancing atypical and vacant space, renting meeting rooms and auditoriums in service-sector buildings, developing consulting, etc.

At the end of 2021, Startway was the number one French network in terms of number of sites (30 areas, including 9 in the La Poste Immobilier portfolio representing 28,000 m^2 surface area and 3,600 managed workstations).

Arkadéa

Arkadéa, a property development joint venture created in 2017 by Icade and La Poste Immobilier to carry out housing projects throughout the country, continued its activities. At the end of 2021, nearly 1,800 housing units had been put on the market and 62% of them had already been sold.

Overall, the planning concerning social housing in the various real estate projects managed by La Poste Immobilier or Arkadéa is studied primarily in close cooperation with Poste Habitat, which brings together the four social housing associations *Toit et Joie*, Poste Habitat Rhône-Alpes, Poste Habitat Provence and *La Rurale de l'Eure*. Over a period of ten years, more than 40 rehabilitation or transformation projects have helped create almost 800 social housing units for Poste Habitat.

Sobre Energie

Sobre Energie is a strategic and operational energy management consulting firm for real estate portfolios.

A subsidiary of La Banque des Territoires (48.5%), La Poste Groupe (48.5%) and Egis (3.0%), Sobre Energie was created in 2016 to support owners (local authorities and stakeholders in the private sector) of large real estate portfolios throughout their energy transition. Their strategy is based on a digital platform (Data MARC) and digital business engineering. Sobre Energie's teams work on the three components of the energy transition:

- Measurement & performance, Analysis and decision support;
- Energy management, audits and consulting;
- Involvement of technical communities, occupants and users.

Sobre Energie is an important asset for La Poste Immobilier in the context of the implementation of the tertiary decree which requires the improvement of the energy performance of service-sector portfolios for owners and tenants of buildings of more than 1,000 m^2.

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Drawing on the expertise of Sobre Energie, on 22 April La Poste Groupe launched the "Power 10,000" project which aims to reduce the energy consumption of the group's 10,000 buildings through a large-scale energy management system. The objective is to achieve savings of 15% energy in kWh and a 10% reduction in greenhouse gas (GHG) emissions, the equivalent of a savings of 1,000 trips around the Earth by car per year.

1.3.5.3 Partners and stakeholders of La Poste Immobilier

La Poste Immobilier is the real estate subsidiary of La Poste Groupe, its main customer. Its purpose is to support the threefold real estate ambition of its parent company, whose transformation and development it supports:

- have an optimised operational production tool;
- contribute to regional balance by transforming and maintaining its real estate portfolio;
- support the group's development in the strategic areas of urban logistics and the Silver economy.

La Poste Immobilier has naturally entered into a partnership with various entities of CDC, the majority shareholder of La Poste Groupe. It worked with La Banque des Territoires to set up the SSR investment fund. It is also a co-shareholder of Arkadéa with Icade and of Sobre Energie with CDC.

In the regions, La Poste Immobilier strives to develop a relationship of trust with elected officials and local authority teams, who manage urban planning issues. To this end, it systematically invites elected representatives to sit on the juries of architectural competitions.

La Poste Immobilier develops close ties with all the real estate players in the market: property managers, brokers, investors, construction and public works companies, etc., depending on the nature of its projects.

La Poste Immobilier is particularly characterised by its high standards in terms of architectural quality and urban integration. It has chosen to entrust its rehabilitation or construction projects to architects, some of whom are recognised as Dominique Perrault for La Poste du Louvre, Roland Carta for Marseille Colbert, and Éric Lapierre for the construction of the logistics area building in Fondeyre. Very recently, the architectural firm Ferrier et Marchetti was selected by the jury for the transformation of the Metz Hôtel des Postes.

Lastly, La Poste Immobilier is keen to develop a demanding, partnership-based relationship with its suppliers, favouring local businesses and responsible purchasing.

1.3.5.4 Strategy and development

Serve the strategic ambitions of the group

La Poste Immobilier will continue to serve the strategic ambitions of La Poste Groupe by capitalising on its major development areas:

- the optimisation of the real estate tool made available to the group's business units and employees with the search for new locations for the development of the Services-Mail-Parcels business unit, the roll-out of post office renovation operations, and the optimisation of the group's tertiary sites to adapt them to new ways of working;
- the development of the urban logistics offer for La Poste Groupe's players in order to obtain an optimal regional network, to secure the best urban logistics sites, and to control the real estate bills of the business units;
- the roll-out of the serviced senior residences creation programme with the opening of the first site in 2022, and the start of new projects;
- the implementation of an exemplary energy policy to act on decarbonisation.

Become a green real estate company

Because La Poste can no longer ignore the impact of its business on the planet and on society, La Poste Immobilier has also decided to make its social and environmental responsibility a founding act of its entire development strategy and to question itself on its social utility and the positive impact of its activity on the regions.

On the strength of its values and ethics, La Poste Immobilier will do so resolutely, building on La Poste Groupe's *raison d'être* and in keeping with the needs of its employees and all its stakeholders.

Making CSR the backbone of La Poste Immobilier's development represents a major challenge for the Company. La Poste Immobilier has many assets to meet this challenge:

- a collective that has demonstrated, in recent years, its ability to transform the Company;
- a strong commitment to sustainable real estate, with a certain number of environmental and societal actions already undertaken, some of which have been recognised by La Poste Immobilier's peers in the real estate sector;
- strategic programmes such as the SSRs or the urban logistics that already have a societal dimension;
- the trust of its shareholder and customer, La Poste.

1.4 REGULATORY ENVIRONMENT

Some of La Poste Groupe's activities are governed by specific sectoral regulations:

- European Union legislation applicable to postal services, which has been transposed into French law,
- regulations applicable to carriers and freight forwarders,
- regulations applicable to the banking sector,
- regulations applicable to the insurance sector, and
- regulations applicable to electronic communications. (see section 1.4.1 Regulations specific to the group's activities).

Other activities are subject to the requirements specific to the public service missions for which La Poste is responsible (see section 1.4.2 Regulations applicable to the public service missions).

The following summary of legislative or regulatory provisions is not intended to provide an exhaustive description of all the legislative and regulatory provisions governing La Poste Groupe.

1.4.1 REGULATIONS SPECIFIC TO THE GROUP'S ACTIVITIES

From a regulatory perspective, La Poste Groupe's activities fall into the following main categories:

- postal activities (mail/parcels), the group's traditional activity;
- express-related activities (express parcel business) *via* GeoPost subsidiaries;
- banking and insurance activities, *via* its subsidiary La Banque Postale;
- telecommunications activities, and mainly mobile telephone activities since 2011, *via* La Poste Telecom.

1.4.1.1 Postal activities

(See Section 1.3.1 Services-Mail-Parcels). The provisions governing the development of the European Union internal market for postal services were set out in the initial directive of 15 December 1997 (97/67/EC). This was supplemented by the directives of 10 June 2002 (2002/39/EC) and 20 February 2008 (2008/6/EC). These directives were also responsible for the gradual deregulation of the postal sector, which ended with the market completely opening up to competition on 1st January 2011.

The directive of 15 December 1997 notably established the provision of a universal postal service within the European Union. The universal postal service, provided in France by La Poste, guarantees all European citizens a permanent range of postal services, at determined quality levels and affordable prices, and irrespective of geographical location (see Section 1.4.2 Regulations applicable to the public service missions).

The European directives were transposed into national law:

- by Act No. 2005-516 of 20 May 2005 on the regulation of postal activities, which partially deregulated the market for items of correspondence and defined the regulatory framework, including the creation of the French Authority for Regulation of the Electronic Communications and Postal Sectors (*Autorité de régulation des communications électroniques et des postes* – Arcep);
- by Act No. 2010-123 of 9 February 2010 on the La Poste public sector company and the postal activities, codified in Articles L. 1 *et seq.* of the French Postal and Electronic Communications Code, which ended the protection of the sector and adjusted the regulatory framework on 1st January 2011.

Definition of postal service

Postal services are deemed to include the collection, sorting, shipping and delivery of postal items as part of regular rounds.

In addition, a postal item is any item to be delivered to the address indicated by the sender on the item itself or on its wrapping, including in the form of encoded geographic coordinates and presented in the final form in which it is to be shipped. Postal items include books, catalogues, newspapers, periodicals and postal parcels containing merchandise with or without commercial value.

Lastly, an item of correspondence is defined as a postal item that weighs up to 2 kg and contains written communication on any kind of physical medium, excluding books, catalogues, newspapers or periodicals.

All of these provisions are defined by Article L. 1 of the French Postal and Electronic Communications Code.

Prior authorisations system

The postage of items of correspondence is a regulated activity subject to prior receipt from Arcep of an operating licence. Since Title II of the Act of 9 February 2010 entered into force on 1st January 2011, a licence which is renewable and non-transferable is issued for a period of 15 years, and covers all items of correspondence (Article L. 3 of the French Postal and Electronic Communications Code), given that the protected sector has been dismantled.

The procedure to grant authorisations as well as applicable obligations for authorised service providers are defined in Decree No. 2006-507 of 3 May 2006. The request for authorisation must contain a certain amount of technical, financial and commercial information pertaining to the applicant and its operations. In addition, postal service providers must apply for a licence to ship items of correspondence domestically and/or cross-border. These provisions are codified in Articles R. 1-2-1 *et seq.* of the French Postal and Electronic Communications Code. The granting of the licence requires an explicit decision by Arcep.

La Poste holds a licence covering:

- items of correspondence including delivery;
- postage of outward cross-border items of correspondence.

This licence was renewed for 15 years pursuant to Arcep's Decision No. 2016-1331 of 18 October 2016.

In addition, the Act of 20 May 2005 designated La Poste as the service provider responsible for the universal postal service. The Act of 9 February 2010 confirmed the attribution of this mission to La Poste, for a period of 15 years from 1 January 2011 (see Section 1.4.2 Regulations applicable to the public service missions).

Rights and obligations relating to the licence

La Poste, like all postal service providers licensed to provide postage services for items of correspondence, is required to fulfil a series of obligations relating to:

- guaranteeing the safety of users, staff and facilities;
- guaranteeing the confidentiality of items of correspondence and the integrity of their contents;
- providing users access to a simple, transparent and free claims procedure;
- ensuring data and privacy protection;
- meeting the goal of protecting the environment as regards the implementation of the technical aspects of the services.

These obligations, which, in particular, consist of introducing rules for identifying employees, measures to ensure the confidentiality of correspondence, in addition to arrangements for implementing claims processing procedures, are detailed by a Ministerial Decree dated 3 May 2006.

All these obligations were supplemented by the Act of 9 February 2010. Now, any postal service provider holding an authorisation must also:

- guarantee the neutrality of the postal services with regard to the identity of the sender and the nature of the postal items;
- guarantee access to services and facilities for disabled people in line with the provisions of Articles L. 1664-1 *et seq.* of the French Building and Housing Code;
- comply with the legal and contractual obligations in force related to employment rights and applicable Social security legislation, notwithstanding the special provisions applying to those who may have civil servant status;
- respect public order and National Defence related obligations.

In addition to these obligations, service providers licensed by Arcep are entitled to access private letterboxes in order to be in a position to deliver postal items.

Access to essential resources

Where it proves necessary to protect the interests of users and/or to promote genuine competition, the member States are required to provide transparent and non-discriminatory access to certain aspects of the postal infrastructure deemed essential to the carrying on of the postal business. La Poste's essential resources were introduced by the Act of 20 May 2005 (codified in Article L. 3-1 of the French Postal and Electronic Communications Code) transposing the provisions of directive No. 97/67/EC.

In this respect, in France, any operator licensed to post items of correspondence has access, on transparent and non-discriminatory terms, and on the technical and pricing terms and conditions set out in the related agreements signed with La Poste, to the following essential resources:

- the postcode index matching these codes to geographic details such as streets and addresses;
- the information collected by La Poste with respect to changes of address;
- a forwarding service in the event of a change in the recipient's address;
- a delivery facility or service for post office boxes installed in post offices.

La Poste informs Arcep of the technical and pricing terms and conditions on which service providers can access essential resources and notifies them of any agreements entered into in this respect.

Liability rules and regulations

Postal service providers are subject to special liability rules and regulations. These rules and regulations provide that the liability of postal service providers shall be governed by Articles 1103 *et seq.* and 1240 *et seq.* of the French Civil Code with respect to losses and damages arising during service and in the event of a delay in delivering a postal item, if the service provider has committed to a shipping time for this postal item (Articles L. 7 and L. 8 of the French Postal and Electronic Communications Code).

The compensation is set by Decree No. 2006-1020 of 11 August 2006, and now codified in Articles R. 2-1 *et seq.* of the French Postal and Electronic Communications Code, which provides for maximum compensation with regard to the nature of the items and the postage. Accordingly, the compensation payable by postal service providers as a result of the loss or damage of postal items, other than parcels, may not exceed:

- for ordinary items, a sum equal to twice the postage price;
- for items that the sender has asked to be tracked from drop-off in the service provider's network to delivery, a sum equal to three times the postage price;
- for items subject, in accordance with the terms and conditions laid down by decree by the minister responsible for postal services and to procedures attesting to their postage and delivery, the sum of €16;
- for insured items, the insured amount.

For the loss or damage of postal parcels, the compensation ceiling is €23 per kilogram of missing or damaged goods.

The decree also sets out the period after which a postal item that has not been delivered to its recipient should be considered lost (40 days from the date on which it is dropped off in the service provider's network).

The compensation that may be payable by postal service providers as a result of a delay in delivering postal items entrusted to them may not exceed the postage price.

Reporting requirements

Under Article L. 135 of the French Postal and Electronic Communications Code, licensees must provide Arcep with annual statistics on the use, coverage area and terms and conditions of access to their service. This reporting in particular includes items relating to the nature and volume of the various postal services for which they are licensed. Arcep is also empowered to carry out expert assessments, undertake studies, collect data and carry out all forms of reporting on the postal sector.

As part of this reporting obligation, Arcep is required to make a decision every year with respect to carrying out an annual survey designed to:

- ensure that all sector stakeholders and consumers are kept informed by publishing aggregate indicators on the main postal sector segments;
- provide the necessary data for public policy reviews, in particular reviews of Arcep's work with respect to the implementation of the regulations in force;
- assess the effect of its decisions on the market as a whole.

The Arcep members designated in the decision are the only ones authorised to receive and process individual information collected in the course of this survey.

These surveys are published on Arcep's website as part of the Annual Observatory of Postal Activities (*Observatoire annuel des activités postales*).

Arcep's authority

Arcep is empowered to settle disputes arising from the performance of postal activities. This consists of the power to settle disputes and the arbitration power.

Arcep may be called upon to settle a dispute when it involves an agreement to access essential resources (see Section "Access to essential resources") or involves entering into or performing agreements that vary from the general terms and conditions of the universal postal service offering for items of correspondence. Where the dispute falls outside the scope of the dispute settlement procedure, Arcep may be called upon to mediate.

In addition, Arcep can decide to hand down penalties against a universal postal service provider or a licence holder, on its own initiative or at the request of the minister responsible for postal services, a professional body, a recognised user group, an affected individual or legal entity, universal postal service provider or licence holder. Arcep may only hand down penalties having given the interested party formal notice to comply with its obligations within a specific deadline.

The penalties available to Arcep are as follows:

- warning;
- cutting a year off the length of the licence;
- suspending the licence for at most one month;
- withdrawing the licence;
- a fine, the amount of which is proportional to the severity of the breach, the position of the interested party, the scale of the damage and the amount it benefited from it, subject to a 5% maximum of net revenue before taxes for the most recently ended fiscal year, this threshold being raised to 10% in the event of a further infringement.

The universal service provider can only be sentenced to a pecuniary penalty.

Arcep cannot be summoned regarding events dating back more than three years, if no effort has been made to identify them, ascertain their veracity or penalise them. Lastly, the sanctions imposed by Arcep are the subject of a substantiated decision, of which the concerned party is informed, and which may be rendered public in publications, newspapers or public communications channels through an electronic means chosen by the "smaller panel", in a format and for a duration proportionate to the sanction imposed. They may be cause for an administrative appeal and an application for a suspension filed in line with the provisions of Article L. 521-1 of the French Administrative Justice Code with the French Council of State.

In addition to these powers, since Title II of the Act of 9 February 2010 entered into force, Arcep has additional powers with respect to the processing of claims by postal service users where these claims have not been resolved under the procedures put in place by the licensed postal service providers.

In addition, in 2017 Arcep launched a reporting platform that allows individual customers, businesses and communities to report problems encountered with fixed-line, mobile phone, Internet or postal service operators. However, it is not a tool for the formal referral to the Authority within the meaning of Article L. 112-8 of the French Code on the Relations between the Public and the Administration. The data collected in this reporting platform will be used by Arcep to quantify problems.

1.4.1.2 Express-related activities

La Poste operates in the express parcel service business through GeoPost's subsidiaries. These subsidiaries operate mainly as freight forwarding companies or road hauliers. These two professions are subject to specific regulations (see Section 1.3.2 GeoPost).

Conditions governing access

The conditions governing access to the road haulier profession are mainly defined at the European level by Regulation No. 1071/2009 of 21 October 2009, and at the national level by the provisions of the French Transportation Code, including Articles R. 3211-1 *et seq.*

The conditions governing access to the profession of freight forwarder are mainly governed by the French Transportation Code, including Articles R. 1422-1 *et seq.* The latter differs from a transport operator in that it organises and arranges the various freight transport phases under its responsibility without actually transporting them itself or without transporting them the whole way.

Companies operating as freight road hauliers in France using motor vehicles must hold an administrative authorisation to exercise such an activity and be registered in the national register of road transport firms as well. For the issuance of the administrative authorisation and registration, four conditions must be met: firms are stable and genuinely established, with sound financial standing, professional integrity and professional ability.

The financial standing criterion means that the company must have equity or guarantees of at least €1,800 for the first vehicle with an average authorised weight of up to 3.5 metric tonnes, and €900 for each subsequent vehicle. For vehicles above 3.5 metric tonnes, these amounts are increased respectively to €9,000 and €5,000. The integrity criterion must be satisfied both by the company's legal representative(s) and the person responsible for the management of the transport activity.

The condition of professional ability concerns the company's transport manager who must hold a certificate of professional ability. This status is obtained by holding certain diplomas, by passing a specific examination or by proof of professional experience.

Freight forwarding companies in France must be registered in the national register for freight forwarding companies. Such registration is subject to compliance with the two criteria mentioned above of professional standing and professional competence.

Conditions governing the performance

The freight road transport company must possess an EU licence if it engages in transport using vehicles with a maximum authorised payload above 3.5 metric tonnes and a national transport licence for vehicles under 3.5 metric tonnes. These administrative authorisations are valid for 10 years and are subject to renewal.

A certified copy of the administrative authorisation required must be carried on board the corresponding vehicle.

Furthermore, operating a freight road transport business in France requires a number of documents, namely the bill of lading and tracking document.

The bill of lading, which is mandatory on board for any vehicle, contains a series of compulsory information regarding the sender, the recipient and the freight being transported. It may be drawn up by the freight forwarding company, when applicable.

The tracking document must be filled in as the transportation is performed. This document, which is duly signed by the remitter or its representative and kept in the vehicle, indicates the arrival and departure dates and times of the vehicle both at the loading location and the unloading location. The freight forwarding company is required to maintain a register in paper or electronic form for road freight forwarding or consolidation services, including information about the shipper, recipient, road haulier and the service.

In addition, a summary of the load indicating the inventory of the consolidation batch must be prepared by the freight forwarder's consolidator.

1.4.1.3 Banking and insurance activities

La Banque Postale, a wholly-owned subsidiary of La Poste, is a public limited company with a Management Board and a Supervisory Board, authorised to operate as a bank by the French Credit Institutions and Investment Firms Committee (*Comité des établissements de crédit et des entreprises d'investissement* – CECEI) in 2005 and registered as an insurance broker by the French Register of Insurance Brokers (*Organisme pour le registre des intermédiaires en assurance* – Orias) since May 2007 (see Section 1.3.3 La Banque Postale).

Based on the bancassurance model, La Banque Postale targets all customers and offers a complete banking, financial, savings and insurance offer:

- banking services: postal cheque account (CCP) management and payment services, overdraft facilities, home loans, consumer loans, corporate loans and loans to the local public sector;

- financial instruments: investment account management, investment of financial securities including units or shares in UCITS and futures;
- savings products: savings products subject to a specific tax regime, non-regulated savings products and employee savings products;
- insurance products *via* its subsidiary CNP Assurances (retirement savings, contingency, creditor & surety, health and property & casualty) and the non-life insurance subsidiaries (property & casualty, health and contingency).

La Banque Postale, in its capacity as agent, offers a money transfer service. The postal money order business was discontinued in 2021. Banking transactions, transactions related to banking transactions, investment services and services related to investment services and savings products are regulated by the French Monetary and Financial Code.

Insurance products are governed by the French Insurance Code.

As regards life insurance policies, these products come under the authority of the French Prudential Supervision and Resolution Authority (*Autorité de contrôle prudentiel et de résolution* – ACPR). However, the French Financial Markets Authority (*Autorité des marchés financiers* – AMF) may intervene indirectly when it approves undertakings for collective investment (UCIs) that may be used as a vehicle for certain life insurance policies.

Life insurance policies can be taken out in euros and as unit-linked policies. In 2020, in the context of continued low interest rates, the ACPR reiterated the obligation of proper presentation of offers relating to life insurance policies involving investments in unit-linked products and recalled that their subscription must correspond to the needs expressed by savers.

In addition, the Eckert Act of 13 June 2014 on dormant bank accounts and dormant life insurance policies provides for the annual communication to the ACPR of a report specifying the number and amount of the outstanding life insurance policies and of the capitalisation bonds and contracts meeting the criteria set by order of the minister responsible for the economy, whose capital or annuities owed have not been paid to the beneficiaries.

These codified provisions, supplemented by un-codified legal and regulatory provisions, govern La Banque Postale's operations in their respective fields.

La Banque Postale is also subject to the control of the regulatory authorities: on the one hand, the European Central Bank (ECB) and the ACPR under the Single Supervisory Mechanism and, on the other hand, the AMF.

CNP Assurances, a majority-owned subsidiary of La Banque Postale, falls within the scope of the ACPR, which exercises State control over the entire insurance industry. CNP Assurances, an issuer listed on Euronext Paris, is also subject to AMF supervision.

Regarding the listing of its share, it was floated on the stock market on 6 October 1998. CNP Assurances shares are admitted to trading on Compartment A of Euronext Paris, ISIN code FR0000120222.

Since La Banque Postale is present in many countries in Europe and South America, *via* its subsidiary CNP Assurances, the continuity and development of its activities depend in part on the economic health and political stability of these countries.

ECB Single Supervisory Mechanism

The Single Supervision Mechanism (SSM) and the Single Resolution Mechanism (SRM) are the two pillars of the European Banking Union. These mechanisms, which were created in response to the financial crisis in 2008, aim to make banking activities in Europe more transparent, more unified and more secure:

- the SSM is the European system for banking supervision in force since 4 November 2014, comprising the ECB and the national supervision authorities of the participating countries.

  Its main goals are to ensure that the European banking system is safeguarded and sound, to strengthen financial integration and stability and to guarantee consistency in banking supervision.

  The ECB, with the support of the national authorities, has the power to conduct prudential reviews, on-site inspections and investigations, to grant or withdraw their authorisation to banks, to assess acquisitions and disposals of equity investments and to establish stricter capital requirements (or buffers) intended to manage any financial risk.

  The European Central Bank directly supervises 115 large banks in the participating countries.

  The risks affecting a bank are assessed and measured annually *via* the Supervisory Review and Evaluation Process (SREP). The items assessed at this time relate to the bank's business profile, governance and risk management, risks affecting share capital and liquidity and finance risk. The Joint Supervisory Teams (JST) draw up a decision for each bank, determining the supervision measures under Pillar II;
- the SRM, created by the European Single Resolution Mechanism Regulation (SRMR), comprises the Single Resolution Board (SRB) and the national supervision authorities of the participating countries. Its objective is to ensure an orderly resolution of failing banks in order to limit their impact on the economy, the financial system and public finances;
- the SRB must ensure that all procedures and decisions are implemented promptly. It also has a proactive and preventive role, preparing resolution plans for banks and improving their solvency in order to avoid the potential negative impacts of a bank failure on the economy and financial stability;
- the resolution measures may be financed by a Single Resolution Fund (SRF), backed up by contributions from the banks in the 19 member States participating in the Banking Union, which is expected to reach the minimum target level of 1% of the security deposits of all credit institutions in the Banking Union by 31 December 2023.

Prudential ratios and extra capital buffers

As is the case with all banks, La Banque Postale must comply with a certain number of regulatory prudential ratios relating in particular to its solvency and asset liquidity.

Following the Supervisory Review and Assessment Process (SREP) led by the ECB, the latter notified La Banque Postale of its total SREP capital requirement (TSCR) on a consolidated basis. This SREP capital requirement is 10%, of which:

- pillar 1 requirements (CET1 of at least 4.5%, Tier 1 of at least 6%, Total Capital of at least 8%);
- a 2% additional capital requirement under Pillar 2 ("Pillar 2 Requirements"). Following the Covid-19 pandemic, in a subsequent decision modifying the composition of the additional capital requirement, the ECB authorised La Banque Postale to meet this requirement with a minimum of 1.125% of CET1 capital and 1.5% of Tier 1 capital, anticipating the application of Article 104 bis of the CRD V directive.

In addition to these requirements, the SREP letter states that La Banque Postale is required to meet the overall capital requirement (OCR) which includes, in addition to the total SREP capital requirement, the overall capital buffer requirement. For La Banque Postale, this overall capital buffer requirement consists of:

- 2.50% for the capital conservation buffer (CCB);
- 0.25% for the buffer applicable to other systemically important institutions;
- 0.00% for the countercyclical buffer.

This requirement does not include the recommendation of additional capital under Pillar 2 ("Pillar 2 Guidance").

On the basis of this notification, the overall capital requirement (OCR) reaches 12.75% (10 % auxquels s'ajoutent 2,75 % d'exigence globale de coussins de fonds propres).

These requirements take into account the full relaxation of the countercyclical buffer applicable to exposures located in France, whose increase from 0.25% to 0.50% from 2 April 2020 was cancelled by a decision of the French High Council for Financial Stability (*Haut conseil de stabilité financière* – HCSF). In the context of the Covid-19 pandemic, the HCSF has decided to fully release this buffer, the level of which applicable to relevant exposures in France has been 0% since 2 April 2020. While most of the relevant authorities have acted in the same way, buffers remain applicable in several jurisdictions: Bulgaria, Luxembourg, Norway, the Czech Republic, Slovakia and Hong Kong. The resulting countercyclical buffer rate specific to La Banque Postale was less than 0.01% at 31 December 2021.

Managing bank crises (Pillar 2)

The Bank Recovery and Resolution directive (BRRD), defining a European system for recovery and resolution of credit institutions, notably provides for creating and maintaining preventive recovery plans.

La Banque Postale updates its recovery plan and submits it to the ECB for validation on a yearly basis.

La Banque Postale is one of the banks that come under the responsibility of the Single Resolution Board (SRB) based in Brussels, which is responsible for drawing up LBP's resolution plan and setting its minimum requirement for own funds and eligible liabilities (MREL).

Changes in the regulatory framework

On 16 April 2019, the European Parliament adopted a series of legislative measures known as the "banking package". Four directives and regulations are involved (CRR2, CRD5, BRRD2 and SRMR2), whose objective is to bring prudential banking requirements in line with the prudential standards of the Basel Committee on Banking Supervision (BCBS) and the Financial Stability Board (FSB).

With regard to CRR2, the main measures relate to the leverage ratio (which include, for the calculation of this ratio, the exemption by nature, and no longer upon authorisation, from exposures linked to centralised savings), the new methods of counterparty risk measurement (standardised approach for counterparty credit risk – SA-CCR), large exposures, the stable funding requirement (net stable funding ratio – NSFR) and the minimum total loss absorption capacity (TLAC) requirement, and lastly, some changes to the calculation of capital requirements on the credit risk (introduction of additional factors, weighting of investments in UCITS). The majority of these measures had been implemented by 30 June 2021.

These texts are part of the European Commission's project to set up the Banking Union and the Capital Markets Union and respond to the desire of international bodies to reduce risks in the banking sector:

- the application of the leverage ratio as a requirement under Pillar 1: this ratio, which is included in the currently applicable "CRR" Regulation No. 575/2013, aims to limit any excessive indebtedness of banks during an economic recovery. It thus becomes mandatory in the same way as the solvency ratio with a minimum requirement set at 3% of the Tier 1 capital.

  It relates Tier 1 capital to an exposure (in the denominator) composed of on-balance sheet and off-balance sheet items, without any risk weighting.

  However, these changes represent a limited challenge for La Banque Postale, as it manages its leverage ratio. In addition, the method of calculating the latter changed favourably for La Banque Postale in 2021, thanks to the authorisation to exclude 100% of centralised savings by that time;
- the introduction, by the CRR2 Regulation, of new methodologies for measuring credit and counterparty risks: this involves the replacement of the current method of measuring credit and counterparty risk on exposures in the event of default (exposure at default – EAD, or Current Expose Method: market price valuation method) by a new standardised method for calculating the exposure value of derivatives (standardised approach for counterparty credit risk – SA-CCR). La Banque Postale will apply the SA-CCR method with the related impacts;
- the application of the stable funding ratio as a requirement under Pillar 1: the net stable funding ratio (NSFR) is a long-term liquidity ratio that La Banque Postale must calculate and comply with at least 100%.

The NSFR corresponds to the amount of stable funding available (commitments and reliable capital within one year) compared to that of the required stable funding (assets and off-balance sheet exposures – liquidity and residual maturity within one year). To monitor changes in its long-term liquidity, La Banque Postale has set up a management system enabling it to offset its exposure with stable sources of funding;

- the revision of the calculation of large exposures: the requirements associated with large exposures for systemically important institutions have been strengthened. La Banque Postale, as a domestic systemic institution (O-SIB), will use Tier 1 as the basis for calculating its limits instead of eligible capital.

1.4.1.4 Electronic communications activities

La Poste Groupe operates in the electronic communications market, mainly in the field of mobile telephony *via* La Poste Telecom (jointly owned with SFR) (see Section 1.3.4 Retail Customers and Digital Services business unit).

On 14 October 2010, La Poste Telecom declared itself as an operator with Arcep to conduct two business activities: telephone services to the public (direct transfer of voice in real time between fixed-line or mobile users) and services other than telephone service (electronic communication services). The telephone service that La Poste Telecom provides to the public is mobile.

However, La Poste Telecom is a mobile telephone operator that does not have specific authorisation to use radio frequencies. It is a so-called "virtual" mobile operator or Mobile Virtual Network Operator (MVNO).

SFR is the "host" network operator of La Poste Telecom. An agreement to provide access was signed for SFR to supply wholesale mobile electronic communications services (voice, SMS and data) to La Poste Telecom across mainland France. Thus, La Poste Telecom, through its access agreement, benefits from the interconnections negotiated by SFR with all mobile and fixed-line operators.

End-to-end mobile voice services are provided by SFR with a quality of service equivalent to that offered by SFR to its own customers for comparable services. In addition, to the extent that La Poste Telecom benefits from a simple provision of access, it is primarily SFR that is bound by the regulatory obligations regarding interconnection.

Since registering with Arcep, La Poste Telecom has enforced the rights and obligations attached to the establishment and operation of public networks on the basis of Article L. 33-1 of the French Postal and Electronic Communications Code.

La Poste Telecom has the right to engage in the aforementioned activities of public telephone service and services other than telephone service as well as the right to be issued blocks of numbers by Arcep.

La Poste Telecom is subject to rules relating, in particular, to:

- the conditions governing the consistency, quality and availability of service;
- the conditions of confidentiality and neutrality with regard to the messages transmitted and information related to communications;
- the regulations governing health and environmental protection;
- the free routing of emergency calls;
- the funding of the Universal Electronic Communications Service.

1.4.2 REGULATIONS APPLICABLE TO THE PUBLIC SERVICE MISSIONS

La Poste is tasked with four public service and public interest missions, defined in Article 2 of the Act of 2 July 1990, as amended:

- the universal postal service;
- contribution to regional planning and development through its network of retail outlets;
- press transport and delivery;
- banking accessibility.

The four public service missions entrusted to La Poste are carried out in accordance with the principles of equality, continuity and adaptability. They respond to a social need and promote the balanced development of the country while remaining flexible: they must evolve according to the needs of users and society at large, in application of the principle of public service adaptability.

The commitments of La Poste and the French State are defined in a multi-year Public Service Agreement: for the 2018-2022 period, the Public Service Agreement, approved by the group's Board of Directors on 19 December 2017, was signed by all stakeholders on 16 January 2018. As provided for in this agreement, the French State and La Poste carried out a progress assessment on the implementation of these various missions in 2020. An amendment to this agreement will be signed in 2022 to formalise the main changes decided on for the four public service missions.

Until 2020, three of the four public service missions gave rise to public compensation. These compensations were sometimes significantly lower than the expenses that these missions represented in the financial statements of La Poste Groupe. In 2020, the public service missions entrusted to La Poste together represented an uncompensated expense of €1.8 billion.[1] This expense increased in 2020 due to the increase in the deficit of the

(1) Excluding provisions for impairment of mail or parcel assets in 2020.

universal postal service account due to the acceleration of the decline in volumes.

On 22 July 2021, the French Prime Minister announced the payment to La Poste of an annual budget allocation to offset the additional costs of the universal postal service over the 2021-2025 period (see Section 1.4.2.1 Universal postal service mission).

Impacts of the health crisis

FOCUS

Conditions governing the performance of the public service missions during the Covid-19 epidemic

In the unpredictable and exceptional context created by the Covid-19 pandemic, and in view of the declared state of the health crisis, La Poste modified the way in which it carried out its public service missions, starting the week following the implementation of the first lockdown, in March 2020.

Certain components of the universal postal service were temporarily interrupted or modified. La Poste thus applied Article R. 1-1-12 of the French Postal and Electronic Communications Code, which provides that: "When, due to exceptional circumstances beyond La Poste's control, the universal postal service is interrupted or disrupted, La Poste takes all necessary measures to restore the service as soon as possible. La Poste informs the minister responsible for postal services and the French Authority for Regulation of the Electronic Communications and Postal Sectors of the measures taken and the time required to restore the service."

In accordance with this article, La Poste informed the minister responsible for postal services and Arcep of the measures taken and the time required to restore the service.

As the health situation improved, the procedures for carrying out the public service missions were gradually restored to a level as close as possible to normal, but they remained disrupted due to the mandatory maintenance of specific health measures and staff absences due to Covid-19. These disruptions had a lasting impact on the quality of service in 2021 (particularly during the lockdown in April 2021).

1.4.2.1 Universal postal service mission

The Act of 20 May 2005 designated La Poste as the service provider responsible for the universal postal service mission. The Act of 9 February 2010 confirmed the assignment of this mission to La Poste, for a period of 15 years as from 1st January 2011.

Legal and regulatory framework

The concept of the universal postal service was defined by Postal directive No. 97/67/EC in 1997.

The European Union provisions on the universal postal service were transposed into French law by the Act of 20 May 2005, subsequently supplemented by the Act of 9 February 2010.

The legislator elected for an expanded universal postal service as provided for in Article L. 1 of the French Postal and Electronic Communications Code: "The universal postal service helps bring about social cohesion and the balanced development of the country. It is carried out in such a way as to ensure respect for the principles of equality, continuity and adaptability while striving to maximise economic and social efficiency. It guarantees permanent access to postal services of specified quality to all users throughout the country. These services are offered at affordable prices for all users."

The Act of 9 February 2010 confirmed the principles governing the universal service and did not modify either its definition or its scope. It specifies that "prices are cost-oriented and encourage efficient delivery, while taking into account the characteristics of the markets in which they apply".

In addition, Decree No. 2007-29 of 5 January 2007 on the universal postal service and on La Poste's rights and obligations, modified by the Decree of 20 September 2012 regarding the net contributions into the universal postal service compensation fund, reaffirmed and detailed the legislator's choice with respect to both the characteristics of the universal postal service (*i.e.* offering, accessibility, collection, delivery, quality of service, etc.) and the rights and obligations incumbent on La Poste as the universal service provider (catalogue, cost accounting, pricing information, monitoring of the carrying out of missions, etc.).

The set of principles governing the universal postal service's definition and scope were not amended by the Act of 9 February 2010.

Supervisory framework

The role of the French Authority for Regulation of the Electronic Communications and Postal Sectors (*Autorité de régulation des communications électroniques et des postes* – Arcep) is to ensure the opening up and proper functioning of the postal market while ensuring the funding and safeguarding of the universal service.

Arcep ensures that La Poste meets its universal postal service Obligations and in this regard establishes a multi-annual price cap, along with price regulation of services on a case-by-case basis within the scope of the universal postal service. In its capacity as the universal service provider, La Poste is subject to quality of service, claims processing and accounting obligations.

Each year, La Poste sends Arcep a review of the universal service it has offered. It sends a copy of the review to the minister responsible for postal services.

Features

The French legislature has broadly defined the universal postal service in France, whose scope is set out in Decree No. 2007-29 of 5 January 2007 (codified as Articles R. 1 *et seq.* of the French Postal and Electronic Communications Code). The universal postal service in France includes the following minimum services for domestic and cross-border postal services:

- items of correspondence weighing up to 2 kg:
  - priority and non-priority single-piece mail,
  - bulk distribution;
- postal parcels offered to the public by unit up to 20 kg, by ordinary or registered mail;
- newspapers and periodicals;
- catalogues and other printed matter;
- registered items;
- insured items;
- forwarding;
- literature for the blind.

The collection and delivery services within the scope of the universal postal service are carried out every business day (six days a week), save in exceptional circumstances, or more than the minimum of five days required by the directive. The distribution of services within the scope of the universal postal service is carried out in appropriate facilities to the door of every individual or legal entity.

These services are offered on a permanent basis to all users across mainland France, in the overseas departments and in Saint-Pierre-et-Miquelon.

Accessibility

In regard to the accessibility of the universal postal service, Article R. 1-1 of the French Postal and Electronic Communications Code specifies that at least 99% of the French population and at least 95% of the population in each department must live less than 10 km from a retail outlet, and that all municipalities with more than 10,000 inhabitants must have at least one retail outlet for each section of 20,000 inhabitants.[1]

Catalogue

La Poste puts together and keeps updated a catalogue outlining the services falling within the scope of the universal postal service (*i.e.* description of offerings and current prices). This catalogue was approved by the minister responsible for postal services on 20 August 2007, following a favourable opinion by Arcep on 26 April 2007, and can be downloaded from La Poste's website.

La Poste must simultaneously seek approval from the minister responsible for postal services and consult Arcep for any proposed substantial changes to the catalogue, other than prices, when these changes affect the single piece postal component of the universal postal service. Should the minister fail to object within two months of receipt of the document, the changes are deemed approved. In the case of bulk postal services, La Poste must only inform the minister responsible for postal services and Arcep of the catalogue changes.

On 5 October 2021, Arcep issued its Opinion No. 2021-2079 on the modification of the universal service catalogue concerning a parcel delivery offer to pick-up points and an offer to purchase prepaid labels intended for the postage of parcels. Since November 2021, La Poste has offered an option to the existing standard Colissimo offer to send parcels from one's personal mailbox for delivery to a pick-up point in mainland France. This option is offered on an experimental basis for a period of one year, at the end of which a review will be carried out.

Since January 2022, a parcel label book has also been created, on the same principle as the stamp booklets for mail.

Multi-annual price caps

Multi-annual price caps governing the prices for services falling within the scope of the universal postal service are set by Arcep, following a review of La Poste's proposal (Article L. 5-2 of the French Postal and Electronic Communications Code).

This price cap makes it possible to control price increases for all or some of the products in the sector governed by postal regulations, with a view to keeping the Company's operating margin constant over a specific period. In accordance with Article L. 5-2 of the French Postal and Electronic Communications Code, in 2017 Arcep defined [2], following La Poste's proposal, the pricing framework for the universal service offers for the 2019-2022 period. This decision caps the average annual increase in prices to 5% in nominal terms within the scope of the universal postal service, contrary to the mechanism in force for the 2015-2018 period, which allowed a modulation of the increases over the period.

Price regulation for products

The Act of 9 February 2010 (Article L. 5-2 of the French Postal and Electronic Communications Code) stipulates that Arcep issues opinions on service price increases within the scope of the universal postal service. In addition, it empowers Arcep to change or suspend planned price increases where the pricing principles applying to the universal postal service are patently disregarded.

(1) In addition to its universal service obligations, Article 6 of the Act of 2 July 1990 amended by the Act of 20 May 2005 stipulates that La Poste contributes, through its network of retail outlets, to regional planning and development throughout the country. As part of this additional mission, La Poste is subject to more restrictive accessibility rules: "Save in exceptional circumstances, these rules do not permit that over 10% of people in a department live over five kilometres or over a 20-minute car journey, based on the traffic conditions in that department, from home to the nearest La Poste retail outlet." The Postal Act of 9 February 2010 states that La Poste's network "has at least 17,000 retail outlets throughout France, taking into account its specificities".

(2) Decision No. 2017-1252 of 26 October 2017 relating to the multi-year framework for universal postal service rates over the 2019-2022 period.

Quality of service obligations

At the European Union level, quality of service standards relating to the shipping time for postal items from the date of deposit by the sender until delivery to the recipient have been defined for cross-border mail within the European Union. Accordingly, from the time the object is passed to the postal operator, 85% of items must be delivered within three days and 95% within five days.

In addition to these objectives, there are those defined at the EU level for cross-border import mail (85% within three days and 97% within five days).

Arcep ensures that these targets are met along with the publication and reliability of the service quality measures. It also commissions an independent body to carry out an annual survey on the quality of service of various components of the universal postal service.

Moreover, La Poste regularly measures quality of service based on European or national standards (Article R. 1-1-8 of the French Postal and Electronic Communications Code). The results of these measurements are disclosed to users and Arcep by means of the annual publication of the universal service dashboard.

Claims processing

As the universal service provider in France, La Poste must publish an annual report on the monitoring of its performance, as well as information on the number of claims and the manner in which they have been handled (Article 19 of directive No. 97/67/EC).

Furthermore, as the universal service provider, La Poste must display a notice at each retail outlet detailing the claims procedure and compensation conditions. The users of the universal postal service must be given access to claims forms. The time taken to deal with a claim relating to a domestic postal item may not exceed two months from receipt of the claim accompanied by supporting documentation. This claims processing procedure is free of charge for customers (Article R. 1-1-9 of the French Postal and Electronic Communications Code).

Lastly, should users not be satisfied with the response to their claim, they may file a further claim, which is dealt with by a different unit. If they feel the response is still not satisfactory, they may then ask La Poste Groupe's ombudsman to intervene.

Accounting obligations

La Poste is required to present separate financial statements for the services coming under the universal service, and another set of statements for all other services.

The cost allocation principles for this regulatory accounting are laid down by Arcep. At the request of Arcep, La Poste provides any accounting document and information required to enable Arcep to verify that La Poste is complying with its obligations.

La Poste's regulatory accounting has been audited by La Poste's Statutory Auditors every year since 2000. Since 2006, Arcep has carried out an audit, *via* an independent organisation approved by Arcep, to verify that the defined principles are correctly applied. This audit is carried out at La Poste's expense.

Universal postal service account

Despite La Poste's efforts, the continuous decline in the volumes of the universal postal service entails that this public service mission is now running at a substantial loss. The universal service account in full costs[1] amounted to +€146 million in 2017, compared to -€365 million in 2018, and -€526 million in 2019. In 2020 it amounted to -€782 million.

Current compensation scheme

The provisions of the French Postal and Electronic Communications Code resulting from the Acts of 20 May 2005 and 9 February 2010 provide that the operator in charge of the universal service may, if it bears an unfair cost under its obligations, request the application of a compensation fund, which is funded by all licensed postal operators (including the universal service provider itself), in proportion to the number of postal items dispatched within the universal postal service scope (any operator dispatching a number of items of correspondence below a threshold set by decree is exempt from making a contribution to the fund). Arcep is responsible for calculating the net cost of the universal postal service obligations and the amount of the contribution payable into the fund by each authorised postal operator if this fund is activated.

The universal postal service compensation fund is not an appropriate method of financing because the mail market, which is in structural decline, has not led to the development of significant postal operators competing with La Poste. In this context, La Poste and the French State have undertaken discussions to determine the conditions for the adaptation and sustainability of this public service mission.

At the same time, the Minister of the Economy, Finance and Recovery appointed Jean Launay, a former member of Parliament, who submitted an in-depth report on 27 May 2021 entitled: "Changes in the universal postal service – political issue of proximity and equality of French people before the public service". Against this backdrop, on 31 March 2021 the French Senate's Economic Affairs Committee adopted a report on "the future of La Poste's public service missions", which makes 28 proposals to ensure fair financing of the four public service missions entrusted to La Poste, improve the quality of the services provided to users and consider new services that meet a strong social need.

These missions were based on listening to and consulting with stakeholders, the results of which were presented, shared and discussed on 17 June 2021 at the French National Observatory of Postal Coverage (*Observatoire national de la présence postale* – ONPP) and on 22 July 2021 at the High-Level Monitoring Committee of the Public Service Agreement (*Comité de suivi de haut niveau du contrat d'entreprise* – CSHN).

(1) *Excluding provisions for impairment of mail or parcel assets in 2020.*

On 22 July 2021, the Prime Minister, accompanied by the Minister of the Economy, Finance and Recovery and the Minister of Regional Cohesion and Relations with Local Authorities, chaired the CSHN, provided for by the Public Service Agreement in force, between the French State and La Poste.

On this occasion, in order to support the transformation of the universal postal service and to guarantee its sustainability and affordability, the French State undertook to pay La Poste an annual budget allocation to offset part of the additional costs of the universal postal service over the 2021-2025 period. This annual compensation will be modulated between €500 million and €520 million, depending on the quality of service results. The terms and conditions of this measure will be detailed in the amendment to the Public Service Agreement for 2018-2022 signed in 2022.

The first allocation, in respect of the additional costs borne by La Poste in 2021, is included in the Budget Act for 2022 for an amount of €520 million. It will be paid in 2022 provided that the aid is declared compatible by the European Commission.

1.4.2.2 Regional planning mission

The Act of 9 February 2010 reaffirmed the assignment to La Poste of a regional planning public service mission, consisting of the contribution to regional planning and development through its network of retail outlets as a complement to its universal postal service obligations.

This mission is therefore added to the universal postal service obligations for which La Poste is the designated service provider and responds to a strong ambition of postal coverage in the country, including in areas where retail outlets could not remain open according only to economic criteria (rural or mountainous areas, overseas departments and urban priority neighbourhoods).

Legal and regulatory framework

To fulfil the national postal coverage obligations incumbent upon it, La Poste must deploy a network of retail outlets that meet two cumulative accessibility rules:

- an accessibility rule for the universal postal service;
- a complementary accessibility rule for its contribution to regional planning, set down by the Act of 2 July 1990 on the organisation of the public services of La Poste and France Télécom, as modified by the Act of 20 May 2005: "Save in exceptional circumstances, these rules do not permit that over 10% of people in a department live over five kilometres or over a 20-minute car journey, based on the traffic conditions in that department, from home to the nearest La Poste retail outlet." The French Postal Act of 9 February 2010 adds that La Poste's network "must have at least 17,000 retail outlets spread across French territory taking into consideration France's special characteristics, in particular in the overseas departments".

In order to carry out this mission while supporting regional development and new customer expectations, since their practices and lifestyles change (due in particular to the rise of digital, new technologies and new forms of mobility), La Poste is continually adapting its organisation and its network to find the best economic and social efficiency. La Poste has progressively built and adjusted a network of retail outlets made up of different forms of postal coverage:

- Post offices managed by La Poste, which, in each region, provide access to all products to individual customers; and;
- retail outlets managed by its partners, which entails entrusting the provision of the most common services to:
  - local authorities (municipalities or groups of municipalities), in which case they are called local postal agencies or intercommunal postal agencies, or,
  - private partners (shopkeepers, non-profit organisations), in which case they are called "La Poste Relais" outlets.

At 31 December 2021, La Poste's network was above the legal threshold with 17,013 retail outlets (post offices, postal agencies, "La Poste Relais" outlets) in 13,933 municipalities.

The national accessibility rate was stable at 97.12%. Ninety-seven departments were above the accessibility standard. In the overseas departments, every municipality had at least one retail outlet, except for French Guiana (21 out of 22 municipalities). Four departments are slightly below the accessibility threshold due to specific circumstances and as part of a scheme approved by the French National Observatory of Postal Coverage on 25 January 2022.

Within each department, La Poste presents an annual report on local coverage in line with the accessibility standard, including a map setting out the location of the various La Poste retail outlets.

Governance

The regional planning mission benefits from a decentralised system, with a dual (national and departmental) governance structure that allows for ongoing and in-depth interaction and consultation with local elected representatives:

- in each department, a Departmental Commission on Local Postal Coverage (*Commission départementale de présence postale territoriale* – CDPPT) guarantees the consistency of the postal offer in its territory and is responsible for ensuring La Poste's respect of the accessibility standard for regional planning in the department. It determines in particular how the department spends the equalisation fund and examines any legal proceedings by mayors in regard to the evolution of postal coverage. Each CDPPT is made up of elected officials representing the municipalities, departments and the regions, and a representative from the Prefect and from La Poste;
- at the national level, the French National Observatory of Postal Coverage (*Observatoire national de la présence postale* – ONPP), established in December 2007, monitors the implementation of the local postal coverage agreement. It monitors, in particular, the management of the equalisation fund, the CDPPTs' work and the development of the postal network, and is tasked with evaluating, prospecting and promoting innovative solutions.

The observatory has 28 members who are appointed for the duration of the local postal coverage agreement, including six representatives from the French State, six representatives from the French Mayors' Association and Presidents of Intercommunal Consortia (*Association des maires de France et des présidents d'intercommunalités* – AMF), six representatives from La Poste, six members from the French High Commission for Digital and Postal Services (*Commission supérieure du numérique et des postes* – CSNP), two regional councillors from the CDPPTs and two departmental councillors from the CDPPTs.

The regional planning mission is the subject of a multi-annual local postal coverage agreement signed between the French State, La Poste and AMF. Following the very positive outcome of the first four agreements, the fifth local postal coverage agreement was signed on 5 February 2020 for the 2020-2022 period.

Net cost of the mission

The additional coverage allowing the fulfilment of the regional planning mission corresponds to the number of retail outlets deployed by La Poste to enable it to fulfil this mission, in addition to those resulting from the sole obligation of accessibility of the universal postal service.

The net cost of this additional network is assessed each year by Arcep according to a method specified by Decree No. 2011-849 of 18 July 2011. The decree specifies that "the net cost of this additional coverage is equal to the avoided cost in its absence less the revenue lost in its absence".

After applying this method, Arcep considered that the net cost of the additional coverage required by La Poste in order to fulfil its regional planning mission was €325 million for 2020 (Decision No. 2021-2069 of 7 October 2021).

Following the referral to Arcep, the French High Commission for Digital and Postal Services (*Commission supérieure du numérique et des postes* – CSNP) issued a favourable opinion on 8 December 2021[1] on the draft report submitted by Arcep to the French Government and Parliament on the net cost of this mission in 2020.

La Poste receives partial compensation for the net cost of the mission *via* a reduction in local taxes (see Article 6 of the amended Act of 2 July 1990). This reduction takes the form of a rebate on the basis of property taxes and on the basis of regional economic contributions (corporate property tax and corporate value-added tax). The maximum rate of this allowance was raised from 95% to 99% by the Budget Act for 2020 which amended Article 1635 *sexies* of the French General Tax Code.

The 2020-2022 local postal coverage agreement stipulates that the financing of the regional planning mission should be consolidated and that the national postal territorial compensation fund may receive a maximum national allocation of €177 million per year, or a total of €531 million over three years, including the financing for the public service areas and France Services areas in post offices.

On 6 April 2018, the European Commission concluded that the tax allowance granted to La Poste to ensure a high level of postal coverage in France, which could reach approximately €900 million for the duration of the 2018-2022 Public Service Agreement, complies with the European Union regulations pertaining to State aid.

The reduction in production taxes, endorsed by the Budget Act for 2021, applies to the corporate property tax (CFE) and the corporate value-added tax (CVAE) applicable to La Poste. These taxes represent almost the entire local tax rebate base for the regional planning mission.

This reform of production taxes leads to a reduction in the local tax rebate bases and therefore, for the year 2021, a reduction of €74 million in the financing of the national postal territorial compensation fund.

In order to compensate for this decrease in the financing of the national postal territorial compensation fund and to continue to meet the commitments set by the local postal coverage agreement, including a maximum annual compensation of €177 million, the Budget Act for 2021 and the second Supplementary Budget Act for 2021 reorganised the "Business development and regulations" programme so as to provide a budget allocation of €74 million to the financing of the national postal territorial compensation fund.

A similar allocation of the same amount was included in the Budget Act for 2022.

The changes made to the financing of the regional planning mission (including the introduction of a subsidy to replace a reduction in the CVAE allowance and the increase in the ceiling rate of the allowances provided for in Article 1635 sexies of the French General Tax Code) are being notified to the European Commission.

1.4.2.3 Press transport and delivery mission

The Act of 2 July 1990 makes La Poste responsible for a press transport and delivery public service mission. The Act of 9 February 2010 confirmed the assignment of this mission to La Poste.

By facilitating press transport and delivery through special rates granted to media publishers, La Poste contributes to the free communication of ideas and opinions and helps protect pluralism. La Poste carries out its mission over the year throughout the entire country, in particular in rural and sparsely populated areas, under conditions that guarantee equal treatment of subscribers.

Framework of the mission

The prices for the services offered to the press under this public service mission are approved by the minister responsible for postal services following a public notice by Arcep (Article L. 4 of the French Postal and Electronic Communications Code). Furthermore, since 2009, La Poste has had a universal postal service offering for press publications, whose prices are subject to an opinion by Arcep.

For the year 2021, the French Government decided on an increase reduced, before taking into account the reference inflation, to 1% for all press families.

La Poste therefore submitted a pricing proposal in line with this decision, which was approved by a decision of the Minister of the Economy, Finance and Recovery of 22 December 2020, taken after considering Arcep's Opinion No. 2020-1492.

(1) Opinion No. 2021-06 of 8 December 2020.

As such, on 1st January 2021, the prices increased by an average of 0.92%, after taking into account the reference inflation, for each of the press families: the majority of publications holding a certificate of registration with the Joint Commission for Publications and Press Agencies (*Commission paritaire des publications et agences de presse* – CPPAP), political and general information publications, and daily newspapers with limited advertising resources.

In accordance with the rendezvous clause set by the Public Service Agreement, La Poste and the French State undertook discussions in 2019 to study possible adaptations to the public service mission and to draw up a new multi-year framework.

In this respect, the Minister of the Economy, Finance and Recovery and the Minister of Culture entrusted a qualified person with a mission to propose scenarios for the evolution of the public postal transport service for the subscribed paper press for the 2021-2026 period.

In April 2021, Emmanuel Giannesini presented his conclusions to the Government in which he proposed a comprehensive reform of press transport. This reform involves in particular:

- the introduction of a single price list for the sending of publications as part of the press transport and delivery public service mission;
- the creation of a copy-based aid reserved for political and general information publications and daily political and general information publications with limited advertising resources or classified advertisements.

The Minister of the Economy, Finance and Recovery and the Minister of Culture announced the implementation of this reform in 2022 subject to the decision of the European Commission to which this reform is notified, and the organisation of the signing of a memorandum of understanding between the French State, the organisations representing the press families, Arcep and La Poste.

Pending the implementation of this reform, the prices of 2021 were renewed for 2022, with a price increase of 2%.

Cost of the mission and compensation

In 2020, the deficit for this public service mission amounted to €344 million[1] before taking into account the public compensation of €96 million and to a deficit of €248 million after taking into account this compensation. In 2021, the amount of the compensation paid to La Poste for the 2021 fiscal year is set at €87.8 million.

On 24 January 2019, the European Commission concluded that the compensation granted by the French State to La Poste, in the maximum amount of €518.8 million over five years (2018-2022), does not exceed the net cost incurred for the public service obligations and complies with the European Union regulations on state assistance.

As part of the overall reform of press transport, La Poste is expected to continue to receive compensation for the public service mission of press transport. This compensation will correspond to the specific costs, understood as the net avoided cost, related to the distribution in low-density areas of all press copies posted at a public service rate, regardless of the degree of urgency. This aid will be paid subject to prior authorisation by the European Commission to which it will be notified.

1.4.2.4 Banking accessibility mission

La Poste carries out this mission, *via* La Banque Postale, through the Livret A savings account, which helps encourage the use of banking solutions by financially vulnerable customers.

Framework of the mission

The banking accessibility mission entrusted to La Poste by the legislator[2] aims to ensure the availability to the entire population, without any restriction, of the same "basic" savings plan with banking facilities, in order to promote the use of banking solutions and to supplement the other systems already in place such as the right to a bank account and the specific offer dedicated to financially vulnerable customers.

La Poste ensures this mission *via* its subsidiary La Banque Postale, a credit institution[3], through the Livret A savings account and according to specific conditions.

La Banque Postale is also committed, within the framework of the Act of 9 February 2010, to combat and prevent excessive debt and to promote microloans.

The French Economy Modernisation Act of 4 August 2008 opened up distribution of Livret A savings accounts to all banks starting on 1st January 2009. However, it set specific obligations for La Banque Postale with regards to distributing and operating Livret A savings accounts as part of its banking accessibility mission, which are specified in an agreement between the French State and La Banque Postale, currently covering the 2015-2020 period[4].

La Banque Postale is required:

- to open, according to what is commonly referred to as a principle of universality, a Livret A savings account, upon simple demand and free of charge, for any individual, association mentioned in Article 206-5 of the French General Tax Code, public housing body or any joint ownership association so requesting;
- to allow cash withdrawals or deposits starting at €1.50 (compared to €10 in other networks) free of charge;
- to allow Livret A savings account holders to make deposits and withdrawals free of charge in any post office where it offers these same transactions to holders of postal checking accounts;

(1) Excluding provisions for impairment of mail assets in 2020.
(2) Act No. 90-568 of 2 July 1990 on the organisation of the public postal and telecommunications service.
(3) Article L. 518-25 of the French Monetary and Financial Code.
(4) The Public Service Agreement signed between the French State and La Poste for the 2018-2022 period also specifies the framework for carrying out this mission.

- to authorise, free of charge, for Livret A savings accounts all of the transactions listed in the Decree of 4 December 2008 issued by the minister responsible for the economy, namely:
  - transfers of social benefits paid by public authorities and Social security bodies, as well as pensions for public employees;
  - direct debits pertaining to income tax, housing tax, property tax, water, gas or electricity bills and rent due to social housing associations.

La Banque Postale must also offer the following additional services for free:

- deposits into the current account of the Livret A savings account holder (by his or her legal representative or proxy), regardless of which institution the account holder uses;
- provision of cheques drawn in favour of the Livret A savings account holder (or the holder's legal representative or proxy);
- making available a withdrawal card that can be used in La Banque Postale's automated teller machines.

These specific requirements require La Banque Postale to manage Livret A savings accounts for a large part of the low-income population which is subject to various constraints and vulnerabilities due to their cognitive (*e.g.* illiteracy and digital illiteracy) or administrative (*e.g.* migrants) situation. In concrete terms, these requirements mean that La Banque Postale is obliged to implement an extensive human support system and manage a very large number of withdrawals and deposits of small sums on a daily basis, resulting in significant direct and indirect management costs, at the bank's counters. These transactions are mainly concentrated on savings accounts with low deposit amounts and in certain urban and semi-urban areas (urban priority areas in particular).

At the end of December 2021, almost 50%, *i.e.* around €7.15 million La Banque Postale's Livret A savings accounts held by individuals had average balances of under €150. These Livret A passbook savings accounts, which represent less than 0.23% of deposits, generate significant management fees because they are among the most used accounts, with 46.2% of all transactions (withdrawals and deposits) being carried out on Livret A accounts, including 51.2% of withdrawals.

Net cost of the mission and compensation

La Banque Postale receives every year "compensation proportionate to the specific obligations incumbent upon it in terms of distributing and operating of Livret A savings accounts [(1)] whose calculation method is set by decree of the French Council of State.

As part of the collection of the Livret A savings account, La Banque Postale receives compensation composed of two elements that are independent of the variations in the Livret A interest rates for savers:

- a commission on the deposits, common to all banks and currently 0.3% of deposits, in exchange for the centralisation undertaken for the "savings funds" managed by Caisse des Dépôts; and;
- an additional compensation, specific to La Banque Postale, for its banking accessibility mission. The amount of this compensation is set by decree, in accordance with Article R. 221-8-1 of the French Monetary and Financial Code.

The French authorities have notified the European Commission of the banking accessibility mission for the 2021-2026 period.

At the end of this procedure, on 26 July 2021, the European Commission declared compatible with the internal market the aid paid by the French State to La Banque Postale as part of the banking accessibility mission for the 2021-2026 period[(2)]. On the one hand, it confirmed that "the purpose of these obligations is to ensure easy and non-stigmatising access to a basic bank account for disadvantaged people who would risk, in the absence of such obligations, to be excluded from banking due to their social and/or financial situation" and, on the other hand, authorised the extension of the compensation €1.77 billion paid to La Banque Postale for the performance of this mission.

This compensation is set for the 2021-2026 period by the Order of 9 August 2021 setting the additional remuneration of La Banque Postale for its obligations in terms of distribution and operation of the Livret A savings account. The amounts are as follows:

Year	AMOUNT (IN € MILLION)
2021	338
2022	321
2023	303
2024	287
2025	269
2026	252

Despite the partial compensation received for the banking accessibility mission and the efficiency gains made to reduce operating expenses, the specific compensation received does not cover all the costs borne by La Banque Postale in respect of its banking accessibility mission.

Thus, in 2020, La Banque Postale paid an uncompensated charge of €56 million for the banking accessibility mission after taking into account the public compensation of €330 million.

(1) Article L. 221-6 of the French Monetary and Financial Code.
(2) State aid decision SA.57570 (2021/N).


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2 RISK MANAGEMENT

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2.1 MAIN RISK FACTORS

The main risks facing La Poste Groupe and influencing its economic health and capacity to meet its strategic objectives are updated annually.

2.1.1 METHODOLOGY

These major risks are identified and assessed as part of a process involving all levels of the group (Executive Management, business units, subsidiaries and branches) and coordinated by the group's Risk Department. The risk mapping and management plans resulting from this approach are presented to the Executive Committee and then to the Audit Committee (see Section 2.2 Risk management and internal control systems).

This chapter details the risk factors specific to La Poste Groupe that are considered to have a significant net impact and to be likely to influence investment decisions. In terms of methodology, only the risk factors specific to La Poste Groupe and whose net impact is the most significant have been selected. The net impact takes into account all the risk mitigation measures implemented by the group. This work was carried out on the basis of a review of the group's mapping of major risks.

The risk factors are divided into four categories. The first category includes risk factors upstream and exogenous to the group, related to its economic, financial and geopolitical environment. The three other categories include downstream risk factors weighing on the implementation of La Poste Groupe's strategy:

- risk factors relating to the economic, financial and geopolitical environment that threaten the achievement of La Poste Groupe's objectives within the framework of its *raison d'être* and its public service missions and which contribute in particular to the definition and the update of its strategy;
- risk factors relating to the transformation of the group's business model, the implementation of growth drivers, and the taking into account of the expectations of its various stakeholders, whether they are well-established group activities facing risk in terms of growth or new activities requiring nurturing until they reach critical mass;
- risks related to non-compliance with laws and regulations: often common to all group entities, these mainly concern banking compliance and compliance with ethics regulations, the fight against corruption, the protection of personal data, compliance with competition law, the combat against money laundering and the financing of terrorism (CML-TF), the management of embargoes and exclusion lists/international sanctions, and compliance with the duty of vigilance. Their aggregation and/or intensity make them significant at group level;
- cross-entity risks related to the group's activities: they mainly cover issues of personal health and safety, cybercrime, disruption of activities in the event of a major crisis.

For each of the four categories set out above, the tables below show:

- the main risk factors, in terms of their net criticality combining their probability of occurrence and their negative impact;
- their description;
- their potential negative impacts;
- the main mitigation measures implemented;
- risk factor trend compared to the previous fiscal year.

These risk factors are presented in descending order of net criticality in each of the categories. Notwithstanding the group's active risk identification policy, other risks of which the group is currently unaware or which are considered insignificant at the date of this document may exist and, if they materialise, may have a material adverse impact on the group, its business, its financial position, its earnings or its ability to achieve its objectives, or on its reputation.

"Net level of criticality" key

critical ●●●●
major ●●●
moderate ●●
minor ●

"Risk factor trend" key

↗ improvement
→ stability
↘ deterioration

2.1.2 RISKS RELATED TO THE ECONOMIC, FINANCIAL AND GEOPOLITICAL ENVIRONMENT

1. Accelerated attrition of business and advertising mail	**Level of criticality** ●●●●	**Trend**
Description and potential impacts	The business model of the business unit remains very sensitive to the mail volumes processed. The decrease in physical mail volumes accelerated sharply in 2020 (-18% *vs* -7% per year on average over the 2014-2019 period) under the combined effects of the digitisation of exchanges and the health crisis. This sharp decrease made it difficult to cover the costs of the universal service, resulting in a very significant reduction in the operating profit of the Services-Mail-Parcels business unit and in difficulties in organising the production tool and preserving employment. In 2021, the volume of mail continued to decrease (-2.4%) despite a partial recovery linked to a favourable base effect in the first half of 2021.	→
Main mitigation measures	In line with the group's new strategic plan, a rapid overhaul of the universal service model in all its dimensions has been undertaken (see transformation risk factor). This is reflected this year in particular by the implementation of the project to redesign the mail range. At the same time, discussions with the French State led to partial compensation for the universal service deficit. (See Section 1.3.1 Services-Mail-Parcels).	

2. Consequences of the sustained low level of interest rates on La Banque Postale's results	**Level of criticality** ●●●●	**Trend**
Description and potential impacts	The persistence of a low interest rate environment tends to penalise the activity and profitability of La Banque Postale and in particular retail banking. In fact, the average rate on the bank's assets is directly correlated with long-term market rates, whereas the cost of liabilities is stable (mainly sight deposits or regulated savings products whose rates do not follow market developments). The persistently low interest rates continued to penalise the net banking income in 2021, which is structurally based on loan production rates and long-term returns on market assets. At the same time, the return on the assets of CNP Assurances backed by contracts in euros is eroding. The situation of persistently low interest rates puts at risk the ability of CNP Assurances to ensure a sufficient return on these contracts. Overall, the persistence of low rates remains highly likely due to the weakness of the global economy shaken by the impact of the health crisis and the high level of debt of European countries (accompanied by political pressure on the ECB to keep rates low). In 2021, La Banque Postale contributed €8,017 million to La Poste Groupe's consolidated operating revenue.	→
Main mitigation measures	In response to this unfavourable environment, La Banque Postale's strategy consists of: ● continuing to develop activities that are less dependent on medium- and long-term rates (consumer loans, non-life insurance and savings); ● refining the control of the prices of the commercial bank and controlling its operating expenses; ● supporting the transformation of CNP Assurances' assets and diversifying its business model by focusing on non-life insurance activities. (See Section 1.3.3 La Banque Postale)	

3. Emergence of new players in the fields of banking and logistics	**Level of criticality** ●●●●	**Trend**
Description and potential impacts	New players operating on the periphery of the banking and financial sector and in the logistics sector offer innovative and attractive solutions for the group's customers. These competitors offer comprehensive and "disintermediated" solutions in the financial sector, as well as digital paths adapted to new uses and attractive prices. In the Express sector, these new players offer control over the entire logistics chain. This phenomenon is spreading to other e-commerce platforms, particularly from Asia. The positioning and development strategy of these new competitors is a risk for the sustainability of these activities within the group. This could result in: ● a reduction in its market share, particularly through the non-renewal of its clientele; ● increased difficulties in bearing costs; ● a loss of relationship with banking customers, particularly in retail banking. More specifically in the banking and financial sector, the adoption of the second Payment Services Directive recognises the status of aggregator to these new players (with low regulatory constraints) and requires banks to facilitate their access to accounts.	→
Main mitigation measures	In this context, the group is adapting its positioning, tools and activities to the new uses of its customers: ● as regards the banking activities, the group is accelerating the end-to-end digitisation of day-to-day banking for the benefit of customers and employees: fully mobile banking through Ma French Bank; innovation policy and partnerships with FinTech (for example, in the field of crowdfunding with KissKissBankBank, the organisation of the Artificial Intelligence hackathon, the creation of the platform58 incubator) and insurtech players; implementation of an account aggregator; digitisation of the credit distribution processes for professionals; ● as regards the logistics activities, the group is strengthening its "premium" positioning with higher margins.	

4. Risk related to changes in the carbon regulations applicable to the Express sector	**Level of criticality** ●●●●	**New risk**
Description and potential impacts	The Express sector is faced with the challenge of the carbon transition. As part of the Green Deal, the European Commission is studying new mechanisms for taxing CO_2 emissions from the road transport industry. In all cases, the solutions considered will lead to an increase in the cost of carbon. Other regulatory changes are moving in the same direction at national or local level (*e.g.* city of London). For its part, as part of its alignment with the recommendations of the Task Force on Climate Related Financial Disclosure (TCFD), La Poste Groupe considers the regulatory risk related to the taxation of emissions from the transport/logistics sector as one of its five priority risks. In this context, GeoPost, which represents 60% of the group's carbon emissions, assesses the risk related to regulatory changes on the carbon transition as being critical.	
Main mitigation measures	The main mitigation measures undertaken by La Poste Groupe are as follows: ● accelerate and expand to new activities GeoPost's strategy of being the reference player in "green" delivery using low-carbon means; ● include environmental criteria in the calls for tender concerning the allocation of rounds and select subcontractors able to provide low-carbon delivery; ● implement a new portfolio of carbon offsetting projects from 2022 to gradually increase the share of carbon capture and sequestration projects versus energy efficiency projects by selecting the project with the best cost-benefit; ● identify and share the projects in place within GeoPost divisions in order to reduce carbon emissions using different types of levers: operational (work on optimising loading/transport) and technological (using certain existing solutions such as biogas and/or projecting towards new technologies such as hydrogen).	

5. Risks related to changes in customs regulations and Brexit	**Level of criticality** ●●●●	**Trend**
Description and potential impacts	The protectionist measures put in place by the European Union to re-establish fair conditions of competition between Asian and European e-merchants have resulted in the tightening of customs barriers (end of postal exemptions) and the strengthening of controls, particularly on the payment of VAT (Article 221-4 of the Union's Customs Code) as of 1st July 2021. One of the measures of this new regulation is to make the customs services of the country of destination the sole authority in charge of customs clearance, for flows of less than €150 whose sender, outside the EU, has not registered on the portal provided for this purpose (Import One Stop Shop - IOSS). The risk for GeoPost is that it will have to multiply the number of customs clearance structures for each of the European Union countries, whereas they are currently located in only seven import countries (clusters set up in the framework of the Brexit project), thus burdening GeoPost's potential activities on intercontinental flows. The exposure to this risk increased in 2021 with the placing of Asendia under the operational management of GeoPost as of 1st July 2021. Added to this risk is the exit of the United Kingdom (UK) from the EU and the customs union on 1st January 2021 following Brexit, which disrupts cross-border flows and, more broadly, economic activity in the Euro zone and the UK. The signing at the end of December 2020 of the Free Trade Agreement on Goods between the UK and the EU greatly reduced the risk of a legal vacuum and excessively high customs barriers. However, the risk of a decline in volumes due to the reorganisation of flows by customers and the discouragement of trade due to customs barriers materialised in 2021. In 2021, GeoPost's cross-border flows represented 15.3 million parcels from the United Kingdom to the European Union, *vs* 34.5 million in 2020 (*i.e.* a 55% decrease in export volumes compared to 2020). Changes in customs regulations and Brexit are also likely to lead e-commerce platforms (*e.g.* Alibaba) to reconfigure their logistics and create bonded warehouses within the EU allowing them to arbitrate between the different local delivery solutions. This will lead to a reduction in cross-border volumes with higher margins in favour of less profitable national flows due to stronger competition.	→
Main mitigation measures	Faced with this situation, the GeoPost group is mobilised. A project to equip all divisions with a customs clearance solution has been defined. The deployment and implementation of this project are closely monitored by the project teams at central and subsidiary level, with the sponsorship and mobilisation of the senior executives of the subsidiaries.	

6. Risks related to mergers and acquisitions in the Express sector	**Level of criticality** ●●●	**New risk**
Description and potential impacts	External growth is an important pillar of GeoPost's development strategy. The main risks for GeoPost around this strategy are: ● poor assessment of the value of the assets at the time of the acquisition of equity stakes, subsequent discovery of "hidden defects" not identified during the due diligence process and/or the disappearance of a significant part of the value of the company following the acquisition; ● poor integration of the newly acquired company into the group; ● acquisitions made in countries with sensitive geopolitical/macroeconomic conditions.	
Main mitigation measures	To contain these risks, GeoPost relies on: ● dedicated M&A teams that support Executive Management and the Chief Operating Officers and coordinate all acquisitions made; ● an acquisition process (due diligence, approval, etc.) that benefits from the group's experience in this area and relies on various experts (in particular for compliance and IT security); ● a validation system involving, depending on the amount and/or nature of the transactions, the Investment Committee and the Board of Directors of GeoPost, the Investment Committee of La Poste Groupe, as well as various departments (DFID, DOFT and DSPI) and bodies of La Poste, in particular the Board of Directors of La Poste Groupe; ● regular post-integration reviews at least over the first three years with a periodic review of the various departments of the company in their areas of expertise.	

2.1.3 RISKS RELATED TO THE TRANSFORMATION OF THE GROUP'S BUSINESS MODEL

7. Financial resources	**Level of criticality** ●●●●	**Trend**
Description and potential impacts	Through its new strategic plan "La Poste 2030, committed for you", the group is accelerating the implementation of the transformations required to achieve its objective of being a profitable growth company. In 2021, the group undertook: ● the accelerated transformation of the business and social model of its historical activities (mail and post office network) and the development of its sustainable growth drivers (in particular the Retail Customers and Digital Services business unit and the parcel delivery activities) so that they contribute sufficiently to margins and high employment; ● the modernisation of its production tools and the financing of its commitments in terms of energy transition and corporate social responsibility. To support this ambition, La Poste Groupe has planned to make significant investments over the 2021-2025 period (internal investments and external growth). At the same time, La Poste will have to meet the repayment deadlines of its bond debt. The economic and financial tensions experienced by the group in 2020 due to the health crisis eased in 2021, enabling the group to turn around its business (stabilisation of the Mail business, rapid development of parcels/express and external growth). However, the persistence of a low interest rate environment, the resumption of inflation and the rise of new players, mainly in the banking and parcel delivery activities, could jeopardise its ability to achieve all or some of the following objectives: ● ensure its overall and sustainable growth and to support its policy of development and modernisation of its production tools; ● maintain the sustainability of its social model; ● continue the successful execution of the public service missions (universal postal service, press transport and delivery, contribution to regional planning, banking accessibility) (see Section 1.4 Regulatory environment); ● provide a reasonable return to shareholders (*i.e.* Caisse des Dépôts, 66%, and the French State, 34%); ● meet all its commitments, particularly in terms of the energy and societal transition.	→
Main mitigation measures	In this context, the group is able to mobilise the financial resources necessary for its transformation. By 2025 they will enable it to: ● obtain the self-financing necessary for the evolution of its business model; ● access on good terms external sources of financing, thus contributing to the completion of its external growth operations; ● finance its commitments, particularly in terms of the energy transition and corporate social responsibility.	

8. Quality of service as perceived by customers	**Level of criticality** ●●●●	**Trend**
Description and potential impacts	The commitment to serving customers is at the heart of the group's transformation strategy. The quality perceived by customers is an indicator for measuring the success of this transformation. The group's customer approach is one of the seven priorities of the "La Poste 2030, committed for you" strategic plan (see Section 1.2.2 Strategic orientations). However, the action programmes implemented by the group could be insufficient in view of the new uses and growing customer requirements, accentuated by the health crisis and the diversity of the group's customer base. This may result in: ● loss of credibility and image of La Poste Groupe; ● loss of opportunity and market share with negative impacts on operating revenue and results; ● increasing demands for financial compensation from dissatisfied customers; ● a decline in the footfall of individual customers, particularly high-potential customers.	↘

8. Quality of service as perceived by customers	**Level of criticality** ●●●●	**Trend**
Main mitigation measures	In 2021, customer satisfaction for core business services was more than ever a strategic issue for La Poste. La Poste Groupe has deployed a number of measures to improve its knowledge of customers, along with instruments for measuring the customer satisfaction for each of its business units and subsidiaries. They are included in the group's transformation monitoring dashboard. In this context, the main areas for improvement undertaken are: ● guarantee the quality of service; ● continue to foster a customer culture and support the change in the attitude of operational staff (development of the Quality School and deployment of professional development programmes in the sector); ● operationally manage progress in terms of customer satisfaction; ● carry out transformative projects in the retail spaces (new automated postal machines will be installed in 2022; the roll-out of the new "*Espace commercial 3.0*" is expected to be completed in the first half of 2022); ● master the good omnichannel sharing of customer information.	

9. Transformation of the group's networks and production tools	**Level of criticality** ●●●●	**Trend**
Description and potential impacts	The group has embarked on a programme to transform its distribution networks and historical production tools (post offices, mail and parcel processing and distribution platforms, banking infrastructure). The challenges of customer acquisition and loyalty, and of cost optimisation targeted by this strategic programme, may be called into question in the event of insufficient, delayed or inefficient actions undertaken, with consequent difficulty in meeting new customer consumption patterns and in integrating these transformations for group employees. This deteriorated situation would in turn lead to a loss of shareholder confidence. The health crisis was a major driver of the decrease in mail volumes over the 2019-2021 period, whereas parcels continued to grow beyond targets. This crisis has also made more complex the economic equation that the network must resolve to meet customer expectations (proximity, working hours, optimised customer experience, digitisation) in a context marked by the acceleration of the decline in footfall (down by 12% on average per year over the 2019-2021 period). The scale of these transformations could lead to insufficient coordination of programmes or too slow digitisation that could lead to dissatisfaction on the part of customers, additional costs and social and media impacts.	→
Main mitigation measures	To cope with this situation, the group has accelerated the timetable and scope for changing its business and social models, in particular: ● the transformation of the physical customer reception network (new formats and diversification of post office formats, pooling of spaces, change in the postman-counter clerk model); ● the implementation of a new delivery master plan based on the deployment of new delivery partnership models (experiment with tobacconists), change of the sales force in a multi-business and partner vision and new offers; ● the redesign of the customer experience (digital, simpler and more personalised); ● the transformation of business lines and attitudes, conducted in conjunction with the internal and external stakeholders and aligned with the strategic plan (group work on AI and DATA to support the business units in their digital transformation project *via* collection, use and cross-referencing of internal data to promote 360° customer knowledge); ● the implementation of a new industrial master plan transforming mail centres into multi-stream centres; ● the increasing awareness among managers about results-driven management; ● the overhaul of the universal service model and offer in accordance with the decisions made by the French State in July 2021 with, in particular, the overhaul of the mail range and customer reception (sales force management, redesign of the customer experience, digitisation); ● the continued control of structural costs and expenses. These transformations are accompanied by a dedicated organisation and working methods that bring together all internal and external stakeholders to support the change in the social model.	

10. Growth drivers	**Level of criticality** ●●●	**Trend**
Description and potential impacts	Faced with the decline in its historical core business (attrition of mail volumes – see Risk 1; acceleration of the decline in post office footfall) and the factors that threaten its banking activities (see Risks 2 and 3) and express activities (Risks 3, 4, 5 and 6), the necessary transformation of the group's business model involves the development of growth drivers that contribute sufficiently to margins and high employment. Technological changes are also leading to the emergence of new players and phenomena that disrupt existing business models, such as disintermediation (banking and parcels), the increase in the cost of express parcel delivery in Europe and the digitisation of exchanges, including secured exchanges. In addition, the group faces a possible attrition of its operating revenue due to the emergence of new players (see Risk 3). The growth drivers could prove insufficient, both from a qualitative and quantitative point of view, generating too little compensation for the decline in the traditional activities and the losses of market share linked to new financial and express players. In addition, the integration of companies may prove difficult and the expected synergies may be long to achieve or ineffective.	↘
Main mitigation measures	To face this risk, La Poste Groupe has defined its new strategy for 2030 based on the following objectives: ● change scale: • in the digital sector thanks to several recent acquisitions by Docaposte (Index Education, Openvalue and Boxtal) helping the group's digital transformation, by becoming a leading partner for digital trust in France and Europe (La Poste's Digital Identity was certified as substantial by ANSSI in early 2020), • in Express (acquisition of 24.9% of Aramex by GeoPost), • and in bancassurance (proposed acquisition of 100% of CNP Assurances); ● succeed in the development of new services by becoming a leader in energy efficiency and the circular economy or by offering retail customers new services in its housing experience; ● accelerate growth in the healthcare markets (home care services for challenging pathologies, support services during the patient experience) to remain a major operator in services to individuals and in home healthcare services; ● international component: establishing itself in new profitable activities or new countries in logistics, digital and banking.	

11. Development of the employability of La Poste employees	**Level of criticality** ●●●	**Trend**
Description and potential impacts	La Poste Groupe, which is one of the leading players in the French job market (with a full-time equivalent workforce of 192,649 employees in France in 2021), could encounter difficulties in developing employment and meeting the strategic challenges facing the group (digital revolution, accelerated reduction in mail volumes, reduction in footfall in post offices, increase in parcel volumes and development of new activities). The challenge is to have the right skills in the right place, in a global and complex context of business transformation, accelerated by the effects of the health crisis. These developments may include: ● insufficient fluidity of internal employment – particularly across business units – involving a change of profession to address the group's needs in a context of constrained external recruitment (slowdown in inter-business unit calls for applications in 2020); ● insufficient internal mobility leading to unfilled jobs in some places and overstaffing in others, undermining the running of activities.	→

11. Development of the employability of La Poste employees	**Level of criticality** ●●●	**Trend**
Main mitigation measures	As part of its strategic plan, La Poste has developed a social component: the labour-management agreement "*le pacte social*", aimed at supporting the transformation of its business and social model and the development of its growth drivers. This new national employee agreement signed in May 2021 for a period of three years includes commitments in terms of mobility. Its five main orientations are accompanied by monitoring measures and are the subject of regular discussions: ● the strengthening of the training policies in line with the development of activities, digital culture and data and the introduction of qualifying training paths: in 2021, 95.5% of employees received at least one training course in accordance with the commitments made in the labour-management agreement. The *Cap Compétences Numériques* programme set up as part of the new employee agreement for 2021-2023 is associated with a measurement of the percentage of postal workers trained in digital technology with a target of 15% of postal workers trained by 2021, 30% by 2022 and 40% by 2023. At the end of December 2021, the annual objective had been exceeded with 19% of postal workers trained. This indicator, also referred to in the collective incentive agreement under a bonus indicator, demonstrates the group's commitment in this area. At the same time, 62% of La Poste employees took at least one distance training course. The number of qualifying training paths undertaken since 2015 reached more than 48,600 at the end of 2021 (compared to 46,313 in 2020); ● the facilitation of professional development and mobility thanks to the Job Exchange, group mobility/recruitment spaces and the implementation of a "pool" approach for key functions and retraining paths via marked routes or pioneer pathways; ● strengthening of the Human Resources (HR) function through managerial development, transformation of the HR division, and deployment of digital HR tools that promote service-oriented attitudes and more creative and value-adding positions; ● the strengthening of the forward-looking management of jobs and skills, particularly in the regions, in coordination with managers and HR managers, in order to better identify the priority needs and jobs of tomorrow. (See Section 3.2 Employment policy for the group's development)	

12. Prudential equity in banking of La Banque Postale	**Level of criticality** ●●●	**Trend**
Description and potential impacts	The development of La Banque Postale in a context of persistently low interest rates, as well as regulatory changes (finalisation of Basel 3 and Basel 4, supervision rules, etc.) could affect the bank's ability to organically build up sufficient capital to support its development and meet the increased capital requirements arising from the prudential standards of the European banking sector. The solvency ratio (CET1 ratio) has improved significantly since 2019 thanks to the completion in 2020 of the CNP Assurances integration operation and the marginal impact of the first effects of the Capital Requirement Regulation 2 (CRR2). The CET1 ratio stood at 19.1% at 31 December 2021 (*versus* 20.4% in 2020). The leverage ratio was 7.2% in 2021 (*versus* 6.1% in 2020).	↘
Main mitigation measures	Although the takeover of CNP Assurances by La Banque Postale on 4 March 2020, resulted in the strengthening of La Banque Postale's hard capital, it is necessary to continue and strengthen the management plans with the aim to: ● set up a capital management process and governance to assess the capital requirements at the consolidated level (banking and insurance); ● strengthen the management of the new entity with close monitoring of the integration of CNP Assurances' risks (monitoring of the roadmap agreed with the ECB); ● strengthen the monitoring of its strategic plan for 2021-2023; ● continue to monitor the allocation of risk-weighted assets (RWA) and the associated profitability; ● strengthen the regulatory watch system to anticipate the effects of regulations and participate in marketplace work, in order to integrate its effects into capital requirements planning as soon as possible, and to defend La Banque Postale's interests from a prudential point of view.	

13. Adaptation to environmental and societal challenges	**Level of criticality ●●●**	**Trend**
Description and potential impacts	Corporate social responsibility (CSR) is at the heart of La Poste Groupe's business model. Monitoring the non-financial rating is one of the key indicators for monitoring La Poste Groupe's strategic plan. The group's objective is to remain exemplary on all CSR topics (see Chapter 3 Sustainable and responsible development). In June 2021, La Poste Groupe decided to take the CSR component into account in the group's strategic management by becoming an "*Entreprise à mission*" (see section 1.2.1). Its *raison d'être* (purpose) is accompanied by four commitments that embody its contribution to the common goods of society as a whole: to contribute to the development and cohesion of the regions, to promote social inclusion, to promote ethical, inclusive and frugal digital technologies, and to work to accelerate the environmental transition for all. In terms of CSR, La Poste Groupe is aware of the complex external risks that can significantly affect: ● its credibility and brand image and therefore, by extension, its activity. Its corporate governance model could deteriorate due to poor contextualisation of economic activities, disputes, rumours or lack of information, litigation, attacks on its social management, new legislation on the data protection policy, or emerging CSR issues; ● its relations with stakeholders; ● its non-financial rating, which could, in the event of a downgrade, lead to a decline in external investments and, consequently, a loss of savings and financing. In addition, the health crisis has given rise to new environmental and societal risks: ● increased consumer awareness of the environment and climate; ● a considerable increase in home delivery and in particular in the second hand or reverse logistics market (Leboncoin, Vinted...) leading to a risk of not achieving business ambitions in terms of logistics for the circular economy, due to defects in process adaptation; ● increased expectations of customers and local authorities with regard to postal coverage, influencing their satisfaction with the quality of service, the transformation of the network and control of the omnichannel nature of the customer experience. These societal challenges also reveal development and transformation opportunities for the group's activities, such as the launch of green and societal offers (Silver economy, recycling, circular economy, urban logistics, digital trust services, services to individuals, etc.).	↘
Main mitigation measures	The commitments made by La Poste Groupe in support of its *raison d'être* structure its actions in terms of managing risks associated with environmental and societal issues. La Poste's environmental risk mitigation strategy is based on the recommendations of the Task Force for Climate Financial Disclosures (TCFD) with the continuation in 2021 of the monitoring of the group's particulate emissions, the integration of CNP Assurances in the valuation and control of "natural disaster" losses, the control of consumption through the implementation in 2020 of an energy management system, the initiation of discussions around new digital services in connection with the climate ("IT for green") and the updating of responsible digital purchasing criteria. Concerning the protection of biodiversity, the group carries out a 360° study to assess the expectations of its stakeholders. In terms of societal issues, the group's strategy revolves around: ● integration of the measurement of quality as perceived by customers into performance management and support in the group's transformation; ● optimisation of the customer experience in the context of the transformation of the group's networks and the omnichannel nature of customer experiences, notably with the creation in 2021 of the Retail Customers and Digital Services business unit; ● strengthening of partnerships with actors in the social and solidarity-based economy; ● implementation of an ethical and responsible digital activity, notably through the development of the Ethical AI Charter; ● integration of environmental performance over the entire marketing life cycle of the offer. (See Section 3.2 Societal commitment policy) All this work is part of a process of continuous improvement in the monitoring of the group's non-financial performance to limit the risk of deviation from the expectations of its stakeholders.	

2.1.4 RISKS RELATED TO NON-COMPLIANCE WITH LAWS AND REGULATIONS

14. Non-compliance	Level of criticality ●●●●	Trend
Description and potential impacts	Due to its size, the growing diversity of its activities, and the intensification of the regulatory constraints and their associated sanctions, La Poste Groupe is exposed to the risk of deviation from the rules of compliance with general regulations (competition law, consumer law, anti-corruption, protection of personal data, ethics, duty of vigilance, management of embargoes and exclusion lists/international sanctions) or sectoral regulations (in particular the duty of banking advice, the combat against money laundering and the financing of terrorism (CML-TF)). These regulations are complex and evolving, both in their drafting and in their jurisprudential interpretation. The conduct of the group's historical activities and the development of new activities or projects with high added value could be hampered due to the uncertainty surrounding the interpretation and application of the corresponding rules by the competent authorities. With regard to the fight against corruption, the combat against money laundering and the financing of terrorism or compliance with embargoes and national and international sanctions lists, the complexity, scope in terms of customer scope, the precision required in the implementation of control procedures and the extraterritorial nature of some laws could be grounds for sanctions by foreign authorities for the activities carried out by La Poste Groupe internationally (in 2021, La Poste Groupe generated 41% of its operating revenue internationally). The group is also present in some of the regions most involved in the fight against corruption (the United States and England) as well as in countries known to be at risk of corruption, such as Brazil. The rapid development of the group's digital offerings, healthcare activities, and data activities reinforce its exposure to the risk of non-compliance with the Act of 6 January 1978 and the General Data Protection Regulation (GDPR). The increase in the number of disputes, and in their media coverage, related to the duty of vigilance regulations and the draft European directive being prepared in Brussels, very similar to the Act of 2017, justify the group's vigilance as regards subcontracting and international subsidiaries. However, if this risk were to materialise, it could cause a loss of image, affect the trust capital granted by its customers and impact the group's results in the event of a sanction. Its management requires a thorough assessment of the reality of the risk and its scope, an adequate organisation of the legal function and awareness-raising among all stakeholders. La Banque Postale's banking and insurance activities are subject more specifically to the increased requirements of regulators, particularly in terms of financial security (*e.g.* the combat against money laundering and the financing of terrorism), distribution (*e.g.* insufficient advice) and customer protection (*e.g.* lack of customer knowledge).	→
Main mitigation measures	The year 2021 was marked by stable risks related to non-compliance with laws and regulations compared to 2020: the actions implemented in 2021 made it possible to strengthen the existing control systems. However, the group's transformation and development require the implementation of additional action plans. The strategy implemented by the group to cover these risks is based on: ● the establishment of governance and a dedicated organisation at group level and the adoption of common rules and procedures. The year 2021 was marked by the creation, on 1st July 2021, at the central level of the group, of a Compliance Department in charge of all areas of compliance applicable to the group's activities: ethics, the fight against corruption, duty of vigilance, the combat against money laundering and the financing of terrorism, protection of personal data, international sanctions and embargoes, and competition regulations. Its action covers the scope of the group, and its entities (business units, subsidiaries and central cross-functional departments/functions – with specific and adapted consideration of regulated activities*); ● deployment of compliance programmes throughout the group, combined with the renewed commitment of the group's senior executives and the implementation of additional, more targeted measures (risk-based approach); ● regular updating of the risk mapping; ● training and awareness raising among staff about the regulations in force; ● optimisation of the whistleblowing system within the group; ● strengthening of the supplier assessment processes for the entire group (with new tools), non-commercial partnerships and M&A transactions reviewed by the Investment Committee; ● strengthening of the accounting procedures; ● strengthening of the programmes and systems evaluation process (risk mapping, permanent control plan, self-assessment and audit).	

* *La Banque Postale's specific banking compliance rules, as validated by La Banque Postale's governance bodies, are incorporated into the group's policy.*

2.1.5 CROSS-ENTITY RISKS RELATED TO THE GROUP'S ACTIVITIES

15. Business disruption in the event of a major crisis	**Level of criticality** ●●●●	**Trend**
Description and potential impacts	Due to the diversity of its activities (mail, parcels, express, digital services, banking and insurance activities – see Section 1.1.1 A large multi-business services group), the extent of its geographical locations, and the density of its physical presence in the regions, La Poste Groupe is exposed to the risk of a major crisis. Its characteristics make it sensitive to the occurrence of major crises, in particular exogenous ones (climatic episodes, terrorism, epidemics, social tensions, systemic incident on information systems and Internet-type network infrastructures). The health crisis severely affected La Poste Groupe's activities, causing atypical impacts in the business units and major systemic effects on the company's ecosystem. It also revealed ways to optimise the group's cross-functional major crisis management system. However, the mobilisation and commitment of the group's employees made it possible to ensure business continuity during the health crisis and to effectively manage the acceleration in parcel and express services. Unpredictable weather events could also have serious consequences for postal establishments, which could even be closed. **Update on the Ukranian crisis** As of the date of drafting of this document, La Poste Groupe is closely monitoring the development of the crisis in Ukraine and the possible impacts of this crisis on its activities. A specific management of the crisis has been set up by La Poste, involving its subsidiaries, business units and headquarters departments concerned. To date, the development of the crisis has severely affected the mail and small postal parcels activities involving Ukraine and Russia due to the logistical difficulties encountered and the impacts of the international sanctions that La Poste Groupe must implement in its various activities. Despite the closure of the Ukrainian airspace, the delivery of postal parcels is maintained. At present, such parcels are transported to Poland, delivered to the Polish post office, which in turn delivers them to the Ukrainian post office. La Poste Groupe is also present in Russia, through DPD Russia[1], a subsidiary of GeoPost whose activities consist mainly of domestic flows. The group does not have a presence in Ukraine. As of the date of the present Universal Registration Document, the flows of express parcels to Russia dispatched by companies that are wholly owned by GeoPost have been stopped. The group is closely monitoring developments in the other countries bordering Ukraine where GeoPost is established. Enhanced vigilance measures have been adopted in terms of cyber risk. They are applied in the business units, subsidiaries and exposed activities of La Poste Groupe. A system for regular monitoring of changes in the situation, coordinated at several levels (La Poste Groupe and La Banque Postale), is thus in place. For La Banque Postale and its subsidiaries more specifically, the potential consequences on the loan portfolio, the managed portfolio in terms of market risk, and in terms of operational risk (threat of cyberattack) are regularly measured. All the necessary monitoring measures inherent to the crisis targeting individuals or legal entities involved in the conflict have also been implemented by the Compliance Department. La Banque Postale's loan portfolio has no exposure to Ukraine or Russia. Its subsidiary, CNP Assurances, has a marginal exposure presented in the "Risk factors" section of its universal registration document. The main areas of vigilance for La Banque Postale mainly concern: ● on the one hand, the indirect consequences of the situation on French legal entity customers financed by LBP, which carry out a significant part of their activity with Russia in particular; and ● on the other hand, the overall macroeconomic impacts that a lasting conflict could generate (uncertainty, slowdown in growth, exacerbated inflationary context, etc.) on La Banque Postale's economic results (production, expenses, cost of risk).	→

15. Business disruption in the event of a major crisis	**Level of criticality** ●●●●	**Trend**
Main mitigation measures	The overhaul of the group's model for managing major cross-entity crises, based on feedback from the first lockdown phase, is essentially based on: ● revision of the rules of governance and procedures for cross-entity crisis management; ● deployment of an operational guide for cross-functional crisis management for all entities and implementation of a continuous plan of crisis management exercises at national and local level; ● implementation of a "Business Continuity Plan (BCP) control tower" unit that ensures the maintenance, testing and interoperability of the BCPs of the group's business units and main subsidiaries; ● strengthening of the "security vigilance platform" which aims to detect external threats (analysis of weak signals) and identify internal malfunctions (alerts); ● strengthening of exchanges with services outside La Poste in order to anticipate the measures to be taken and speed up responses in the event of a major crisis. The group has a solid financial position. La Poste successfully completed a bond issue of €1.8 billion in January 2021 and another of €0.4 billion in November 2021.	

16. Cybercrime	**Level of criticality** ●●●●	**Trend**
Description and potential impacts	La Poste Groupe is exposed to the intensification of the risk of cyberattacks, the number, duration and sophistication of which are growing rapidly and continuously. In addition to phishing (up by 410% between 2020 and 2021), 670 million suspicious emails were blocked by La Poste's security systems in 2021 (an increase of around 300%). The blocked attacks targeted critical applications, financial applications, and applications hosting personal data (online banking, Digiposte). Attacks are longer and more sophisticated, despite the protective measures taken to correct vulnerabilities. La Poste Groupe's digital transformation and the diversity of its activities increase the areas exposed to attacks, including attacks of the "supply chain" type (extended company). This area has also been expanded with the integration of CNP Assurances, the widespread extension of teleworking since the health crisis and the group's development strategy. Cybercrime may hinder or weaken the ability of the group's IT or telecommunications to support its operating activities. The threat of malicious attacks on the group's information systems to steal or destroy data or deceive authentication devices in order to perform illegitimate transactions is increasing. Consequently, the cyber risk exposes La Poste Groupe to additional risks, including hardware, network or data recovery costs in the event of a successful attack, possible impacts on operating revenue or margin (delay or loss of activity) and image risks linked to the group's role as a trusted digital third party. Since 2021, the publication of unsolicited cyber risk ratings by independent agencies has exposed the group's reputation. These public and accessible ratings compile open information. The processing of some of the information used for the rating must be explained and remedied to give a consistent image of the group. In addition, cybercrime attacks may also expose the group to the risk of significant regulatory sanctions related to its compliance with the General Data Protection Regulation.	↗

16. Cybercrime	Level of criticality ●●●●	Trend
Main mitigation measures	In the context of the increased risk of cybercrime, the strategy implemented by the group is based on: ● the overhaul and deployment of the group's information systems security policy and related directives; ● the drafting of the group's information systems security governance document; ● a better assessment of the maturity of the group's entities in the face of cyber risk through the creation of a consolidated risk map at group level and the deployment of a control plan; ● continuation of employee training and awareness-raising plans on good vigilance practices, with a new training campaign extended to all employees in 2022; training in the group's digital forensic investigation process; qualifying and certifying training paths in cyber security; alert and awareness campaigns for managers and employees; the inclusion of cyber purchasing clauses in the group's contracts; ● use of feedback and technology watch; ● continued strengthening of the group's digital asset monitoring capabilities; ● restructuring of the incident management system; ● implementation in the second half of 2021 of stress tests; ● maintaining a state of security with an evolution of the defence and detection systems; ● The group has integrated the assessments and comments of cyber risk rating agencies into its system for combating cybercrime.	

17. Health and safety	**Level of criticality** ●●●●	**Trend**
Description and potential impacts	Various causes, whether internal (accidents at work, psychosocial risks, road risks, etc.) or external (physical or verbal abuse), may harm the health and safety of group employees or employees of suppliers and subcontractors. This could result in: ● physical or mental harm to group employees or third parties: attacks and incivility are the leading causes of accidents at work (nearly 300 in 2021). The very high level of incivility observed at the end of 2020 continued in early 2021 in the context of the persistence of the health crisis, despite the decline in the footfall in post offices (higher occurrence related to customer flows). However, this number has been declining compared to 2019 since July 2021. 30% of the reports concerned serious incivility (with threats and/or physical aggression) which marks the stabilisation at a high level of violent acts; ● the frequency and severity rates of accidents at work within the France group were 21.02% and 1.63%, respectively, at the end of 2021 (vs. 24.93% and 1.51% in 2019, which is the reference period); ● absenteeism weighing on the group's activities and its ability to provide the services offered to its customers; in 2020, as a result in particular of the health crisis, the absenteeism rate within the group in France was 7.8%, *vs* 6.8% in 2019; at the end of 2021, this rate was 7.3%.	↗
Main mitigation measures	La Poste Groupe integrates occupational health and safety into the management of the company and deploys a comprehensive, proactive and dynamic policy to prevent risks to people, whether internal or external. As part of its "Well at work" component, La Poste is continuing to roll out actions to improve health, safety and quality of life at work: ● training and awareness-raising among managers and employees about the challenges and means of improving health and safety at work; ● reinforcement of the prevention of incapacity and accidents by analysing workstations in the most demanding occupations; ● deployment of new work equipment (for example by gradually replacing the two-wheeled motor vehicle with a three-wheeled vehicle, the Staby; by fitting out post offices to reduce the standing time of customer service managers); ● support for the return to work, transformations and improvements in the quality of life at work; ● involvement of suppliers and subcontractors in health/safety risk coverage for their own personnel; ● strengthening of the national programme to reduce incivility and attacks in the most exposed post offices, with the introduction in 2022 of an inter-office approach on joint production processes; ● development of psychosocial risk prevention; ● strengthening of multidisciplinarity to develop prevention. (see Section 3.3 Employment policy for the group's development)	

2.2 RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

2.2.1 DEFINITIONS, OBJECTIVES AND SCOPE

In addition to the governing principles amended in July 2010 by the French Financial Markets Authority (*Autorité des marchés financiers* – AMF), La Poste Groupe has chosen to refer to the international standards ISO 31000 for global risk management and COSO 2013 (Committee of Sponsoring Organizations of the Treadway Commission) for internal control.

On this basis, risk management corresponds to the process implemented by the Board of Directors, Executive Management, management and all employees of the organisation and is taken into account in the development of the strategy as well as in all activities of the organisation.

The group's internal control system includes a set of resources, behaviours, procedures and actions that contribute to the control of its activities, the effectiveness of its operations and the efficient use of its resources, as well as the identification and management of risks.

The risk management system implemented by management involves assessing risks and deciding how to address them.

These two systems, defined in the group's Risk Management Charter, are complementary to the management of activities. They comply with the principles laid down in the Caisse des Dépôts risk management and Permanent Control Charters.

The objective of La Poste Groupe's risk management approach is to ensure:

- the respect for its corporate *raison d'être* purpose, its status as "*Entreprise à mission*", its missions and the achievement of its strategic objectives;
- the compliance with current laws and regulations;
- the application of instructions and guidelines set by the decision-making and executive bodies;
- the proper functioning of the group's internal processes, and particularly those contributing to the safeguarding of its assets;
- the achievement of its operating objectives (performance and optimisation of operations);
- the reliability of financial and non-financial reporting, whether internal or external.

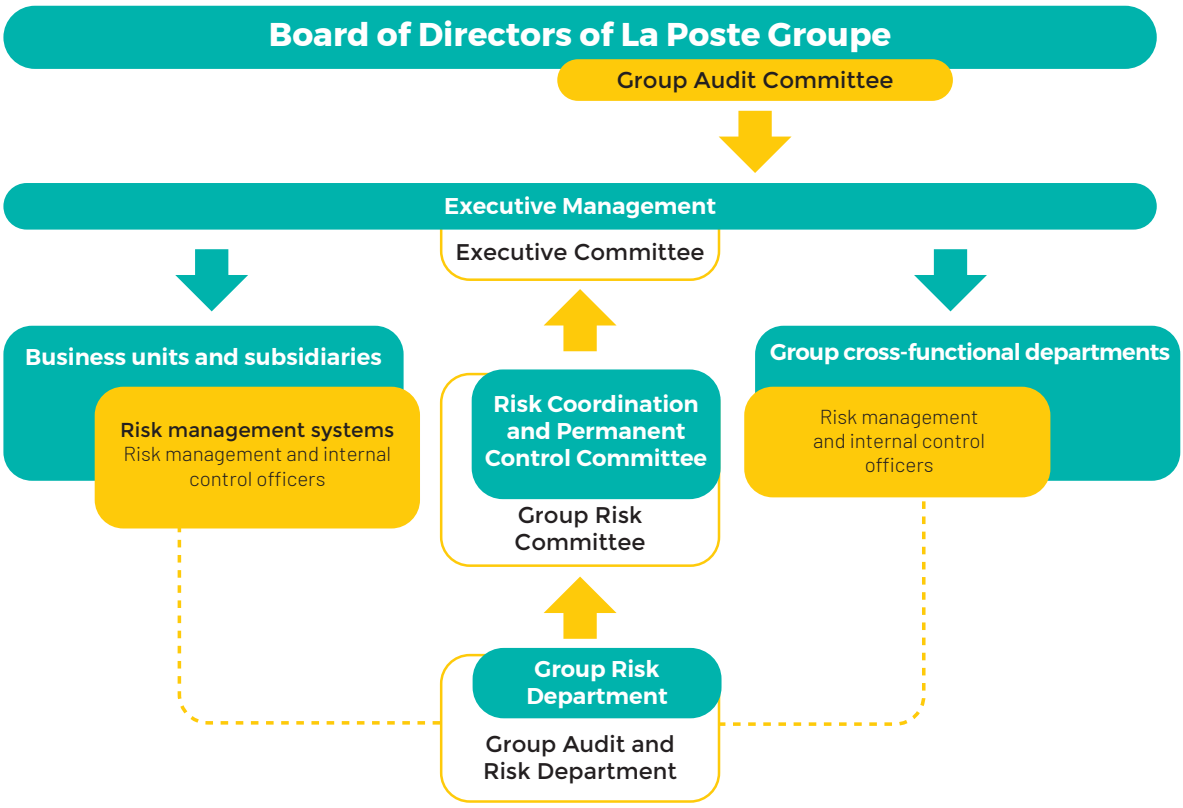
The risk management helps senior executives and management make strategic and operational decisions by giving them visibility on the level of control of priority risks at group level.

These systems apply to La Poste, the parent company, to holding companies and subsidiaries whose accounts are fully consolidated, as well as to companies controlled jointly with another group. They are part of the governance of the group and of all companies within it. They include activities outsourced internally and externally. In the specific case of La Banque Postale and the activities carried out on its behalf, the implementation of risk management falls within the specific framework of regulations inherent to the banking and insurance sectors.

2.2.2 RISK MANAGEMENT OF THE GROUP: GOVERNANCE AND ORGANISATION

Everyone in the company is involved in risk management:

- Executive Management sets out the risk policy;
- management defines and coordinates the risk management and internal control approach;
- employees implement the risk management and internal control measures laid down in the procedures.



The Audit Committee of the Board of Directors of La Poste	monitors the effectiveness of the internal control and risk management systems.
The group Executive Committee	proposes the risk management strategy and reviews the results of the work in this area (risk mapping, permanent control plans, incident handling, etc.). On the basis of this work, the Chairman and Chief Executive Officer makes the necessary decisions.
The group Risk Committee	ensures the deployment of the permanent control and risk management policy. It coordinates the risk management approach, ensures the consistency of the internal control systems and monitors the results of the work carried out in the entities. Its role is to prepare the elements necessary for the decision-making of the Executive Committee.
The Risk Coordination and Permanent Control Committee	coordinates and monitors operationally the work that requires it in terms of risk management and permanent control.

The Risk Department implements the strategy of Executive Management in the area of risk management. It defines the risk management and permanent control policy to be deployed at group level and ensures its application by the business units, subsidiaries and cross-functional departments. It reports periodically to the governance bodies on the consolidated results at group level.

The group's Risk Department works in close cooperation with the group's cross-functional risk carriers and with the Risk and Control Officers located in the subsidiaries, business units and cross-functional departments, with a view to constantly adapting to the legal, regulatory, structural and organisational changes of these entities. It thus guarantees the overall consistency of the risk management systems of the group's entities.

La Poste Groupe has decided to strengthen its position in terms of regulatory compliance through the creation on 1st July 2021 of a group Compliance Department, reporting to the Group General Secretariat. The Compliance Department oversees the compliance of the group and its entities, and implements governance adapted to the various activities carried out within La Poste Groupe. It is particularly involved in the following areas: ethics, the fight against corruption, the combat against money laundering and the financing of terrorism, international embargoes and sanctions, the duty of vigilance, the protection of personal data, and the strengthened regulations in terms of competition.

The directors of the business units, subsidiaries and cross-functional departments implement the group's internal control and risk management principles in their areas of expertise, in accordance with the rules established by their decision-making and executive bodies and in compliance with the group's Risk Management Charter.

To this end, they set up their own risk management and steering structures, which are in functional contact with the group's Risk Department.

In particular, they are responsible for deploying and implementing their internal control and risk management systems in accordance with the group's missions and policies, the guidelines laid down by Executive Management, as well as with laws and regulations,

national and international professional standards, and any conventions that apply to their activities.

In addition, the auditing takes place at several levels within the risk management process. Through their findings auditors are involved in assessing risks. They then verify the measures undertaken to reduce these risks and in a general manner perform an assessment of the internal control.

2.2.3 RISK MANAGEMENT SYSTEM

La Poste Groupe is continually strengthening its internal control and risk management actions in order to give senior management and shareholders a consolidated and cross-functional vision of the control, by its main entities, of the group's strategic and priority risks.

Since 2020, an approach common to all entities has been deployed and makes it possible to prepare an annual profile of the group's operational and non-compliance risks. In 2021, it was gradually supplemented by an evolution of permanent control as well as a harmonisation of practices in terms of management of significant incidents in order to contribute to the reporting to the senior executives of the group and Caisse des Dépôts.

The management of operational and non-compliance risks is now based on three interdependent components:

- risk management with mainly the preparation of a mapping of priority operational and non-compliance risks, accompanied by the associated management plans, which make it possible to regularly assess the level of residual risk to which the group is exposed;
- permanent control with the introduction of a more evaluative approach, targeting priority operational and non-compliance risks, and making it possible to regularly assess the effectiveness of the systems for managing these risks based on second-level control plans and self-assessments;
- the collection and analysis of significant operational incidents and alerts of non-compliance and fraud, which makes it possible to regularly reassess the level of risk management and to adapt the corresponding systems if necessary.

Group risk management approach

The mapping of the group's strategic and priority risks is updated annually following interviews with the senior executives of the group's business units, main subsidiaries and functional areas, as well as with their designated risk carriers.

This approach is supplemented by mapping of operational and non-compliance risks carried out with the cross-functional risk carriers and the network of correspondents in the entities.

The results of this work are examined by the Risk Committee before being presented to the Executive Committee and then to the group Audit Committee.

In carrying out this work:

- The Risk Department is involved in the method and consolidation of the mapping carried out by the entities. Each year, it updates the group's operational and non-compliance risk profile.
- The group's Control and Management Department carries out an annual review of the permanent control, risk management and incident management systems enabling the business units, subsidiaries and cross-functional departments to formalise their systems and report on the significant actions undertaken and to come. Each year, it also organises a self-assessment campaign of the internal control systems of these entities, enabling it to deduce a level of maturity for La Poste Groupe as a whole. Second-level control plans also ensure the proper application of the compliance programmes and the group's policies.

The cross-functional risk managers consolidate and monitor risk, control and incident data within their areas of expertise.

The internal audit function is tasked with objectively and independently assessing the group's risk management, control, corporate governance and IT systems. It contributes to their improvement in terms of compliance, safety, effectiveness and efficiency.

Its purpose is to provide reasonable assurance in respect of the degree of risk management efficiency to corporate officers, governance bodies and, more generally, managers and senior executives. To this end, it performs targeted and in-depth audit assignments on all of the group's activities in France and internationally.

Internal control and risk management procedures relating to the group's accounting and financial information

The group's Finance and Development Department is responsible for leading and contributing to the group's strategy, and for defining and implementing its accounting, tax, financial and purchasing policy.

Risk management is the responsibility of the Executive Vice-President in charge of the group's finances and development. This responsibility is transferred by sub-delegation to the directors who report to him or her.

The permanent control system is based on an assessment of the risks to which the group's Finance and Development Department is exposed. First- and second-level controls, proportionate to the risks, are organised on its activities to ensure risk management.

The group's Finance and Development Department has broadened the scope of its risk mapping so that the main risks to which it is exposed are integrated into a risk management system.

Internal control and risk management procedures regarding the reliability of the accounting and financial information

Organisation of accounting production and related internal control and risk management processes

The parent company and consolidated financial statements are prepared by the group's Tax and Accounting Department on the basis of financial statements prepared locally by the entities (the National Accounting Department and La Poste Groupe's subsidiaries) and restated in accordance with group standards.

This department also determines the group's overall taxable income and prepares the related tax returns.

Each closing (monthly, half-yearly and yearly) gives rise to the establishment of a work schedule, formalised through accounting revision and consolidation instructions sent to the entities. For the half-yearly and yearly accounts, files allowing an analytical screening of the accounting and financial information are prepared at the level of La Poste SA and the subsidiaries' holding companies. La Poste and the subsidiaries use a consolidation software package with a standard accounting package based on the group's accounting principles manual. A specific tool is used to reconcile intercompany transactions.

Organisation of financial control and related internal control and risk management processes

The group's Financial Control Department produces two types of consolidated financial information derived from the data submitted by the business units and the head office's support function departments:

- forward-looking information: multi-year plan, annual budget, half-yearly or annual results;
- analyses of the performance carried out for internal and external information.

Communication of accounting and financial information

A dashboard is regularly presented by the Executive Vice-President in charge of the group's finances and development to the Executive Committee. It highlights the discrepancies between the data produced and the budgeted data on the main economic and financial indicators of the group.

Internal control and risk management procedures relating to the reliability of accounting and financial information implemented within the group entities

The National Accounting Department reports to the group's Head of Accounting and Taxation and combines under its authority all of La Poste's accounting departments in France. It performs a service mission on behalf of La Poste SA in the field of accounting production and revision. It also provides services in this area for certain subsidiaries and business units of the group. The other subsidiaries organise the processing of accounting and financial information themselves; the necessary information is sent to La Poste SA for consolidation of the results.

2.3 INSURANCE AND RISK COVERAGE

The group believes it has reasonable and sufficient insurance coverage.

The group's general policy for insurance is based on the following principles:

- risk sharing: wherever possible, a group policy is taken out to provide each entity or subsidiary with optimum coverage commensurate with its own risks, at minimum cost, regardless of their financial resources;
- insurance as a priority of the intensity of the risk: in general, the frequency risk, of which the cost of insurance would be too high, is maintained (excess, conservation or retention, etc.) by taking into account the financial capacity of each group entity.

PROPERTY AND CASUALTY INSURANCE

The group's property and casualty insurance programme includes a "Property damage and operating loss" policy, which covers all tangible and intangible assets (except for the exclusions expressly mentioned in the policy), as well as a cybersecurity policy.

VEHICLE FLEET INSURANCE

In view of the size of the fleet used by La Poste SA (internal combustion and electric vehicles), La Poste has implemented a specific insurance package: service vehicles only have third-party cover, with a high deductible portion.

Fully comprehensive insurance has been taken out for company cars. This insurance has also been taken out for most subsidiaries of La Poste Groupe.

The group also offers "work car" coverage to employees using their own vehicles for business purposes.

Finally, an Assistance policy is available to subsidiaries who wish to benefit from its coverage.

CIVIL LIABILITY INSURANCE

The civil liability programme covers the civil liability of La Poste and its French and foreign subsidiaries. The deductibles are adapted to the nature of the risk and beneficiaries of the coverage.

OTHER INSURANCES

The group takes out insurance coverage, particularly in the following areas:

Transport insurance

The group has an insurance policy to cover liabilities and damages during transport. It breaks down into policies dedicated to:

- activities subject to French Postal Regulations;
- activities not subject to Postal Regulations.

Building insurance

As a property developer, the group takes out construction policies designed to automatically cover any development up to a ceiling.

Events and exhibitions insurance

This mandatory insurance covers the group's civil liability as both organiser and participant.


Zero
emissions
dpd
100% electric
dpd
BX68 HCL

SUSTAINABLE AND RESPONSIBLE DEVELOPMENT

3

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3.1 A GROUP WITH A POSITIVE IMPACT

In June 2021, La Poste became one of the first public sector companies to adopt the status as "*Entreprise à mission*" (a company with a mission), created by the PACTE Act of 22 May 2019. La Poste, that has served the public interest for five centuries, fits naturally into this concept of a company committed to serving everyone.

The *raison d'être* (purpose) of La Poste Groupe and its transformation into an "*Entreprise à mission*" are described in Section 1.2.1 *Entreprise à mission* of this Universal Registration Document.

3.1.1 A STRONGER SOCIETAL COMMITMENT

Strengthened by its *raison d'être* and its status as "*Entreprise à mission*", La Poste Groupe's social, societal and environmental responsibility is at the heart of its business model (see Section 1.2.3 Business model). The pursuit of long-term objectives, which create value for all its stakeholders and preserve the group's resilience, has the primary aim of:

- contributing to the development and cohesion of local areas;
- improving social integration;
- promoting ethical, inclusive and frugal digital services;
- working to accelerate the environmental transition for all.

For each of these objectives, La Poste Groupe's societal commitment is guided by exemplarity and a priority shared by all within the group: customer satisfaction. While it fuels the actions of La Poste's employees on a daily basis, it also relies on the implementation of a robust governance, demonstrating transparency in its practices and being open to dialogue. The group's bodies are instrumental to carrying forward this strategy and take care to act in the interest of all stakeholders.

Alignment with international reference frameworks



The group's societal commitment is based on international guidelines, in particular:

- the United Nations Global Compact (since 2003);
- the Universal Declaration of Human Rights;
- the OECD guidelines;
- the fundamental conventions of the International Labour Organization (ILO);
- the UNI Global Union (signed by GeoPost in 2017);
- the *Forum des entreprises engagées* (the Forum of committed companies) (in terms of ethics).

As part of its membership of the United Nations Global Compact, the group publishes an annual communication on its progress at the advanced level [1]. Six goals have been placed at the heart of its priorities, bearing in mind that the group participates in 14 of the United Nations' 17 sustainable development goals (SDGs), as part of the 2030 agenda.

In France, La Poste is a signatory of the Charter for diversity, the parenthood Charter, the apprenticeship Charter and the Charter of the union of advertisers (UDA).

La Poste Groupe sets out its commitments in the following frameworks:

- in terms of combating climate change, protecting the environment and biodiversity:
  - RE 100 since 2016,
  - IPC sector commitment,
  - French climate pledge,
  - TCFD (Task Force on Climate-related Financial Disclosures) supporter since July 2019,
  - corporate engagement program (SBTi for nature) January 2021,
  - Science Based Targets (carbon trajectories of La Poste SA and La Banque Postale, respectively validated in 2019 and 2021),
  - "Business Ambition for 1.5 °C" pledge of the SBTi, October 2021,
  - cooperation with WWF France for zero carbon delivery;
- in the digital sector:
  - Responsible Digital Charter (2019),
  - Inclusion Manifesto [2] (2019),
  - Planet Tech Care Manifesto [3] (2020).

La Banque Postale (and its subsidiaries LBP AM and CNP Assurances), which has been publicly engaged since its creation in numerous industry initiatives to promote more sustainable finance, joined the following industry initiatives in 2021:

- Net Zero Banking Alliance;
- Net Zero Asset managers Initiative;
- Finance for Biodiversity Pledge;
- CDP signatory;
- PRB Commitment to Financial Health and Inclusion.

(1) The annual GC Advanced Communication on Progress in implementing the 10 principles of the Global Compact consists of detailed disclosures on 21 criteria.
(2) Through this manifesto, La Poste undertakes to implement proactive policies on a dozen key areas, working with the French Ministry of Education and educational institutions to facilitate the integration and development of young disabled people in the world of work, including the initiation of innovative collaborations with the disabled and sheltered sectors, the change in recruitment methods or the integration of digital accessibility in IT master plans.
(3) Planet Tech'Care is a platform that aims to support companies involved in integrating digital technology into their environmental strategy and supporting training players in the development of skills in responsible digital technologies.

ESG recognition

For several years now, La Poste Groupe has had a proactive approach to assessing its ESG performance and is regularly assessed by six organisations[1]. This enables it to ensure the quality of its overall corporate social responsibility approach and to remain vigilant about all CSR requirements and issues. In 2021, the ESG rating agencies once again praised La Poste Groupe's momentum for progress. This recognition resonates even more within the group in 2021 as the composite index made up of CDP, EcoVadis and VE ratings is part of the monitoring indicators of the new strategic plan. As a component of the management roadmap, business ethics, climate change, responsible customer relations, human capital and societal commitment are part of the group's performance measurement.

CSR ratings

V.E
N°1 in the world, all sectors combined
Score : 77/100 in October 2021

CDP DISCLOSURE INSIGHT ACTION
Leadership – A List
Intermodal transport & logistics
Score : A in December 2021

ecovadis
Platinum
As a Top 1% supplier
Score : 75/100 in September 2021

3

Identification of major CSR risks

La Poste Groupe is exposed to major CSR-related risks, which are described in Chapter 2 Risk management. The identification and management of these CSR risks are part of the group's risk management system (see Section 2.2 Risk management and internal control system). The eight major CSR-related risk factors used in La Poste Groupe's statement of non-financial performance, pursuant to Order No. 2017 1180 of 19 July 2017 are as follows:

"Net level of criticality" key

critical ●●●●
major ●●●
moderate ●●
minor ●

"Risk factor trend" key

↗ improving
→ stability
↘ deteriorating

Risks	Criticality	Trend
4. Risk related to changes in the carbon regulations applicable to the Express sector	●●●●	New risk
8. Quality of service as perceived by customers	●●●●	→
9. Transformation of the group's networks and production tools	●●●●	→
11. Development of the employability of La Poste employees	●●●	→
13. Adaptation to environmental and societal challenges	●●●	↘
14. Non-compliance	●●●●	→
15. Business disruption in the event of a major crisis	●●●●	→
17. Helth and safety	●●●●	↗

The following issues, expected by law, are considered as immaterial for La Poste Groupe in view of its business model and activities:

- fight against food insecurity;
- food waste;
- animal well-being;
- responsible, fair and sustainable nutrition.

(1) Find the ESG ratings of La Poste Groupe on the website www.lapostegroupe.com

3.1.2 CSR ISSUES AND GOVERNANCE

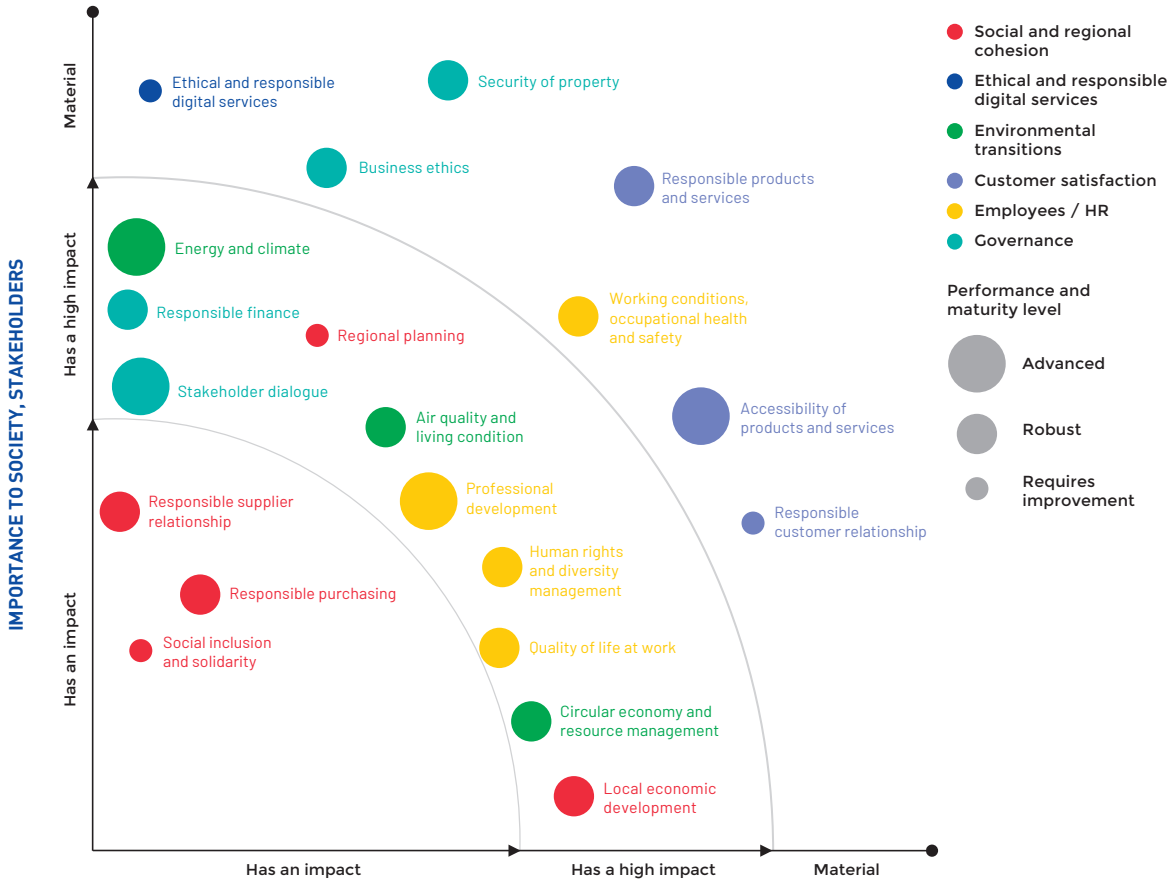
Stakeholder consultation and materiality matrix

La Poste Groupe's societal commitment is based on a rich and complex ecosystem of stakeholders. Regular dialogue is fostered at all levels of the Company. These discussions and the identification and regular updating of stakeholder expectations enable La Poste Groupe to extend its responsibility throughout its value chain.

The participative approach is a very structuring system for La Poste Groupe. It materialised:

- in 2020, through a consultation of all La Poste stakeholders (140,000 people – postal workers, customers, partners, elected representatives, citizens, suppliers – took part in this system). Their contributions were incorporated into the development of the new strategic plan "La Poste 2030, committed for you", launched in February 2021 and accompanied by a feedback mechanism for stakeholders;
- a wide-ranging consultation, led by the societal commitment Department and all its stakeholders, orchestrated in 2020 with a view to drafting the *raison d'être*, involving around thirty employees and around one hundred external stakeholder representatives by major category (individual customers, VSEs, SMEs and mid-sized companies, key accounts, elected representatives and local authorities, elected members of Parliament, partners and suppliers) and internal stakeholder representatives;
- in addition to these two previous exceptional consultations, La Poste Groupe incorporates the expectations of its stakeholders in a regular update of its materiality matrix. The last update took place in 2019 based on the guidelines of the ISO 26000 standards, the SDGs and the Global Reporting Initiative (GRI). La Poste Groupe did not repeat this entire exercise in 2021, but launched a vast impact analysis project. The objective of this project is to put into perspective the notion of the group's positive impact and to measure and value this impact based on indicators reflecting the commitments made as part of its new status as an "*Entreprise à mission*" (a mission-driven Company).

Materiality matrix



Strengthening of governance bodies and tools

To conduct and coordinate its corporate social responsibility policy, the group has put in place a governance system to mobilise employees and each business unit and subsidiary to contribute to its commitments in ways specific to its activities, on the basis of a common core of orientations and values. The governance bodies are responsible for defining the group's CSR policy.

The interdependent nature of the environmental, social and societal issues serves the group's resilience and stakeholder satisfaction. It is supported by all company levels and functions. Note : e graphe a des encadrés danns la 1re colonne absents dans la VF)



(1) For more details, see section 4.1 Gouvernance structure.

(2) For more details, see La Poste Groupe's CSR report for 2021, available for download on La Poste Groupe's website.

The inclusion of CSR criteria in the management compensation system supports this valuation of ESG performance. The Chairman's roadmap is broken down into compensation criteria for:

- 25% of the variable compensation of Executive Committee members;
- 35% of the variable compensation of other senior and strategic executives at the head office;
- 10% of the variable compensation of other business unit senior and strategic executives (with the exception of strategic executives of the Services-Mail-Parcels business unit).

The criteria used depend on the achievement of the objectives of the new strategic plan, including the CSR ambitions, and each determine 25% of the "Chairman's roadmap" portion:

- the achievement of the "a responsible, citizen group" objective, including:
  - customer satisfaction (5%),
  - reduction in the group's net GHG emissions (5%),
  - decrease in the frequency of accidents at work (5%),
  - the "Quality of life at work" rating (5%),
  - improving the rating from ESG rating agencies (5%);
- the achievement of the "a multi-business group going digital" objective.

Customer satisfaction and responsible customer relationship

Customer satisfaction is at the heart of the strategic plan, "La Poste 2030, committed for you". It is a priority shared by all. Five priority objectives have been identified to put the customer at the centre of its vision:

- place customer satisfaction at the heart of the priorities and governance;
- better identify and articulate the different value chains around customers;
- make delivery networks the levers of relational and omnichannel transactional excellence;
- review all processes with regard to the end customer in the design of offers and journeys;
- innovate to remain the preferred intermediary for the end customer and develop personalised services that meet emerging uses.

Numerous projects and actions have been undertaken to put the customer at the heart of the group's organisation. Assisted by the creation of the Customer and Delivery Coordination Committee [(1)], the achievements of 2021 include:

- handling customer complaints at post offices in 100% of the market areas and handling 10,000 complaints every week in 2021. Customer satisfaction increased from 4.2/10 in 2020 to a cumulative 5/10 at the end of August 2021;
- the implementation of a Google review tracking system in 1,600 post offices;
- continuing to deal with everyday irritants: increasing the reliability of the opening hours of the main post offices, reducing waiting times, implementing service standards in post offices, increasing the rate at which banking advisors pick up the telephone.

Studies show a strong expectation from customers to express their personal commitment to the environment and society through their consumption. In response, the group wishes to develop and enrich its responsible customer relationship through a range of products and services that:

- help customers to act for the environment, society and their region;
- adapt to customers' difficulties in the face of increasingly rapid changes in society (digital evolution, administrative procedures, etc.).

The consumer ombudsman's office intervenes at the request of La Poste Groupe's consumer customers, to seek a solution to unresolved consumer disputes relating to mail, parcels, express parcels, banking services and new services. Its area of expertise covers all La Poste Groupe services and products (except La Poste Mobile). In 2021, La Poste Groupe's ombudsman's office received 17,725 mediation requests, of which almost 5,000 were admissible for mediation and must therefore be investigated on their merits by the ombudman's services. In accordance with the law, it publishes its annual activity report, which can be consulted on its website. https://mediateur.groupelaposte.com

3.1.3 COMPLIANCE, A LEVER FOR SAFEGUARDING AND SUSTAINABLY DEVELOPING THE GROUP

The ambition of La Poste Groupe is to share with all its employees a culture of Compliance, which is embodied in all of its business lines on a daily basis. The compliance of domestic and international activities is a crucial issue for the group. Through its role of defending against risks with a high impact in terms of image and operational losses, the Compliance function aims to safeguard the group's activities to enable it to ensure the sustainability of its development and contribute to preserving its status as a public sector "*Entreprise à mission*" (mission-driven Company).

The group has thus decided to strengthen its position in terms of compliance, as part of its new strategic plan "La Poste, committed for you", through the creation on 1st July 2021 of a Group Compliance Department, reporting to the Executive Vice President, General Secretary of La Poste Groupe.

(1) This committee prioritises projects and their promotion in communication to strengthen the appeal of the La Poste brand. It organises inter-business cooperation around the improvement of the retail customer experience and multi-activity distribution with a banking priority.

In terms of governance, several bodies review and manage the Compliance process:

- the group's Executive Committee and the Audit Committee of its Board of Directors review the progress of the work of the Compliance Department once a year. On proposal or at their request, thematic presentations, related to current events or to significant regulatory changes, are also made. In December 2021, the new Compliance Department presented its organisation, *raison d'être* and roadmap for 2022;
- the group's Executive Committee monitors major and operational risks and assesses the progress of non-compliance risk management plans;
- in addition, Steering Committees by area of activity: professional conduct/ethics, anti-corruption, duty of vigilance, competition and GDPR, led by the Compliance Department, meet several times a year, in the presence of the Compliance Directors and their business unit and subsidiary officers.

3.1.3.1 Ethics and professional conduct, the cornerstone of Compliance

Ethics and professional conduct have been part of the history of La Poste Groupe since 1790 with the taking of the oath. Today, they are illustrated in particular by the Code of Ethics and Anti-corruption incorporated into the group's internal rules of procedure and applicable by all employees. It sets out all the rules of individual and collective conduct and is supplemented by a certain number of policies, including the policy on gifts and invitations, and the policy on conflicts of interest.

Whistle-blowing procedure

Since 2011, a whistle-blowing system has enabled employees to ask questions about ethics or professional conduct or to report breaches of the Ethics and Anti-Corruption Code, the group's Charters (purchasing, interest representatives, etc) or breaches of various laws and regulations (French and international).

This system is based on a single Internet address, accessible 24 hours a day, seven days a week, which preserves the confidentiality of whistle-blowers and reinforces the level of security and accessibility. The processing of alerts is carried out by the ethics officers and lead experts according to a process for handling alerts formalised in a guide.

Employees who have activated the whistle-blowing system benefit from the protection of whistle-blowers.

In accordance with the law on the duty of vigilance, the whistle-blowing system is also accessible to employees of suppliers, service providers and subcontractors. By signing the "ethical and responsible purchasing Charter", they commit to bringing the system to the attention of their employees. The terms and conditions of this procedure are also included in the terms and conditions of purchase. In addition, suppliers, service providers and subcontractors are informed individually of its operation.

These reports are processed by the Purchasing Department which may request input from experts within the departments or operational entities.

	2021	2020
Number of alerts [(a)] processed	388 [(b)]	208
Rate of trust in the Company to provide protection if the system is used (among respondents)	62%	64%

(a) The number of reports processed by La Poste Groupe corresponds to all alerts, requests and requests for advice.
(b) The scope of the data includes La Poste SA and its subsidiaries, La Banque Postale SA, La Poste Télécom, La Poste Immobilier.

Breakdown of alerts/reports by subject

Code of conduct	31%
Conflicts of interest	18%
Anti-corruption compliance	13%
Banking compliance	10%
Relations with third parties	7%
Harassment	4%
HR management	3%
Cybersecurity	3%
Discrimination	2%
Others	9%

Raising awareness about ethics

A smartphone app dedicated to ethics and professional conduct is available to employees. It provides access to news, reference documents, information on La Poste's ethics system and awareness-raising mini-modules.

Annual ethics climate survey

La Poste Groupe is one of very few companies in France to measure the awareness levels of employees on ethics and professional conduct matters. The Annual ethics climate survey was carried out for the ninth consecutive year in early 2022. It was entrusted to the IPSOS institute.

2,968 employees responded to the survey (an increase of 28%):

- 83% of employees believe that their company behaves ethically in its activities;
- 75% of employees feel concerned by the actions taken in terms of ethics and compliance;
- 75% of employees were made aware of ethics or compliance in the last 12 months;

- 74% of employees know that there is a whistle-blowing procedure;
- 83% of employees would be ready to issue an alert if they saw an ethical problem.

3.1.3.2 The corruption prevention plan

The group has a zero tolerance policy on corruption in all its forms. Compliance with laws and regulations in the field of preventing and combating corruption is one of the essential components of relations with internal and external stakeholders. In line with the commitment of the members of its Executive Committee, the group is continuing to work on a systemic approach to its corruption prevention plan and with a view to broad coverage given its international development.

Coordinated actions

In 2021, compliance work, taking into account the new recommendations of the French Anti-corruption Agency published on 12 January 2021, focused on:

- a reference corpus of documents enriched with:
  - the revision of the gifts and invitations policy. It includes more restrictive thresholds and new prohibitions. It is accompanied by a declaration and approval procedure and applies to the scope of La Poste SA and its subsidiaries. The conditions implemented in the subsidiaries may be more stringent depending on the local context and the subsidiary's risk exposure,
  - a conflict of interest policy that describes the system put in place to identify, assess, manage or mitigate any conflicts of interest that arise. The declaration of a conflict of interest is a necessary guarantee of transparency which makes it possible to avoid sensitive situations and to anticipate harmful consequences for both the employee and the group;
- a simplified and harmonised mapping of corruption and influence-peddling risks for Headquarter, by grouping risks by process, rather than by department: all the *scenarii* grouped together within the same risk enabled the risk management systems to be updated by process/theme. The new version of the group-wide mapping was presented to the group Risk Committee in September 2021, as part of the review of the risk profile;
- assessment of third-party suppliers: in order to strengthen the initial assessment system, the group launched the Safeguarding Procurement Compliance project in May 2021. It aims to implement a single system and associated tools open to all group entities that will enable them to assess suppliers in terms of anti-corruption (and other areas of compliance). This project will be rolled out in the first half of 2022;
- new procedures relating to transactions deemed to be at risk by the AFA have been created: the accounting control guidelines on anti-corruption has been enriched by taking into account the updated 2021 mapping, and walk-through tests have been carried out on more than a hundred operations;
- training: the e-learning module dedicated to the prevention of corruption was deployed in 2021 for La Poste SA, La Banque Postale and GeoPost SA. A new e-learning course on conflicts of interest was also integrated into the La Poste SA training platform in April 2021;

La Poste SA, La Banque Postale and GeoPost SA	2021	2020
Number of employees trained in anti-corruption [(a)]	22,191	10,097
Number of employees trained in conflicts of interest [(b)]	2,822	NA

(a) Basic training.
(b) The training on conflicts of interest has been deployed at La Poste SA.

- identification of disciplinary sanctions: in order to strengthen the risk management systems, a reporting process was designed and rolled out in 2021 for La Poste SA scope ;
- changes to the control system in 2021: the self-assessment campaign has been replaced by a second level control relating to non-compliance risks and operational risks. It has been rolled out to the entire group, with each business unit and subsidiary being responsible for applying it to their own subsidiaries. Third-level controls or internal audits are carried out by the group's Audit department, with two audits conducted on two French subsidiaries in 2021.

3.1.3.3 Vigilance plan

La Poste Groupe has updated its vigilance plan, in accordance with the law on the duty of vigilance of parent companies and contractors.

This plan, which appears in Appendix 1 of this Universal Registration Document, describes:

- the scope and governance of the group's vigilance plan;
- identification and prioritisation of risks: risk mapping;
- the assessment procedures and actions to prevent and mitigate the risks of serious breaches of vigilance's duty obligations related to the group's activities and those of its suppliers;
- the whistle-blowing and reporting mechanism;
- communication actions to raise awareness among employees;
- the system for monitoring vigilance measures through the performance indicators monitored and the changes that will be made by the group in 2022.

3.1.3.4 Personal data protection

The Data Protection Officer (DPO) now reports to the Compliance Department, in accordance with Article 38 of the GDPR on the performance of the DPO's duties.

The measures implemented by La Poste Groupe have enabled it to make progress in the implementation of a robust data protection system to ensure the compliance of the personal data processing that it carries out.

The group's GDPR governance is ensured by a GDPR Steering Committee that meets every two months. The DPO also presents to the Audit Committee of the Board of Directors an annual report on the progress of the deployment of the GDPR in the group.

The compliance programme includes:

- an organisational component, with the setting up of a "data protection" organisation within the group, including, in particular, Deputy DPOs and data protection officers in the various group entities;
- an IT component, with the implementation of data protection from the design phase of projects (privacy by design) and the compliance of new and existing applications;
- a legal section, including the updating of information notices and subcontractors' contracts to ensure their compliance with the GDPR. In 2021, the GDPR clause was updated, following the publication by the European Commission of new guidelines. A data protection impact analysis programme is carried out to ensure compliance of the processing operations requiring this type of analysis;
- an awareness-raising and training component for employees on personal data protection, which is based on the group's data protection Intranet, accessible to all group employees, and on several training modules;
- an initiative for La Poste Groupe's data protection community, in the form of a series of information and discussion meetings known as "Data protection meetings" (seven meetings in 2021);
- a risk management component through a permanent control plan applied for the first time in 2021.

La Poste Groupe	2021	2020
Number of people trained	3,000	5,800
Number of complaints received from the CNIL	26	43

3.1.3.5 Competition compliance

In 2021, the area of competition compliance was attached to the Compliance Department. La Poste Groupe has a competition compliance programme that covers most of the group's activities in France.

It includes all the measures detailed below:

- La Poste Groupe, through its Chairman and Chief Executive Officer, the members of La Poste's Executive Committee, as well as the members of the Executive Committees or Management Committees of the business units and subsidiaries, formally reaffirmed its commitment to comply with the competition rules in 2021;
- La Poste Groupe has formalised its policy by drafting several framework documents: competition law guidelines, a competition code (appended to the internal rules of procedure) and a guide to participating in workplace associations. These documents formed the foundations of a major awareness-raising campaign and were sent to all group employees who may encounter problems relating to competition law and they are available at all times on the traditional communication methods;
- a large-scale training campaign with numerous face-to-face training sessions and the design and delivery of an e-learning module, freely accessible to all employees. At the end of 2021, more than 4,700 employees had been trained in competition law;
- a whistle-blowing channel dedicated to competition law is also in place to collect reports. No alerts were recorded in 2021;
- the competition compliance programme was integrated into the internal control system through specific self-assessment campaigns and the operational risk mapping was deployed.

In 2021, the group committed to maintaining the programme already fully deployed in 2020, and to adapting it to the new requirements. The group plans to further expand its scope of coverage in the coming years to effectively protect all of the Company's entities and its employees from competition law risks.

3.1.3.6 Tackling tax evasion

La Poste Groupe recognises the important role of tax compliance in its strategy and is committed to applying a tax transparency policy.

Tax policy implemented by the group

La Poste Groupe is committed to paying its fair share of taxes in the countries where it operates, in accordance with the laws and conventions in force. In 2021, the consolidated amount of corporate income tax recognised by La Poste Groupe was €620 million. In addition to corporate tax, La Poste Groupe pays and collects numerous contributions, such as payroll taxes and social security contributions, sales taxes and local taxes specific to each country, as part of the group's economic contribution to the countries in which it operates.

La Poste Groupe's tax policy aims to prevent tax evasion. The group is careful not to implement aggressive tax arrangements disconnected from operational reality or artificial tax arrangements. No entity of La Poste Groupe is located in a country which is on the French or European list of Non-Cooperative Countries or Territories (NCCT).

La Poste Groupe seeks to have a responsible tax policy by building a lasting, transparent and professional relationship of trust with the tax authorities. The group also seeks to maintain a constructive dialogue with government bodies, particularly through its active participation in public consultations organised by the Government.

Transfer pricing

The group complies with the principles and obligations arising from the Base Erosion and Profit Shifting (BEPS) action plan of the OECD in respect of transfer pricing. As such, the group files all required transfer pricing documents, including country-by-country reporting (CBCR) guaranteeing transparency with the tax authorities.

Intra-group transactions are carried out in accordance with the group's transfer pricing policy, which is based on the arm's length principle (*i.e.* on terms that would have been agreed between independent parties). It should be noted that intra-group transactions between companies resident in different States are relatively limited given the nature of the activities carried out and their majority location in France.

Management of tax risk and rules on combating tax fraud (Act No. 2018-898 published on 24 October 2018)

The group recognises that fiscal risk management is an integral part of good governance.

The group's tax affairs and the management of tax risks are the responsibility of a team of qualified and appropriately-trained tax experts, who work under the supervision of the group's Chief Financial Officer. They ensure the support of the operational activity in compliance with the applicable regulations and only use tax incentives after taking into account their impact on the group's reputation and its corporate social responsibility.

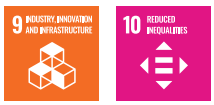
In 2021, La Poste Groupe did not take part in any tax disputes.

The group's tax policy is public and available on its website (www.groupelaposte.com).

3.2 SOCIETAL COMMITMENT POLICY

La Poste Groupe's societal commitment policy is based on the four pillars defined by the social and environmental objectives now included in La Poste's Articles of Association.

3.2.1 CONTRIBUTING TO REGIONAL DEVELOPMENT AND COHESION



Ambitions

By combining human proximity and technological maturity, La Poste helps tackling regional inequality. It gives local authorities the resources to act, enables retailers and companies to grow and gives citizens more freedom. To contribute to regional development and cohesion, La Poste is committed to:

- adapting its presence formats to local needs;
- supporting local authorities in their transitions;
- supporting local economic players in their development;
- developing a responsible purchasing policy;
- innovating for regional ecosystems.

Policies, actions and results

Adapting postal coverage formats to local needs

By being ever more present thanks to the combined power of its physical, digital and human networks serving customers and citizens, La Poste is committed to combatting the regional divide. Through all of these channels (physical, remote and human), La Poste is:

- in physical contact with approximately one million people every day;
- connected to 27.8 million unique visitors per month *via* remote channels (www.laposte.fr).

The 17,038 La Poste's retail outlets place more than 95% of French people within five kilometres of its services, in accordance with its public service mission [(1)] (see Section 1.4.2 Regulations applicable to the public service missions).

The postal retail outlets are divided into 7,298 post offices and 9,740 offices in partnership (with local authorities, retailers or associations). Thanks to its formats developed in partnership, and its France Services certified offices, La Poste guarantees local support and helps maintain large public operators in rural areas, in "*Quartier prioritaires de la Politique de la Ville*" (urban priority neighbourhoods) and "*Quartiers de reconquête Républicaine*" (high priority urban neighbourhoods). It also helps maintain the economic vibrancy of certain regions, notably through its networks of pick-up and drop-off points, which are among the densest and most extensive on the market. Its aim is to ensure that over 95% of Europeans are located no more than 15 minutes away from a Pickup network pick-up or drop-off point.

Supporting local authorities in their transitions

By offering numerous services in response to the challenges faced by local authorities, La Poste supports their public policies related to supporting demographic, environmental and digital transitions in their regions. Thanks to its knowledge of the regions and their inhabitants, the group offers numerous services to local authorities. It facilitates decision-making by elected representatives in the major areas of local public service activities, by producing a graphic and cartographic regional overview structured around six themes (demography, housing, economy, Silver economy, mobility, regional planning).

The group can thus support the modernisation of public service activities with local authorities. As part of its development strategy and in application of its civic commitments formalised in the Public Service Agreement, La Poste has offered to contribute to the "*Action Publique 2022*" (Public Action 2022) programme. It aims to simplify the access of all citizens to services in the regions, to involve them in the co-production of public service activities and to promote their digital inclusion. La Poste offers services such as:

- a Citizen Relations Management solution: more than 840 municipalities have adopted this service, which allows residents to access numerous services at any time *via* digital channels;
- a solution for assessing the digital maturity of a local authority;
- the distribution, handling and after-sales service to schools of the SQOOL digital tablet designed by Unowhy.

(1) Achieve 90% of the population which is less than 5 km or less than 20 minutes by car from a La Poste's retail outlet.

La Poste is committed to the "*Action Cœur de Ville*" programme initiated in December 2017. La Poste proposes to the 222 cities concerned to support their strategy by mobilising physical and digital services, in line with the new urban dynamics. It focuses on four of the major issues observed in the regions of the cities concerned:

- real estate and the hybridisation of services, La Poste proposing to contribute to the development of places with new services, such as serviced senior residences;
- the revitalisation of local shops through the appropriation of digital tools by retailers in city centres, through the *Ma Ville Mon Shopping* service;
- the association of residents and all stakeholders in the life of the city, by thinking upstream of projects until their financing and by mobilising participatory tools, such as the *Cap Collectif* participative platform used for the Great Debate;
- supporting transitions towards the sustainable city, through new forms of mobility and access to digital services, and the control and reduction of energy consumption, notably with the Sobre tool.

La Banque Postale is the benchmark bank for financing the local public sector, and the long-standing partner of social housing associations:

- first bank lender for local authorities with the green loan which supports the environmental transition of local authorities;
- eight out of ten social housing associations are supported by La Banque Postale, thus supporting the development of social housing and the renovation and rehabilitation of buildings.

In 2021, La Banque Postale successfully completed its first "social" bond issue for €750 million. This issue enables La Banque Postale to finance and/or refinance its projects based in France in the areas of social housing (76%) and access to essential health services (24%).

La Banque Postale also works with local authorities on social action, via its subsidiary Domiserve (financing, management of assistance plans and organisation of services to individuals). Domiserve manages the APA (personalised autonomy allowance) and the PCH (disability compensation benefit). The acquisition in 2021 of Hippocad, which offers remote management solutions for home care assistance, strengthens Domiserve's positioning.

Supporting local economic players in their development

By developing local services and appropriate financing solutions, La Poste supports local economic players and is a major player in regional economic development.

La Poste is developing a local offer for retailers, craftspeople and local businesses to support them in their development, for example:

- Proxi Courses: home delivery of groceries, medicines or cultural goods for pharmacies and other shops, media libraries, etc. helps to open up the most isolated households, particularly people with reduced mobility;
- Proxi Equip: the home installation of small items of equipment by postmen (scales, blood pressure monitors, etc.) for remote assistance, telecommunications or simple healthcare companies, etc. helps to reduce the digital divide and to deploy more home services;
- Proxi Equip POS: the installation by postmen of POS (point-of-sale advertising) intended for advertisers of consumer goods, but also for local authorities for prevention campaigns makes it possible to increase the performance of advertising campaigns and the good dissemination of information to town halls;
- *Ma Ville Mon Shopping*: the online sales platform, created in 2017, allows 8,000 traders, craftspeople, local producers and restaurateurs to offer their products very easily.

Financing of companies, notably SMEs and associations by La Banque Postale has enabled it to support some 11,000 SMEs and mid-market customers in particular. In developing a complete range of products for SMEs, La Banque Postale is also the leading bank for provident institutions. It provides half of the payment of supplementary pensions in France.

La Banque Postale also supports the collaborative economy and more specifically crowdfunding, in which it is heavily involved. KissKissBankBank & Co, a wholly-owned subsidiary of La Banque Postale, is one of the leaders in crowdfunding in Europe (including the four platforms: KissKissBankBank, Goodeed, Lendopolis [1] and since mid-2020, microDon). Impact finance which now represents more than €284 million collected in the KissKissBankBank & Co universe, with tangible projects that make it possible to raise awareness about the meaning and scope of the challenges to be met.

Developing a responsible purchasing policy

As part of the strategic plan "La Poste 2030, committed for you", the Purchasing Department reviewed its roadmap in 2021. It now breaks down six of the seven strategic objectives into purchasing objectives for 2025, including:

- on the green area: include 10% of CSR criteria in all consultations; and
- on the citizen area: increase annual purchases in the sheltered sector from €12 million to €20 million.

The implementation of this new strategy resulted in the overhaul of the responsible purchasing framework in 2021 (see Appendix 1 Vigilance plan):

(1) The activities of the Lendopolis crowdfunding platform (in the renewable energy sector and real estate).

- review of La Poste's purchasing policy, to anchor a common purchasing approach across the group;
- work on the development of La Poste Groupe's CSR Purchasing Policy.

Lastly, in 2021, the Purchasing Department made progress in its objective of formalising environmental and social requirements and criteria in the supplier selection process.

La Poste Groupe aims to reach €40 million in purchases from the sheltered and integration sectors by 2025. To this end, the group has remained mobilised, for example through:

- the partnership with the associations P@sàP@s and Handeco to organise meetings with the main players in the sheltered sector (in full or in part);
- the whole or part share of certain types of purchases of goods or services from the SSE (printing services, cleaning, end-of-year gifts, green spaces, small maintenance equipment, catering, etc.). These purchases are made from the disabled and sheltered sector, or from the integration through economic activity sector. Thus, in 2021, La Poste entrusted the management of 100% of its green spaces to a social integration company and received the CNA award for its exemplary procurement process for social mediation services.

Innovating for regional ecosystems

By developing local alliances with players in the social and solidarity-based economy, La Poste contributes to a more sustainable and inclusive economy to better meet the specific needs of each region.

La Poste Groupe has developed more than 1,300 local partnerships[1] with players in the social and solidarity-based economy (SSE). This dynamic partnership is embodied by the Dynamic Alliance, which brings together the SSE players committed with La Poste Groupe to working for a positive impact in the regions. The Charter of the Dynamic Alliance defines the shared values, ambitions and areas of action on which La Poste and its partners wish to act together, to enhance the attractiveness of the regions and the well-being of the citizens that live there.

La Poste Ventures was created in 2021. This new private equity fund for start-up completes the range of start-up support tools put in place by La Poste: the incubation of fintech and insurance start-up with platform58, the incubator of La Banque Postale, the acceleration of start-up with the French IoT programme, the Lab Fab, which develops industrial innovation in the field of logistics, and the support of start-up in the process of being created with La Poste "*Coups de Cœur #FemmesduNumériques*" with the support of the KissKissBankBank crowdfunding platform.

	LA POSTE GROUPE		
Adapting regional coverage formats	**2021**	**2020**	**2019**
Proportion of the population which is less than 5km or less than 20 minutes by car from a La Poste retail outlet [a]	97.1%	97.1%	95.6%
Number of retail outlets in partnerships	9,740	9,377	9,266
Number of Pickup points (pick-up and drop-off points)	15,331	13,070	11,455
Supporting local authorities in their transitions			
Financing of the local public sector (in € billion) [b]	17.0	15.0	14.6
Amounts of green loans to local authorities (in € million)	1,981	1,161	300
Contributing to regional economies			
Number of jobs supported [c]	NA	493,000	460,000
Percentage of VSE-SME-mid-market suppliers [d]	87%	84%	81%
Value of purchases made from the workforce integration sector (SIAE) and disabled and sheltered work sector (STPA)	€29.7M	€25.7M	€26.2M
Number of partnerships within the Dynamic Alliance [e] obj Strat Plan	172	NA	NA

(a) Postal coverage agreement.
(b) Data relating to La Banque Postale.
(c) Study carried out in 2020 on 2019 data, with the scope of entities expanded year after year to quantify the jobs supported through its purchasing expenses and salaries paid, thanks to the Local Footprint® tool. This study was not updated in 2021.
(d) Number of SME-VSE-mid-sized companies compared to La Poste's total number of suppliers.
(e) Partnerships with structures of the social and solidarity-based economy, with a target of 150 new partnerships per year by 2025.

(1) With four types of partnerships: responsible practices (inclusive purchasing, social mediation in post offices, etc.); sponsorship (financial sponsorship, donation of end-of-life equipment, provision of logistics resources, skills-based sponsorship); societal innovation (co-creation of innovative solutions in response to public policies, example of cooperation on digital advisors to train citizens in a situation of digital illiteracy in everyday digital use); economic cooperation (e.g. SSE relay station, solutions for meal deliveries, etc.).

3.2.2 PROMOTING SOCIAL INTEGRATION



Ambitions

In order to promote social integration, La Poste Groupe develops useful, innovative and inclusive local services for all. Ageing and the movement of populations towards the peripheries lead to phenomena of isolation, or even exclusion. Young people also face difficulties in integrating into society. The group thus supports young people in their entry into the workforce, and seniors in ageing well at home. It ensures banking accessibility for the most disadvantaged, promotes the integration of people excluded from employment *via* a responsible purchasing policy. It supports integration and equal opportunities, through the civic commitment of its employees.

Policies, actions and results

La Poste Groupe aims to develop useful, innovative and inclusive local services. To promote social integration, La Poste is committed to:

- ensuring the accessibility of post offices;
- the Retail Customers and Digital Services business unit is committed to a major modernisation programme to facilitate the accessibility of post offices, products and services to disabled people;
- deploying inclusive offers;
- promoting the integration of young people and equal opportunities;
- deploying a philanthropic and general interest policy.

Ensuring accessibility of post offices and websites

The Retail Customers and Digital Services business unit is also involved in a major modernisation programme to facilitate the accessibility of post offices, products and services to disabled people.

As part of the programme of planned accessibility schedules (Ad'AP), the La Poste Network has undertaken to continue to make post offices accessible by 2024. At end 2021, 80.5% of post offices have a sales area accessible to all disabilities, and 60% have a sales area and exterior access adapted for persons with reduced mobility (PRM). In addition, 98% of automated teller machines (ATMs) are either directly accessible to people with reduced mobility or located in the immediate vicinity of another accessible ATM. The accessibility of La Banque Postale's self-service ATMs and TLS (self-service terminals) for the blind or visually impaired increased by 2.9 points in one year, rising to 93.7% at the end of 2021. Finally, 100% of the 100 ATMs located inside the offices are accessible to disabled people.

La Poste Groupe is responsible for making all its digital media, websites and extranet accessible. Its teams are working to make them easy to access, intuitive and responsible:

- the website www.laposte.fr is accessible to visually impaired people and complies with current standards. For the deaf and hard of hearing, Internet access *via* webcam and in French sign language operated by deaf employees is available;
- the Intranet site "Digital & accessible" for the Company's employees centralises all the methodological resources and best practice required to make digital media accessible, regardless of the functions concerned: purchasing, IT, communication, etc.;
- a team of internal auditors is now in place to accelerate the assessment of the accessibility of the sites and applications developed. The aim is to roll out such audits in all of the entities' Information Systems Departments.

Deploying inclusive offers

Operated by postal workers or through partnerships, inclusive local services are a strategic development focus for the group, particularly with the Silver economy and Healthcare.

La Poste offers a range of services, particularly, but not exclusively, aimed at seniors, with the ecosystem of local players. The specificity of the service lies in the presence of a La Poste employee dedicated to this mission, who provides permanent physical reassurance by liaising with the services adapted to each individual's needs (remote assistance, digital tablet, night lighting, postman visits to maintain social interaction, meal and medication delivery, etc.).

Acting for health, well-being and ageing well at home is a major social issue throughout France. The local service offer for seniors *Veiller sur mes parents* (Watch over my parents) driven by the Silver division of the Services-Mail-Parcels business unit (see Section 1.3.1 Services-Mail-Parcels), Silver economy & Healthcare is emblematic of the diversification undertaken by La Poste in 2015. This offer covers a range of services: home health and well-being, delivery of cash, meal delivery, cleaning/gardening/DIY (*via* Axeo), connected living (*via* Ardoiz), financing of works and health and accident insurance.

With regard to home healthcare, the group relies on its skills as a logistics provider, insurer and banker, as a local network operator and digital trusted third party to become a key player in the home healthcare sector. The group target itself as an operator and partner in healthcare to:

- beneficiaries of health care and services;
- public sector healthcare providers (*Caisse Nationale de l'Assurance Maladie*, hospitals, etc.);
- the private sector (insurance companies, etc.).

The services developed, notably through the acquisitions of Asten Santé (support for patients suffering from chronic diseases), Diadom (delivery of medical equipment), Nouveal e-santé (digitisation of the medical journey), Newcard (remote monitoring of patients) allow support for chronically ill patients or patients with loss of autonomy in the use of medical equipment or consumables and access to health services and information *via* digitisation.

The group is involved in several initiatives to enable home care as long as possible, in order to reduce the number of hospital stays and contribute to the "ambulatory care shift" in hospitals:

- in addition to the detection of frail elderly people carried out by postmen on behalf of healthcare organisations, La Poste participates in the World Health Organization (WHO) ICOPE programme. The purpose of having postmen assess the frailty of older people at home is to maintain or restore their functional capacities, thanks to the implementation of specific geriatric programmes;
- to serve this collective interest in prevention, many other campaigns can be relayed by postmen, such as influenza vaccination awareness, detection of colon cancer, etc.;
- the Covid-19 health crisis has highlighted the need for hospitals to prioritise acute care and for healthcare professionals to free up useful medical time; remote monitoring at home by a healthcare professional can help.

Finally, the transformation of office buildings into serviced senior residences is part of the group's development in the Silver economy. An agreement signed by La Poste Immobilier in October 2020 together with real estate partners will enable the creation of a first series of serviced senior residences in the heart of the city (Brest, Châteauroux, Saint-Étienne, Auch, Villefranche-de-Rouergue and Amiens) (see Section 1.3.5 La Poste Immobilier).

Making banking and insurance services accessible to all is one of the specific features of La Banque Postale. It is the only bank with the banking accessibility mission defined by the law on the modernisation of the economy of 2008. This commitment was confirmed by the public service contract for 2018-2022 (see 1.4 Regulatory environment).

It must also prevent over-indebtedness and promote microcredit. La Banque Postale works to inform and raise awareness among people in financial difficulties and to offer them the most appropriate products and services. These include access to modern and inexpensive means of payment as well as local services. It develops citizen banking products by facilitating social home ownership, through loans adapted to the means of modest people. La Banque Postale welcomes 1.6 million customers in financial vulnerability.

La Banque Postale develops and implements specific actions, in particular:

- an early detection system for vulnerability in order to target customers with a high probability of falling into a situation of proven vulnerability;
- La Banque Postale's *L'Appui* programme, a banking and budgetary support platform for all La Banque Postale customers who are experiencing temporary or recurring financial difficulties;
- the corporate and poverty action tank, which promotes the development of experimental business projects that have an impact on reducing poverty and exclusion in France.

In addition, La Banque Postale launched the *Atout Simplicité* relationship programme in 2021. It supports customers in the event of hardship, offering them a range of offers and services adapted to their situation.

In terms of insurance, La Banque Postale and CNP Assurances support customers and social and societal changes, for example by offering targeted assistance and prevention services through its subsidiary, Filassistance International. Its network of services to individuals for seniors, *Âge d'or* (Golden Age), or its Lyfe digital platform offer health, well-being and ageing well services.

CNP Assurances is committed to offering savings solutions that are widely accessible (some life insurance policies distributed in France require a minimum subscription amount of €75) and for several years has been offering shared long-term care policies, which have maximum accessibility.

In Brazil, the Caixa Seguros Holding group, a subsidiary of CNP Assurances, is the first company to have introduced a funeral micro-insurance product on the market by marketing *Amparo* in 2011, which now covers more than 500,000 people. The group also offers two products for low-income people: a retirement product and a low-rate home insurance.

Promoting the integration of young people and equal opportunities

The development of a services offer adapted to young people is a strategic challenge for the group and is one of the five acceleration projects launched, in line with the new strategic plan. To become a partner for the autonomy of young people, to attract the customers and employees of tomorrow, the group is developing more widely the solutions already offered (Highway Code, online banking, e-CtoC, e-education, etc.) and building new combined and dedicated offers.

La Poste offers the possibility of taking the general theoretical driving license test (ETG) at a post office, used as an examination centre.

La Poste has extended its network of access points (more than 730 sites) to the general theoretical exam by creating new exam sites throughout France.

More than one million people (mainly young people) were welcomed there in 2021.

La Poste also supports young people in the digital transition of society through training and certification; it offers a solution that enables certification of the "CléA Numérique".

La Poste is committed to promoting social mobility by implementing a proactive inclusive social policy that promotes equal opportunities and facilitates the professional integration of young people and unemployed people, regardless of their origin. This policy is based on several pillars:

- as a responsible employer, La Poste is continuing its commitment to training and employing young people by welcoming interns and work-study students (many of whom come from urban priority neighbourhoods), and a commitment to recruit 1,000 young people per year (over 1,800 young people recruited in 2021);
- through its societal commitment, the La Poste Groupe supports numerous associations, through financial sponsorship and/or skills-based sponsorship in schools, during orientation, during remedial schooling, or through integration through employment programmes. La Poste thus supports young people to raise their awareness, train them and prepare them to integrate into working life;
- La Banque Postale, joined by the entire group, is committed to social sponsorship in favour of education and equal opportunities, with *L'Envol*. This scheme, supported by the French Ministry of Education, aims to promote the education of students from modest backgrounds throughout France. Innovative in terms of the length of support (from six to eight years), it provides the essential link between high school and higher education and sometimes continues until professional integration. Since its creation, *L'Envol* has supported 897 students.

La Banque Postale also offers young people attractive loans such as the personal student loan, apprenticeship loan or the one-euro-a-day loan for a driving license.

	LA POSTE GROUPE		
	2021	2020	2019
Promoting the integration of young people and equal opportunities			
Number of theoretical driving license tests taken at La Poste	1,060,673	935,170	968,101
Percentage of part-time employees from urban priority neighbourhoods	12%	11%	13%
Percentage of disabled employees (OED rate)[(a)]	NA[(a)]	7.7%	7.0%
Making banking and insurance services accessible to all [(b)]			
Livret A accounts with outstandings of less than €150	50%	49%	51%
Personal microcredits disbursed (including housing microcredit)	1,203	1,027	2,720
Clients supported by *L'Appui* (budget support)	33,303	29,870	9,329

(a) Data not available on the date of publication of this document.
(b) La Banque Postale scope.

3.2.3 PROMOTING ETHICAL, INCLUSIVE AND FRUGAL DIGITAL SERVICES



Ambitions 2030

La Poste Groupe wants to accelerate its digital transformation, develop digital trust services and contribute to digital inclusion. The health crisis has reinforced the omnipresence of digital technology, transforming interactions with customers (from multi-channel to omnichannel). La Poste Groupe's stated purpose is threefold:

- contribute to the advent of ethical digital technology, develop digital trust services and deploy new innovative solutions;
- assert itself as a privileged partner of the French State and local authorities to reduce the digital divide and illiteracy. The ambition by 2025 is to detect and train up to one million people excluded from digital technology per year;
- promote the ethical and responsible use of digital techniques while reducing their environmental impact.

Policies, actions and results

Three main policies support the group's commitment to ethical and responsible digital technology:

- act for ethical digital technology;
- act for inclusive digital technology;
- reduce the environmental footprint of digital technology.

Act for ethical digital technology

La Poste Groupe has undertaken a number of initiatives to contribute to the development of ethical digital technologies with a range of players. In 2019, La Poste Groupe was one of the first signatories of the Responsible Digital Charter of the French Institute of Responsible Digital (*Institut du Numérique responsible* – INR), which includes several components, notably related to the impact on the digital environment, the eco-socio-design of applications and the actual digital ethics. To democratise and deploy knowledge in a world that may seem technical, a detailed

guide explains the Charter to enable all technical players, but also all employees to understand its commitments and use.

Under the dual management (since 2018) of the group's information systems shared services centre and the Societal Commitment Department, the Responsible Digital Committee (CNR)[1] leads responsible digital governance for the entire La Poste Groupe (parent company and subsidiaries) and supports the operational IS teams and all of the group's business units. As part of the group's overall strategy, it defines annually the guidelines and commitments for the development of ethical, inclusive and frugal digital technologies at La Poste.

Workshops were set up in 2021 to cover all issues related to responsible digital: responsible IT purchasing, NR community, footprint and maturity, responsible design of Digital Services, reuse and management of Waste Electrical and Electronic Equipment, awareness-raising and training, digital accessibility, KPI, artificial intelligence ethics, NR certification, institutional monitoring and strategy.

During 2021, the group also continued the work carried out on the theme of ethical digital technology:

- participation in the work of the Cigref [2] on ethical sobriety;
- participation in the work of the National Digital Committee (CNNUM) to provide a responsible digital vision to the government, build a government roadmap on digital and the environment, and put in place the necessary tools for the implementation of the road map;
- participation, *via* the Institute of Responsible Digital, in the work of revising the Responsible Digital label to adapt it to a wider range of organisational profiles.

In addition, in 2021 the CSM IS, the internal IS supplier, launched an initiative to obtain the INR Responsible Digital certification, a continuous improvement approach aimed at reducing the environmental, economic and social footprint of information and communication technologies (ICT). After a self-assessment and audit, the award of the label will be decided in the first quarter of 2022.

In order to guarantee digital trust, including the ethical use of artificial intelligence (AI) in customer relations, the group has strengthened:

- **the framework,** by working in 2021 to develop an ethical AI Charter and to define the criteria for evaluating a service using AI from an ethical perspective;
- **human assets,** by extending the oath of respect for correspondence and amounts entrusted to La Poste employees to the digital field from 2016; the oath by La Poste employees on respect for digital data enables La Poste to be a trusted third party in the digital landscape;
- **technical assets,** a shared infrastructure (datalake). Its very design (security, traceability, consent, retention periods, etc.) allows projects that natively comply with the Data Charter and the GDPR;
- **the skills asset,** a centre of expertise in artificial intelligence, Probayes, with more than 50 data scientists, strengthens the group's skills and know-how in artificial intelligence to support the business units in their activity (predictability of traffic for GeoPost, fraud detection, Chatbot, "My online stamp", etc.).

Several programmes have been put in place to improve customer knowledge. The segmentation of customers based on the knowledge of their uses, the analysis of their multi-channel experience, Customer Indicators and the annual survey of customer uses are carried out in full compliance with the group's fundamentals and the Data Charter. A working group bringing together all business units has defined ethical principles in terms of artificial intelligence for the La Poste Groupe.

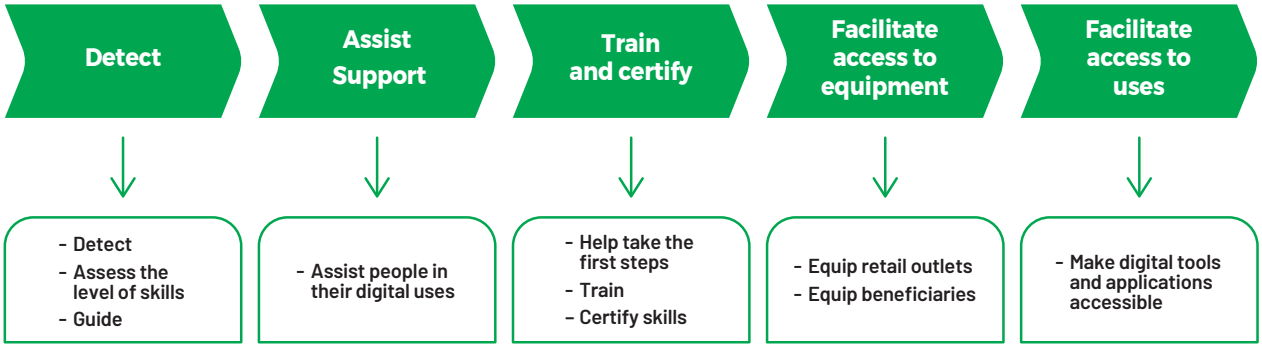
The presence of the "Tech & Trust" by Docaposte marker on the solutions proposed by La Poste guarantees its commitments. This marker attests to the values of trusted third parties held by La Poste Groupe, for companies and the public sector hosting their data on the group's servers.

(1) The Responsible Digital Committee is the steering body. It brings together players from the CSR and IS sectors, business units, subsidiaries and the group's technical and logistics departments, as well as the group's Purchasing Department, the Strategy Department, and the International and European Affairs Department. A digital accessibility expert and a contact for the eco-design of Digital Services complete this team dedicated to leading the responsible digital community.

(2) Association of Information Systems Directors of large French companies.

Act for inclusive digital technology

La Poste Groupe takes action and deploys action plans at each stage of the digital inclusion value chain. More than 400,000 citizens were supported, trained or equipped in 2021 by La Poste and its partners.



Thirteen million French people currently experience difficulty with digital services; half of them have no access to digital services and have no Internet, while others use it only rarely. Through the capillarity of its networks, its proximity to populations particularly affected by digital illiteracy and its know-how in terms of inclusion, La Poste Groupe has many assets and is positioned as a privileged partner of the French State and local authorities to accelerate the implementation of actions to reduce the digital divide. This involves meeting two challenges:

- massively identify the millions of French people excluded from digital technology;
- professionalise and standardise the offer to make it accessible and effective across all regions.

La Poste is supporting the momentum launched by the French government by actively contributing to the France Services digital advisor system. La Poste plans to deploy 100 digital advisors in 57 selected departments with the French National Agency for Regional Cohesion (*Agence nationale de la cohésion des territoires – ANCT*).

La Banque Postale has set up a digital banking inclusion plan with the support of the social start-up WeTechCare. This programme aims to identify customers who are far from digital technologies, provide them with the necessary support in the post office and direct them to the most suitable digital helper near the post office *via* a specific training workshop.

The mobilisation of the public service areas (*Maisons de services au public* – MSAP) and *Espaces France Services* is also part of the system to assist and support people excluded from digital technology:

- in 2021, over 200,000 people were assisted in their online administrative procedures by customer service representatives in the 524 MSAPs located in small towns and priority urban neighbourhoods;
- depending on the level of digital autonomy of each customer, the France Services agent supports them in browsing institutional sites, finding information relating to their file, carrying out online procedures, using the video conferencing service, etc.

The support for citizens is provided in addition to digital training courses leading to certification, such as *CléA Numérique*, an inter-professional certificate that recognises mastery of the fundamental uses of digital technology in a work environment. In conjunction with the Services-Mail-Parcels business unit, the objective is to deploy one site per department offering this certification by the end of 2021.

La Poste facilitates access to digital uses:

- digital inclusion also means secure access to documents, from any location, every day. The Digiposte digital safe makes it easier for 5 million users to store and access administrative documents. To enable everyone to access these tools, La Poste is working with social action organisations to tackle exclusion by making its digital safe available, entirely free of charge, to all financially vulnerable groups;
- moreover, a digital identity has become an essential component of daily life. La Poste provides an easy way for all citizens to have a digital identity, which is verified in person by a postman or a post office counter clerk. This initiative has simplified administrative procedures for 250,000 people to date.

La Poste Groupe ensures the compliance of its sites with regard to their accessibility (see Section 3.2.2 Promoting social integration). It deploys the usability of Digital Services for customers and employees.

Reduce the environmental footprint of digital technology

The environmental impact of digital technology is a growing issue in the context of a climate emergency combined with the growing need for connectivity. La Poste Groupe is mobilised with:

- the definition of a roadmap to reduce the environmental impact of the Digital Services business unit's offerings by 2025;

- the development of a best practice guide to reduce the environmental footprint of digital solutions;
- a measurement every two years of the footprint of the group's IT equipment;
- the definition of a framework of responsible criteria for the selection of IT equipment. The group wants to generalise the use of this standard for all IT purchases.

	LA POSTE GROUPE		
Acting for inclusive and ethical digital technology	**2021**	**2020**	**2019**
Number of people supported, trained and equipped in the use of digital technology [(a)]	400,000	250,000	NA
Number of digital identities	510,000	300,000	255,000
Smartéo digital tablets installed in post offices	11,000	15,100	10,000

(a) Number of citizens in a situation of digital illiteracy supported, trained or equipped by La Poste and its partners (number of support events provided on online administrative procedures in France Services, people trained in digital banking inclusion, use of the Adoiz tablet, etc.).

3.2.4 WORKING TO ACCELERATE THE ENVIRONMENTAL TRANSITION FOR ALL

La Poste Groupe has reaffirmed the strategic dimension of the energy and environmental transition in its strategic plan "La Poste 2030, committed for you". For the group, the aim is to strengthen its position as a leader in the environmental transformation, capitalise on its strengths, meet the expectations of its customers and reaffirm its positive impact and its societal utility. The group's environmental policy is based on three levers: a circular economy policy, an energy policy and, since the end of 2021, a biodiversity policy. These policies include commitments in terms of resource management, greenhouse gas emissions, atmospheric pollution and the protection of biodiversity.

They aim to:

- continue efforts in favour of the environment by reducing its greenhouse gas emissions;
- position itself as the leader in zero-emission delivery in France and Europe;
- assert itself as the leader in positive impact finance in Europe;
- support regions and customers to have a positive impact on the environment: climate, air quality, resources, circular economy;
- be the first company with a certified "SBT for resources" trajectory.

Become a leading player in the rational management of resources



Ambitions

La Poste has set itself the goal of being the first company to have a certified "SBT for resources" trajectory by 2030. La Poste Groupe has decided to participate in the co-construction of the "Science Based Targets for Nature" guidelines, which could lead to the definition of SBT for resources. The group's circular economy policy aims for the rational management of resources at all levels of the Company: in its purchases, its operations, its products and services and the treatment of its waste.

Policies and actions

In order to ensure the implementation of the strategic orientations, a Circular Economy Committee was set up within the La Poste Groupe in March 2020, under the leadership of the group Societal Commitment Department and the group Strategic Cross-Functional Partnerships and Innovation Department [(1)]. Its role is to:

- build, develop and monitor the progress of the group's strategic roadmap on the circular economy;
- share strategic and regulatory intelligence and innovation;
- share progress and obstacles and develop synergies between the group's business units.

(1) It brings together the group's European and International Relations Department, the CSR Departments of the group's business units and REIT, the Strategy/Innovation/Marketing/Development Departments of the business units and subsidiaries developing products and services related to the circular economy or impacted by societal or regulatory changes in this area. Other governance bodies and working groups are mobilised depending on the subject (e.g. CSR Committee, Responsible Digital Committee).

The group aims to integrate the circular economy at all levels of its operations and in its products. At each stage of the life cycle of the objects used for its operation, the group aims to deploy the principles of the circular economy. Thus, it acts through its supplies and consumption of resources, and endeavours to give a second life to equipment and to recover its waste. It works both on products intended for customers, such as envelopes and postal Parcels (with the aim of increasing the percentage of recycled material), and on its own equipment and supplies, primarily electrical and electronic equipment, vehicles and paper. It also develops *ad hoc* systems, particularly for construction site materials, water, furniture and disposable plastics for reusable products.

As a leading operator and partner in the circular economy, the group wants to overcome one of the major difficulties of the circular economy, that of the logistics of objects to be reused or recycled. It involves collecting everyday objects or professional equipment from private individuals or companies to extend their life cycle. La Poste Groupe has developed expertise in reverse logistics, which enables it to offer a range of solutions to support its customers. It can capture diffuse resources, pool them, give them added value and direct them towards recycling and reuse actors. La Poste Groupe's services are aimed in particular at customers with diffuse quantities of materials (private individuals, SMEs, VSEs, network companies) through two dedicated subsidiaries: Recygo and Nouvelle Attitude.

In 2021, La Poste Groupe proposed new product and service offerings to support the transition to the circular economy:

- the collection service for recycling Covid masks, by Recygo;
- the delivery and return service for reusable packaging for e-merchant Parcels; as well as a reusable pouch for private individuals' parcel shipments;
- testing a telephone repair service by La Poste Mobile at 100 post offices.

The group also supports the roll-out of the circular economy in the regions through innovative financing solutions: The green loans offered by La Banque Postale to local authorities concern the sustainable management of water and wastewater treatment, and waste management and recovery. This green loan offer has been available to businesses and professionals since 2020.

	LA POSTE GROUPE		
	2021	**2020**	**2019**
Quantity of paper consumed by La Poste Groupe for its own operations (weight in metric tonnes)	15,592	17,596	12,961
of which paper from sustainably managed, eco-certified forests or from recycled paper	*84.8%*	*83.1%*	*91.4%*
Rate of recovery of waste from electrical and electronic equipment used by the group for its own operations [(a)]	93%	94%	94%
Quantity of materials collected by Recygo and Nouvelle Attitude (weight in tonnes)	115,674	110,970	117,780
of which materials recovered for reuse or material recycling	*99%*	*99%*	*99%*
Number of users of the Recygo offer	665,400	611,182	629,261

(a) These figures do not include donations and sales of equipment that has not become waste.

Committing for the climate



Ambitions

In October 2021, La Poste Groupe signed the SBT "Business Ambition for 1.5 °C" commitment. With this signature, the group is resolutely working alongside the United Nations Global Compact to achieve zero net emissions by 2050 at the latest. More specifically, the group is committed to achieving "zero net emissions" of greenhouse gases from 2030 for its logistics, and in 2040 for emissions from La Banque Postale's financing activities, *i.e.* ten years ahead of global commitments. To achieve this ambition, La Poste Groupe has defined two trajectories, reduction and sequestration.

For the benefit of reduction trajectory, the various group entities are working on ambitious decarbonisation trajectories validated by the Science Based Targets initiative (SBTi):

- La Poste: reduction of emissions by 30% [(1)] by 2025 (compared to 2013) in line with the objectives of the Paris Agreement (51% in scopes 1 and 2, in line with the 1.5 °C scenario and by 14% in scope 3, in line with the 2 °C scenario);
- the GeoPost business unit: 30% reduction in emissions per parcel by 2025 and 89% reduction in CO_2 emissions from deliveries in 225 major European cities;

(1) The scope includes the entities of La Poste parent company, i.e. the business units Services-Mail-Parcels and Retail Customer and Digital Services and the headquarters.

- La Banque Postale has become the leading European bank, with its decarbonisation trajectories approved by the SBTi in October 2020. It is committed to:
  - for scopes 1 & 2 [1] reducing its greenhouse gas emissions by 46.2% by 2030 compared to 2019,
  - continuing to use 100% renewable electricity until 2030, and,
  - achieving scientifically determined objectives for 85% of its total financing and investment portfolio [2] by 2030.
- having joined the Net-Zero Asset Owner Alliance in November 2019, CNP Assurances has set climate targets for 2025:
  - reduce the carbon footprint (scopes 1 and 2) of its direct equity portfolio by an additional 25% between 2019 and 2024,
  - reduce the carbon footprint (scopes 1 and 2) of its directly owned real estate portfolio by an additional 10% between 2019 and 2024,
  - reduce the carbon intensity (scopes 1 and 2) of electricity producers in which CNP Assurances is a direct shareholder or bondholder by an additional 17% between 2019 and 2024,
  - dialogue with eight companies (six directly and two *via* the Climate Action 100+ collaborative initiative) and two asset managers to encourage them to adopt a strategy aligned with a 1.5 °C scenario by the end of 2024, *i.e.* commit to carbon neutrality by 2050 and set intermediate targets in line with current scientific knowledge.

The sequestration trajectory [3] aims to increase the share of the group's offset projects in favour of sequestration projects. Since 2012, La Poste Groupe has distinguished itself by offering carbon-neutral mail, Parcels, express and Digital Services, and since 2019 as the leading 100% carbon-neutral postal operator.

Task Force on Climate-Related Financial Disclosures (TCFD)

La Poste Groupe bases the definition of its ambitions and roadmap on the recommendations of the TCFD.

In terms of governance, a Climate risk/TCFD Committee under the guidance of the group's Societal Commitment Department, carries out work to identify and assess climate risks and build climate scenarios with the support of specialised consulting firms (EcoAct and I4C).

In terms of risk and opportunity management, the group has drawn up its climate risk and opportunity mapping. Based on an impact and probability analysis, the Climate/TCFD Committee prioritised two transition risks, three adaptation risks and one opportunity. The three adaptation risks are integrated into three strategic climate scenarios in order to vary their impact and intensity according to the conditions of realisation of the risks and based on two extreme scenarios:

- RCP 8.5 IPCC – The *status quo* scenario, no significant effort is made to limit GHG emissions. This scenario represents the trend followed by humanity until today;
- RCP 2.6 IPCC – Strong GHG mitigation scenario, representative of the scenario aiming to limit global warming below 2 °C.

(1) Scope 1: direct emissions related to the operating scope. Scope 2: indirect emissions related to energy production for these activities.
(2) Real estate loans, commercial real estate, financing of energy projects, equities and bonds and long-term loans to companies.
(3) The sequestration aim to create carbon sinks in order to capture greenhouse gases in the atmosphere through natural solutions (reforestation, agroforestry, mangroves, etc.).

Risks/opportunities *	Description of risks	Details	Estimated financial impact
Transition Risks			
TR#1: Regulatory risk – taxation of emissions from the transport/logistics sector 5 years 1 Europe	Strengthening the control of GHG emissions through carbon taxes and the Emission Trading Scheme (ETS) could have an impact on the competitiveness of the logistics sector. It is very likely that before 2030 the transport sector will integrate the EU-ETS which requires companies to invest in the decarbonisation of their logistics activity or to acquire certificates for an equivalent amount. Similarly, the price of outsourced services could increase without La Poste being able to pass on these price increases to its end customers.	Transport-related emissions represent 93% of the emissions analysed. Emissions from buildings represent 7% of the scope studied. As a result, La Poste Groupe is particularly sensitive to the introduction of carbon price/quota mechanisms for emissions associated with road transport, as provided for in the new EU legislative package, which entered into force in 2026.	The estimated financial impacts by 2030 depend on the timetable for implementing the taxation systems. These impacts also vary greatly according to the types of systems that will be implemented by the energy suppliers.
TR#2: Technological risk: non-competitive clean truck technologies 10 years 1 Europe	New generations of HGV technologies will be needed to achieve its GHG reduction targets and strategic partners will contribute to the mitigation effort. The absence of competitive clean truck technologies, such as alternative fuels or power units, could have a significant impact on the competitiveness of logistics activities.	In addition to the development of biogas (CNG/NGV), policies and technological breakthroughs must promote a boom in electric and hydrogen engines – more significant from 2025. However, in the most optimistic scenario of major technological breakthroughs, between 60% and 80% of shipping operations should remain based on fossil technologies. Beyond 2030, the share of electric and hydrogen vehicles in the fleet should become more significant due to the acceleration of sales of this type of vehicle.	Electric and hydrogen technologies are expected to generate additional costs of around 35% by 2030. With regard to BioGNC, the additional CaPex Cost remains minimal compared to the purchase cost of the vehicle (18%), which is quickly amortised. The reduction in GHG emissions linked to these new technologies should reduce the costs of sequestering residual emissions in a net zero emission approach.
Adaptation risks			
RP#1: Impact of extreme weather events on the group's real estate and productive assets 20 years 4 France	The frequency and severity of extreme climate events (river and coastal flooding, shrinking or swelling of clays, storms, etc.) will increase with climate change. This could affect the group's assets, particularly real estate, resulting in asset losses and an increase in insurance premiums.	759 sites out of 10,311 (*i.e.* 7%) are highly exposed to flooding. The most exposed regions are Auvergne-Rhône-Alpes (136 sites), Occitanie (115), Nouvelle-Aquitaine (110) and Provence-Alpes-Côte d'Azur (74). Overall, flooding at La Poste sites does not seem to represent a significant risk at group level. RP#1 Adaptation plan: For all exposed sites, systematically integrate flood management procedures into the business continuity plan, monitor national weather alerts, raise sensitive equipment and buildings, long and high walls, and invest in protection solutions. If the activity is too severely disrupted, consider moving the site.	Among the 759 highly exposed sites, 40 are particularly vulnerable (NBV > €500 thousand, owner, medium or high strategic level) and nine have already been impacted in the past, including four with a material impact (€15 thousand – €50 thousand/event). The total Net Book Value (NBV) of the highly exposed sites owned by La Poste is estimated at €138 million. However, La Poste is insured for up to €200 million in the event of a major claim, and it is extremely unlikely that all sites will be affected at the same time.
RP#3: Impact of the NatCat loss ratio on outstanding home loans 20 years 3 France	The increase in claims could lead to an increase in the credit default rate. The growing exposure of insurers to natural disasters is causing tensions in the insurance/reinsurance markets. In fact, the cumulative annual losses associated with droughts and floods could increase by 35% compared to 20% in an intermediate warming scenario.	RP#3 Adaptation plan: Systematic integration of future climate risks in the analysis of home loans, according to IPCC scenarios, currently under consideration.	1% of La Banque Postale's average four-year outstandings are at risk of default due to flooding. 0.04% of La Banque Postale's average four-year outstandings are at high risk of default due to flooding.

Risks/opportunities *	Description of risks	Details	Estimated financial impact
Transition Risks			
RP#2: Impact of climatic conditions on health, safety and working conditions 20 years 3 France	The chronic increase in temperatures could lead to a deterioration in working conditions and an increase in energy expenditure and investments necessary to ensure employee comfort and maintain product integrity. La Poste employees who work outside and perform physical activities are particularly exposed. An increase in accidents in winter is also likely.	The number of heat wave days will increase sharply by 2035 according to the two scenarios studied. Doubling, at best, or even tripling. This number could reach two to six days per year. In addition, by 2035, the increase in temperatures could lead to an average variation of +63% to +84% in the number of days per year with cooling required to return to a set temperature; *i.e.* 68 days (resp. 77 days) according to the RCP 2.6 scenario (resp. RCP 8.5) RP#2 Adaptation plan: For sites already exposed, carry out a thermal performance diagnostic to identify adaptation investments, prioritise measures to limit the entry of external heat (for use of air conditioning as a last resort), determine the technical specificities related to the increase in temperatures to be included in the purchasing policy for certain equipment. Monitor the number of days of absenteeism during hot days and verify the implementation of adaptation measures.	The increase in the number of heat wave days will result in a loss of productivity for employees working outdoors, which varies according to working conditions and people. The associated loss of productivity is estimated at €6-10 million by 2035. The increase in temperatures will lead to an increase in the costs associated with variable air conditioning depending on the location of the sites and their electricity consumption. Additional air conditioning expenses (without adaptation measures) are estimated at €4-4.5 million by 2035 according to the RCP 2.6 and RCP 8.5 scenarios respectively.
Opportunities			
TO#1: Development of low-carbon logistics: strengthening of the group's positioning 5 years 1 Europe	The rise of e-commerce creates new responsibilities and difficulties for urban centres, which are threatened by congestion and pollution. La Poste Groupe is seeing development opportunities anchored in its expertise in urban logistics. By promoting urban logistics initiatives, the group will be able to: consolidate its leadership in Parcels on the French and European markets, enter into new services (fresh produce, courier/last mile pallets, "instant" delivery with Stuart), and develop direct marketing to private individuals.	The challenge of reducing emissions associated with logistics is well received by the group's main customers, as they account for a significant portion of their emissions (10 to 20%). The overwhelming majority implement and communicate a carbon footprint reduction strategy. Supplier commitment remains the preferred approach of customers who see it as a rapid way of presenting carbon performance results while focusing on their core business and the development of their business. Selection criteria may relate to SBT validation or performance. The group's positioning as a low-carbon external supplier corresponds to a growing demand. It will be a strong selection criterion vis-à-vis new players such as Amazon. These new players are also investing in solutions to decarbonise deliveries, particularly in the last mile.	

* *For each risk/opportunity, the deadlines, the rating on a scale of 1 to 4 and the scope were specified.*

Policy and actions

Publicising La Poste's commitment is one of the areas followed by the group, with "EcolOgic, carbon neutrality priority". This marker was chosen by La Poste to make its commitment and environmental performance known to as many people as possible through a vast communication campaign in 2021 in partnership with WWF.

Concerned about improving the climate footprint of buildings, since 2016, La Poste has supplied 100% of the buildings managed by La Poste Immobilier with renewable electricity through guarantees of origin. Electricity from renewable sources also makes it possible to supply the electric fleet and reduce the GHG emissions of the IT equipment during their use. The group has set itself the objective of extending this supply to the group's scope, encapsulating entities present internationally.

In April 2021, La Poste Groupe's commitment to reducing energy consumption received significant recognition: the renewal of ISO 50001 certification for the group's 196 buildings. This certification crowns La Poste's energy management system (EMS) deployment.

La Poste Immobilier is continuing the policy to produce renewable energies, which began in 2008 *via* the partnership with Urbasolar which enabled the creation of 48 resale solar power plants (for energy generation of almost 6 GWh/year, the equivalent of the annual electricity use of 1,000 households).

To go further, since 2017 La Poste Immobilier has launched experiments to study photovoltaic self-consumption. This approach makes it possible to develop new means of producing electricity from renewable sources to secure part of the group's electricity supply and potentially take a position in a growing market. Out of ten self-consumption experiments studied in 2019, two projects received administrative authorisations (Nantes HP and Boulazac) and entered the construction phase in 2020.

In order to improve the climate footprint of deliveries, La Poste Groupe has developed partnerships with local authorities and local economic players and has created Urby, a specialised urban logistics subsidiary (see Section 1.3.2 GeoPost). It sets up goods pooling centres and ensures last mile deliveries using low-emission vehicles. With these solutions, La Poste Groupe anticipates regulatory changes and takes advantage of the new fields of activity that they offer: the French Mobility Orientation Act, which sets the end of internal combustion vehicles to 2040, the possibility for local authorities to set up Low Emission Zones, and the implementation of an ambitious bicycle plan.

In France, the group is committed to the deployment of zero/low emission delivery solutions in the 22 cities by 2025. Since October 2019, Chronopost has been delivering the entire city of Paris with clean electric vehicles or natural gas vehicles. A pioneer, Chronopost was the first operator to make such a commitment to a major city in 2018. After Paris, Chronopost has extended this delivery method to 18 other cities including Lyon, Strasbourg, Bordeaux, Lille and Nantes, in 2020.

In Europe, GeoPost committed to rolling out zero/low-emission delivery solutions in 225 cities by 2025.

In 2021, La Poste Groupe became the first logistics operator to sign a cooperation agreement with WWF France, in line with the Climate and Resilience Act promulgated in August 2021 and in a context of an explosion in parcel volumes from e-commerce. La Poste has set itself a strong ambition: to strive for 100% carbon-free delivery and has called on the expertise of WWF France to achieve this. The WWF supports La Poste in its carbon neutrality approach, in particular with regard to sustainable mobility and the development of an environmental score. WWF is also partnering with La Poste's EcoLogic marker, which symbolises its zero-carbon policy.

To support the professional market in the energy transition, Banque des Territoires and La Poste launched Movivolt (a company for the long-term rental of electric vehicles for professionals) in 2021, with an initial target of 10,500 vehicles leased by 2025.

La Banque Postale is also committed to a climate policy to support the fair transition. La Banque Postale's climate policy is built around its contribution to carbon neutrality. In 2018, La Banque Postale achieved carbon neutrality in its operational scope, *i.e.* in terms of greenhouse gas (GHG) emissions generated by its direct activity. It has committed to achieving a target of zero net emissions by 2040 for its banking activities, including the GHG emissions generated by its investment and financing portfolio, *i.e.* ten years ahead of the targets set by the European Commission, and ten years ahead of the recommendations of scientists to have a chance to contain the rise in temperatures to 1.5 °C by the end of the century compared to the pre-industrial era.

La Banque Postale's decarbonisation trajectory by 2030 [(1)] was validated by the Science Based Targets initiative, compatible with the objective of limiting global warming to well below 2 °C set by the Paris Agreement. This trajectory aims to reduce the carbon footprint of La Banque Postale's own activities such as financing and investment portfolios[(2)]. La Banque Postale's decarbonisation trajectories approved by the SBTi concern all of La Banque Postale's banking activities, excluding the investment portfolio of CNP Assurances and LBPAM. These two subsidiaries will be integrated in the coming years, in line with SBTi's expectations.

La Banque Postale had already made a commitment to phase out coal in 2030. It is now also deciding to exit the oil and gas sectors by 2030. It thus becomes the first bank in the world to aim for a complete phase-out of fossil fuels by 2030.

In concrete terms, this requires La Banque Postale to change its policy with regard to companies producing oil and gas, both conventional and unconventional (oil and gas from shale, drilling in deep water and in Arctic areas), and those that are involved in the development of infrastructure in these sectors. Its commitment concerns upstream activities (production, exploration) and activities related to transport infrastructure (such as pipelines or liquefied natural gas storage warehouses). It should be noted that La Banque Postale will continue to support players in the oil and gas sectors beyond 2030 once they have made a public and scientifically credible commitment to exit these sectors by 2040. La Banque Postale thus confirms its desire to support all economic players in their low-carbon transition.

With regard to the development of green finance, in 2020 La Banque Postale Asset Management became the first all-SRI generalist asset manager. All open products managed for individual and professional customers are converging towards responsible management. To support the efforts of local authorities in favour of the environmental transition, in 2019, La Banque Postale launched green loans, awarded on the basis of specific sustainability criteria, extended to the private sector in 2020. In addition, La Banque Postale has a team dedicated to financing renewable energy projects, energy optimisation of buildings, and infrastructure (fibre, water network, heating, public buildings, mobility, public transport).

(1) Scope 1 and 2 application fields and several scope 3 portfolios.
(2) Details of La Banque Postale's objectives are presented in the subsection "Ambitions" in the section "Committing for the climate".

In six years, more than €5 billion have been allocated to finance these projects.

Since the end of 2015, La Banque Postale has been supporting its individual customers in their civic commitments with the *Gamme verte* (Green Range). This range offers financing solutions for housing (energy renovation with the zero rate eco-loan and green works loans) and eco-mobility (green vehicle personal loan). In 2019, the range was enriched with the Eco PTZ Habiter Mieux, intended for those eligible for the *Habiter Mieux* subsidy programme of the French Housing Improvement agency (*Agence nationale pour l'amélioration de l'habitat*).

In 2020, BPE launched its BPE Green France 2031 offer, a Green Bond dedicated to its private customers and issued by La Banque Postale. It allocates savings to the financing of projects contributing to the reduction of CO_2 emissions, in particular those of sustainable mobility.

In 2020, La Banque Postale's financing Charter became the financing and investment Charter. It thus covers the financing activities of SMEs and mid-sized companies, as well as the financing and investment banking activities. Activities that are harmful to biodiversity (particularly deforestation) and activities that are harmful to aquatic ecosystems are now among the activities excluded by the bank.

Results

La Poste Groupe's greenhouse gas emissions amounted to 2.7 million tCO_2e in 2021, an increase of 12.6% in 2021 (2.4 million tCO_2e in 2020). This increase of some 300,000 tCO_2e is due for 20% to a mechanical effect related to the reporting methodology and for 80% to the logistics activity growth:

- the continuous improvement of the group's GHG reporting methodology and system allows for better control and precision of the data collected and explains 60,000 metric tonnes of the increase in emissions in 2021, *i.e.* 20% of the increase;
- the growth in the logistics activity and in particular in parcel volumes, which leads to an increase in long-distance transport mileage and an increase in delivery methods, explains the increase in emissions in 2021, amounting to nearly 240,000 metric tonnes, *i.e.* 80% of the increase.

Thus, in a context of strong growth in parcel volumes, up by 12.7%, the group recorded a controlled increase of only 10% in its GHG emissions directly related to this activity growth and is continuing its efforts to reduce its emissions per package.

All of the group's residual emissions are voluntarily offset by the financing of offset projects as part of its 100% Carbon Neutral commitment.

With regard to La Poste SA's SBTi trajectory commitment, its level of achievement was -18% at the end of 2021, compared with a target of -30% in 2025 compared to 2013.

Energy consumption and carbon footprint	2021	2020	2019
Energy consumption (in GWh)	9,137	8,081	6,119
o/w La Poste Groupe vehicle fleet	*1,332*	*1,173*	*1,102*
o/w buildings	*1,456*	*1,288*	*1,314*
o/w subcontracted transport (road and air)	*6,350*	*5,621*	*3,703*
Carbon footprint (in metric tonnes CO_2 eq)	2,681,992	2,381,561	1,660,647
Scope 1	*441,506*	*383,059*	*376,528*
Scope 2	*63,415*	*62,316*	*46,929*
Scope 3 [(a)]	*2,177,071*	*1,936,185*	*1,237,190*
Intensity (GHG/consolidated operating revenue) (tonnes of CO_2 eq/€million consolidated revenue)	80.5	76.4	63.9
Vehicle fleet			
Fleet of electric vehicles [(b)]	17,058	16,241	16,027
Relative weight of electric vehicles/total fleet	18.3%	18.0%	17.6%
Distance travelled by the fleet (billions of kilometres)	1.122	1.030	1.067

(a) See the methodological note on the changes in the extrapolation method.
(b) Includes light commercial vehicles, stabys, excluding electric bicycles, trolleys and handling vehicles.

Preserving air quality



Ambitions

In terms of air quality, La Poste Groupe is one of the first companies to have set targets for reducing local atmospheric pollutants. Between 2015 and 2021, this enabled it to reduce its NOx emissions by 58% and particulate emissions by 49% of its wholly-owned fleet managed by its subsidiary Véhiposte. The new strategic plan for 2030 reinforces this commitment, which has been extended to 2025 and aims to define new ambitious objectives at group level.

Policy and actions

An air quality policy has been implemented for the entire scope of the group, based on the three watchwords "prevent, measure, reduce".

Since 2015, in collaboration with Ademe and France Environnement, La Poste has set up a system to monitor the emissions of four pollutants regulated by Euro standards on the fleet of vehicles managed by Véhiposte, a group subsidiary. For its part, GeoPost measures the emissions from its own fleet and that of its subcontractors. Since the end of 2019, GeoPost has deployed sensors in its delivery fleet, as well as in its urban storages and Pickup points (drop-off and pick-up points), and has made the results of its air quality measurement programme available to urban authorities and citizens through an online interface called Air Diag. It is deployed in 13 European cities, on the basis of 1,100 installed sensors. GeoPost intends to extend its air quality measurement network to 20 European cities by mid-2022 and thus become the largest European network. In France, with its subsidiary Geoptis, La Poste Groupe deploys mobile (on its vehicles) or fixed (on buildings) air quality sensors, the data of which are used to support the definition of public policies.

La Poste Groupe is taking active steps to reduce atmospheric pollutants through its vehicle selection policy and its urban logistics approach.

- GeoPost has committed to deploying zero/low emission delivery solutions in 225 European cities by 2025 and reducing local atmospheric pollutants by 80% in the cities concerned;
- in 2021, Chronopost added 360 low-emission vehicles to its existing fleet to reach a total of more than 1,000 vehicles in 41 cities, which are now 100% low-emission vehicles. The ambition is to ensure low-emission delivery in 225 European cities, including 77 French cities by 2025. Faced with the exponential growth of e-commerce, Chronopost has gone from 0 to 20% of Parcels delivered in low-emission vehicles and is targeting one in two Parcels by 2025. At the end of 2021, Chronopost also operated around sixty daily CNG road links (medium and long distance), which represented 36% of heavy goods vehicle road links in the Greater Paris region and 400,000km per year;
- in France, as part of the cyclo-logistics plan launched by the French Ministry for the Environmental transition, La Poste Groupe's objective is to use cyclo-mobility solutions to deliver Parcels to city centres in the largest 40 cities in France. The logistics fleet will be completed by 2025 with trike-type cargo bicycles or electrically-assisted trailers, allowing for a larger load, made necessary by the rise of e-commerce.

Results

Reducing local air pollutant emissions	2021	2020	2019
Emissions of nitrogen oxides (NO_x) (in metric tonnes)	73	78	98
Particulate emissions (PM) (in metric tonnes)	3	3	4
Carbon monoxide (CO) emissions (in metric tonnes)	395	360	391
Emissions (NO_x + HC) (in metric tonnes)	58	51	52
Percentage of kilometres travelled by the fleet managed by Véhiposte (in %)	74	75	80

Preserving biodiversity



Ambitions

2021 is marked by a new commitment to biodiversity by La Poste Groupe. This commitment is part of the group's strategic and societal commitment and its implementation through the environmental policy[1]. The biodiversity component, thus defined at the end of 2021, aims to preserve the benefits provided by the good condition and proper functioning of ecosystems, through "ecosystem services". The strategy being defined will cover the following areas of action:

- reduce the biodiversity footprint of its buildings;
- regenerate ecosystems by helping to achieve the "zero net loss" of biodiversity and "zero net artificialisation" by 2050;

(1) La Poste Groupe's environmental policy can be downloaded from the group's corporate website.

- develop co-benefits for biodiversity in connection with emissions offsetting programmes;
- assess and reduce the footprint of the Banking/Insurance business portfolios;
- promote the development of biodiversity across all of the group's activities and its portfolio.

Policy and actions

The protection of biodiversity is reflected in particular by limiting the consumption of natural spaces by buildings and the waterproofing related to their footprint, the development of nature in the city and the protection of endangered species. Within the group, La Poste Immobilier was the first to systematically reflect on the conservation of biodiversity as part of its construction and renovation projects, followed by the other business units:

- missioned in 2014 by the Sustainable Building Plan, the property company launched its EFFINATURE certification process. In 2015, it was able to map all of its buildings in relation to the zones of ecological interest (ZIE) and obtained its first accreditation from the League for the Protection of Birds (LPO) in 2016. In 2020, La Poste Immobilier contributed to the first MOOC on biodiversity and has embarked on the definition of a real strategy for 2020-2030, applicable at the scale of the stock and consistent with the other pillars of its sustainable development policy;
- the Services-Mail-Parcels business unit, in collaboration with La Poste Immobilier, is experimenting with eco-grazing. Since 2015, it has rolled out the *Climat+Territoire* programme and supports offsetting projects rooted in the regions while contributing to adaptation to climate change and the preservation of local biodiversity. Lastly, La Poste and CDC Biodiversité took part in the Nature 2050 programme, which aims to promote and finance solutions to combat climate change and the erosion of biodiversity. These projects of different types contribute to carbon sequestration or the valuation of ecosystem services. Today, La Poste is involved in 17 projects across the country. It includes actions for the preservation or restoration of environments, ecological continuity, but also the preservation of emblematic species with high heritage value;
- La Banque Postale limits the negative impacts on living organisms by no longer financing fossil fuels, which have a significant impact on biodiversity and ecosystems through the production of chemical or noise pollutants and by climate modification. The Bank also implements a policy of excluding from its financing and investment activities that promote deforestation. It does, however, finance projects to raise public awareness of environmental issues and the protection of biodiversity;
- to the extent that local public policies allow, the Network is testing green spaces for biodiversity on specific sites with unbuilt outdoor spaces, in partnership with CDC Biodiversité. The Retail Customer and Digital Services business unit's efforts to eco-design software and select less energy-intensive equipment allow the business unit to indirectly reduce pressure on biodiversity;
- GeoPost favours the use of existing buildings and already artificial plots to reduce the impact of its buildings. Its climate commitments are also favourable to biodiversity. Lastly, the business unit works to reduce local atmospheric pollutants, thereby helping to improve air quality in cities for the benefit of the biodiversity contained in them.

By capitalising on these already rich experiences, and supported by the Stakeholders Committee, the group wanted to re-examine its biodiversity policy in 2021 to ensure that this issue is properly covered. *La Fabrique Écologique* was commissioned to carry out a cross-functional assessment of all the group's activities and to formalise a biodiversity policy. In 2021, La Poste Groupe:

- identified the actions carried out and planned within the framework of the group's activities/business lines, and in particular with five entities: Services-Mail-Parcels business unit, La Banque Postale and CNP Assurances, GeoPost and La Poste Immobilier;
- qualified the materiality of the subject of biodiversity;
- qualified the issues and potential levers of action relevant to the group in relation to the impacts, regulatory issues and materiality of the biodiversity subject;
- identified the interrelationships on the other pillars of the CSR policy (climate, circular economy, etc.);
- established a roadmap in line with its main activities;
- proposed the relevant indicator(s), compatible with the CSR and GRI reporting indicators, to monitor (in terms of achievement or even impact);
- studied the possibility of acquiring biodiversity impact measurement tools.

3.2.5 MEETING THE REQUIREMENTS OF THE EUROPEAN GREEN TAXONOMY

The objective of the Taxonomy Regulation is to share a common framework on activities that can be considered as green or sustainable (in particular aligned with the Paris Agreement, *i.e.* "zero emissions") to guide the investment strategies of financial players and companies towards these activities and accelerate the environmental transition.

La Poste Groupe, as a company working in the public interest, is subject to the Non-financial reporting directive and is affected by the obligation introduced by the European Regulation on the green taxonomy, by publishing from the 2021 fiscal year the share of its activity eligible [1] for the EU Taxonomy, measured through financial indicators (operating revenue, CaPex, OpEx) on the first two environmental objectives related to climate change (mitigation of climate change in line with the objective of the Paris Agreement and adaptation to climate change).

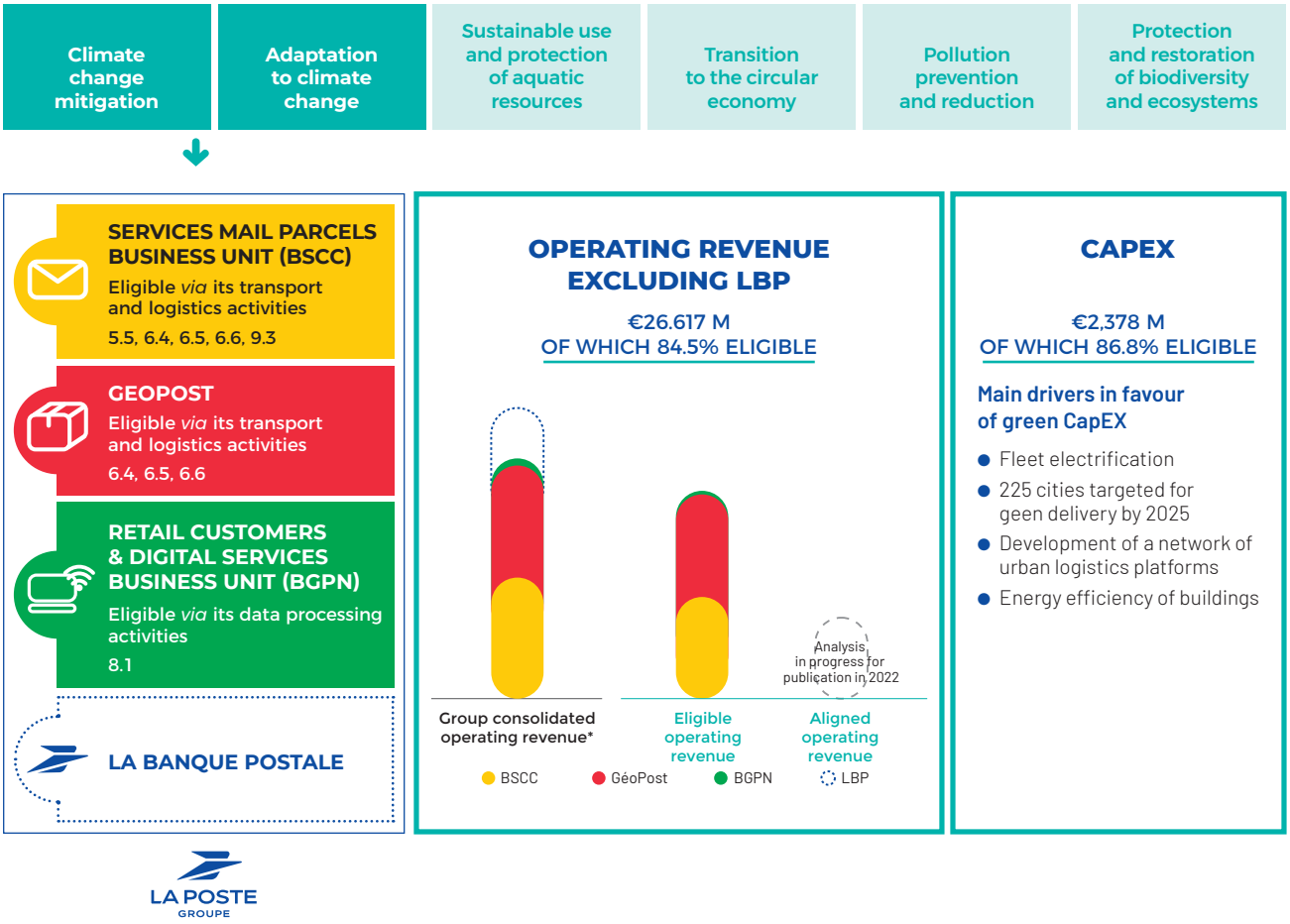
(1) Economic activity eligible for taxonomy: economic activity described in the delegated acts adopted pursuant to Article 10 (3), Article 11 (3), Article 12 (2), Article 13 (2).

With respect to the obligations imposed on financial institutions by this regulation on the EU Taxonomy, La Banque Postale is subject to the obligation to publish indicators on its scope of prudential consolidation.

In 2021, La Poste Groupe set up a dedicated governance structure for the integration of these new regulatory requirements, with the support of the triple expertise (sector, accounting and CSR) of an external firm. The Taxonomy Committee is composed of the Directors of Financial Communication and Financial Control, the Strategy Department and the Societal Commitment Department.

The eligible activities were identified through interviews and work with the group's relevant functional departments (Societal Commitment Department, Finance Department, Strategy Department) and the CSR, Strategy and Finance Departments of each business unit, Véhiposte and La Poste Immobilier. The identification is carried out by comparing the definitions presented in the appendix to the EU Taxonomy Regulation with the internal classification of activities. The financial and operational data used to calculate the expected indicators are extracted from the financial, business or CSR information systems and supplemented where necessary on the basis of methodological assumptions made by Taxonomy Committee.

The six objectives of the European taxonomy



* *LBP subject to specific obligations, the calculation of eligible operating revenue applies to the group's consolidated operating revenue, excluding La Banque Postale's NBI.*

The eligible activities for La Poste Groupe, excluding LBP, fall within the activities defined by the european Taxonomy:

- *5.5 Collection and transport of non-hazardous waste sorted at source;*
- *6.4 Operation of people mobility systems, cyclo logistics;*
- *6.5 Transport by motorcycles, passenger cars and light commercial vehicles;*
- *6.6 Freight transport by road;*
- *8.1 Data processing, hosting and related activities;*
- *8.2 Programming, consulting and other IT activities;*
- *9.3 Specialised services related to the energy performance of buildings.*

La Poste Groupe

Operating revenue

The activities eligible according to the European Green Taxonomy framework represent 84.5% of La Poste Groupe's consolidated operating revenue, mainly for the purpose of mitigating climate change. These activities mainly relate to the logistics and delivery sectors, provided by the postal and parcel delivery activities carried out by the Services-Mail-Parcels and GeoPost business units.

The activities not eligible for the EU Taxonomy framework mainly corresponded to the business unit's operating revenue generated by air transport.

It should be noted that preliminary work is underway to define the methodology for assessing the share of operating revenue that is aligned with the taxonomy. In particular, a detailed analysis is necessary to take into account the criteria "do not cause significant harm" [(1)].

The group expects a significant difference between the aligned operating revenue and the eligible operating revenue, despite the long-standing efforts and investments made by the group in the environmental transition and in particular on the climate component. (*e.g.* electrification of La Poste's fleet of delivery vehicles). The strict/restrictive criteria determining the alignment of the activity do not make it possible to capitalise on the significant levers mobilised to reduce the La Poste Groupe's footprint, such as for example, in the long-distance transport/shipping component (activity that contributes significantly to GHG emissions):

- vehicles using biofuels or natural gas are not considered as aligned. To date, there are no economically viable alternative operational solutions enabling alignment with the technical criteria of the taxonomy. Indeed, heavy vehicles without exhaust emissions should only be available in sufficient numbers from 2025-2027 for electric vehicles and will remain pilot projects and small-scale tests until 2030 for hydrogen;
- load factor optimisation mechanisms (*e.g.* swap bodies, double decks, etc.) that contribute significantly to reducing the emission intensity of transport are not taken into account in a taxonomy based on vehicle engines [(2)].

With regard to the logistics of the first and last mile (including mail delivery and parcel delivery), simply taking into account the motorisation of the means used does not allow us to value the intrinsic and essential contribution of the mail/parcel business model which is based on the pooling of flows and resources. Postal operators act as real "parcel buses": each delivery vehicle carries Parcels (from many customers) to be distributed to multiple recipients on a single optimised round. This pooling, which is at the heart of the business model and the challenges of optimising flows (and therefore the associated emissions), is not taken into account by the Taxonomy, for which, to date, only includes the motorisation of the vehicles used.

	External operating revenue[(a)] 2021 (in € million)	ELIGIBLE OPERATING REVENUE FOR 2021 (IN € MILLION)	ELIGIBILITY RATIO AS %
La Poste Groupe (excluding La Banque Postale)	26,617	22,484	84.5%
Services-Mail-Parcels	8,353	7,518	90.0%
GeoPost	14,598	12,087	82.8%
Retail Customers and Digital Services	3,510	2,879	82,0%
Others	156	-	-

(a) See Note 5.2.1 to the group's consolidated financial statements presented in section 5.2.

CAPEX

Almost 86.8% of CapEx eligible under the taxonomy were identified in 2021 (€2.1 bn/€2.4 bn). This mainly concerned buildings, logistics centres and vehicles (including rights of use under IFRS 16). These CapEx were mainly associated with the group's eligible activities; their alignment should therefore follow the same trend as that of the operating revenue, in line with the fleet greening plan undertaken by the group.

(1) Justifying that the activities meet the criteria of a substantial contribution that does not harm the European Union's other environmental objectives.
(2) This understanding could change if an extensive vision of 6.15 emerges on multimodal logistics infrastructure, including projects and investments facilitating the improvement of energy efficiency in transport (e.g. double-decker semi-trailers and swapbodies).

	CAPEX in 2021 [a] (in € million)	ELIGIBLE CAPEX FOR 2021 (IN € MILLION)	ELIGIBILITY RATIO AS %
La Poste Groupe (excluding La Banque Postale)	2,378	2,065	86.8%
Increase in intangible assets (excluding goodwill)	356	-	-
Increase in property, plant and equipment	932	-	-
Increase in right of use assets [b]	1,018	-	-
Increase related to changes in scope	72	-	-

(a) Internal investments of €1.3 billion plus right of use assets acquired during the year.
(b) New leases contracted during the year and substantial modifications of existing leases.

OPEX

The definition of OpEx in the Taxonomy is very restrictive. On the basis of the initial work carried out and given the low level of the tax base considered (less than 5% of the group's operating expenses in 2021, €24.8 billion [1] in total excluding La Banque Postale) and its low materiality compared to all its operating expenses, the group has not published indicators for this component, for the eligible portion, this year at this stage of the work.

La Banque Postale

La Banque Postale follows the regulatory timetable for its activities identified as eligible for the European green taxonomy and will use all the information published by the companies subject to the regulation to analyse the eligibility and the alignment of the activities financed in its portfolios.

La Banque Postale analysed the proportion of its financing and investments identified as eligible, as of 31 December 2021, for the environmental objectives of adaptation and mitigation of climate change according to the criteria of this European taxonomy. It should be noted that this analysis was carried out based on the regulatory texts known to date and on discussions in the market place to share the interpretation of the texts. However, given the remaining uncertainties regarding the interpretation of certain aspects of the taxonomy regulation, the information published by the La Banque Postale will need to be clarified in future publications.

The portfolios analysed cover, in the numerator, outstandings consolidated in the group's balance sheet with financial and non-financial companies subject to the NFRD, households and local authorities. In addition, the denominator includes companies not subject to the NFRD (SMEs/VSEs or non-EU counterparties) and derivatives, interbank loans on request, other assets as well as cash and cash equivalents. Exposures to central governments, central banks and supranational banks as well as trading portfolio exposures are excluded from these analyses.

In accordance with the recommendations of the European Commission, La Banque Postale makes a distinction in its reporting between mandatory and voluntary disclosures. Thus, only assets that have been identified as eligible without recourse to estimates are included in the mandatory eligibility ratio. This therefore concerns exposure to households.

Nevertheless, for the sake of transparency, the Bank supplemented the mandatory disclosures with voluntary ratios including the eligible assets determined on the basis of estimates.

The following principles were applied for the analysis of the eligibility of exposures:

Type of counterparties	Principles adopted	Mandatory ratio	Voluntary ratio
Households	The following products are considered eligible: home loans, renovation loans or motor vehicle financing.	√	
Non-financial counterparties	The activities eligible for the taxonomy are obtained by crossing the NACE activity code of the companies with the activities listed in the technical criteria of the taxonomy regulation.		√
Financial counterparties	All exposures to financial counterparties subject to the NFRD are considered eligible.		√

(1) Group operating expenses excluding La Banque Postale.

On this basis, the percentage of exposure to eligible activities represented respectively 33% and 3% of the assets hedged for La Banque Postale on a "mandatory" basis and 18% and 7% on a "voluntary" basis:

Exposure indicators (climate change mitigation and adaptation criteria)	Mandatory 2021	Voluntary 2021	TOTAL 2021
Percentage of exposures relating to eligible activities in total assets hedged	33%	18%	52%
Percentage of exposures relating to non-eligible activities in total assets hedged	3%	7%	10%
Percentage of items excluded from the numerator[(a)]	38%	-	38%

(a) Exposures to counterparties not subject to the NFRD, derivatives, cash and cash equivalents, interbank loans on demand, other assets.

In addition, the shares of exclusions in the total assets at December 31, 2021 as required by the delegated act under Article 8 are presented below:

Exposure indicators (climate change mitigation and adaptation criteria)	2021
Percentage of exposures to central governments, central banks and supranational banks	30%
Percentage of trading portfolio and interbank loans in total assets	1%
Percentage of outstandings in companies that are not required to publish non-financial information under Articles 19 bis or 29 bis of directive No. 2013/34/EU	7%

La Banque Postale has made its best efforts to measure and publish the detailed information required by Article 8 of the Taxonomy Regulation, relying on the regulatory texts known at the date of publication and the market exchanges to harmonise their interpretation. This information will be specified in future publications.

3.3 EMPLOYMENT POLICY ENHANCING THE GROUP'S DEVELOPMENT

La Poste Groupe's employment policy is divided into five areas:

- anchoring the responsible employer policy at the heart of actions;
- developing the employability of employees;
- enhancing quality of life, preserving health and safety at work;
- implementing a global compensation policy and a social offer adapted to the needs of employees;
- acting for constructive social dialogue.

The new employee agreement, "La Poste, committed with postal workers", signed on 4 May 2021 by the CFDT, the "*Osons l'avenir*" list (CFE-CGC/CFTC) and UNSA-Postes and valid until the end of 2023, aims to support employees in the transformation of La Poste. It offers opportunities to every employee within the Company and excludes any collective forced departure system. With this agreement, La Poste is committed to quality employment based on the quality of life at work, the development of skills and career paths.

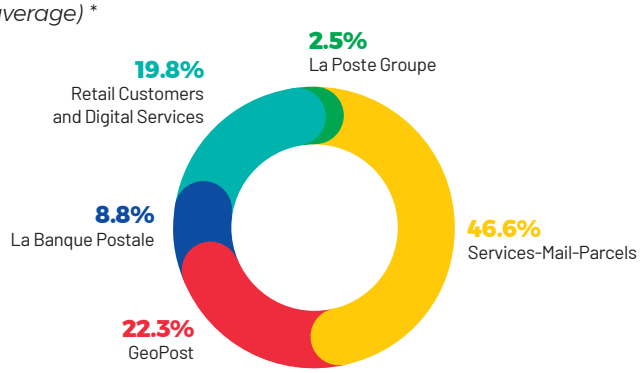
Group headcount

	2021	2020
La Poste Groupe	244,980	248,906

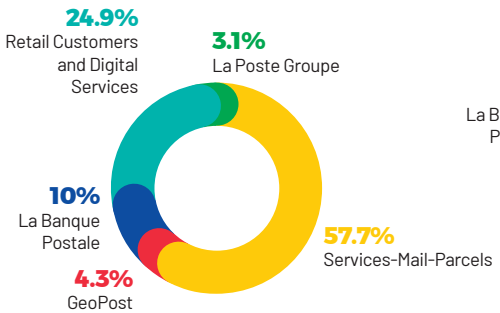
* *Civil servants, permanent contracts, temporary contracts, including training contracts for La Poste, excluding training contracts for subsidiaries (in full-time equivalents, FTE, on average).*

La Poste Groupe had an average of 244,980 full-time equivalent employees in 2021, a decrease of 1.6% compared to 2020. The change in headcount come from the difference between natural departures (mainly as a result of retirement) and new hires.

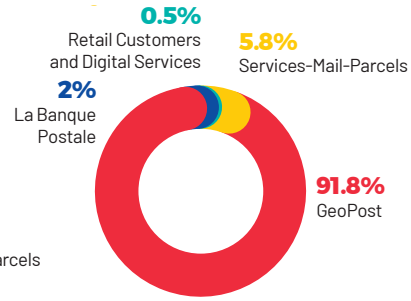
Breakdown of headcount by business unit worldwide
*(in full-time equivalents, FTE, on average) **



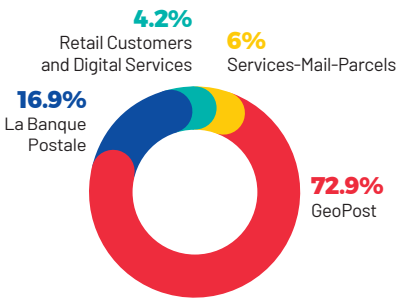
TOTAL : 244 980



FRANCE : 192,649



EUROPE EXCLUDING FRANCE: 43,929

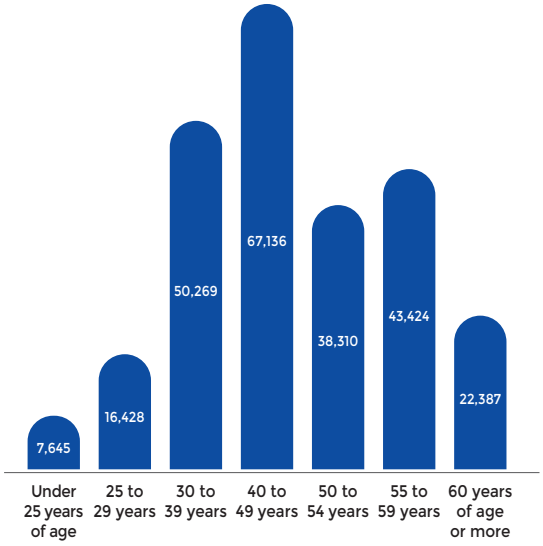


REST OF THE WORLD: 8,402

** Civil servants, permanent contracts, temporary contracts, including training contracts for La Poste, excluding training contracts for subsidiaries.*

Age pyramid of the group's headcount in Europe

Headcount of individuals at 31 December 2021
Civil servants and permanent employees



3.3.1 A RESPONSIBLE EMPLOYER

Ambition

La Poste Groupe is one of the largest employers in the French job market. It pursues a responsible employment policy in a context marked by both the reduction in mail volumes and the decrease in traffic at post offices, but also by a sharp increase in parcel volumes in a context weakened by the global health crisis.

With its 245,000 employees, La Poste Groupe is committed to a proactive employment policy focused on integration, inclusion, diversity and the fight against all forms of discrimination.

Policies and actions

Promoting the development of quality employment

La Poste, a responsible employer, promotes the development of quality employment. To this end, it uses several levers and actions and remains among the top ten recruiting companies.

- 95.9% of the workforce on permanent contracts and a low turnover of 4.9%[1] (vs 4.3% in 2020) within the La Poste parent company;

Group in France: 96.5% of employees on permanent contracts

Group in Europe: 94.0% of employees on permanent contracts

- 5,449 people were hired on permanent contracts, of which 32% under the age of 25. Applications from those who have worked for La Poste are prioritised when hiring under permanent contracts for the same position. In 2021, 2,166 employees who had previously been employed on temporary contracts were transferred to permanent contracts, *versus* 1,359 in 2020;

Group in France: 10,609 new hires on permanent contracts (vs 11,167 in 2020) of which 25% are under the age of 25.

Group in Europe: 17,925 hires on permanent contracts, of which 22% are under the age of 25.

Promoting the integration of young people into employment

- The leading recruiter for work-study students:
  - La Poste has for many years been firmly committed to a policy of training young people and integrating them into the workplace, by proposing apprenticeship contracts and vocational training contracts leading to degrees and/or professional qualifications, from the *certificat d'aptitude professionnelle* (Professional Ability Certificate qualification) (CAP) to Masters level. It relies in particular on its "Formaposte", *i.e.* its three part-time education centres (*centres de formation en alternance* – CFA) created and dedicated to La Poste, to meet its needs to train work-study students, particularly in La Poste's core business lines (postman, parcel operator and distributor, customer service manager, and banking advisor). Today, they support nearly 70% of La Poste's work-study students,
  - during 2021, with 4,182 new apprenticeship and professionalisation contracts signed (*vs* 4,541 in 2020), La Poste remains the leading recruiter of work-study students in France. 12% of these work-study students come from the urban priority neighbourhoods (QPV), even more than 40% in certain regions, such as Provence-Alpes-Côte d'Azur or Île-de-France,
  - La Poste is a partner of the *Fondation innovation pour les apprentissages* (FIPA). The objective is to work with other companies to develop all forms of work-study training (apprenticeships, vocational training contracts, work-study integration schemes, work-study guidance and continuing vocational training schemes), in particular for new jobs and jobs under strain (IT, data, artificial intelligence, etc.).

- An active reception policy for internships:
  - La Poste welcomed 4,300 interns in 2021 with a special focus on young people from urban priority neighbourhoods (11% in 2021), as well as young disabled people,
  - finally, more than 800 fourth-year middle school interns (including 11% coming from middle schools in urban priority neighbourhoods: REP/PER+) were welcomed in La Poste establishments in 2021, despite the constraints of the health crisis.

(1) *Within a scope including the entities of La Poste SA and its subsidiaries in France, the turover represents 6.65% in 2021.*

- La Poste mobilises with the public authorities to support 16 to 25 year olds as part of the *"1 jeune, 1 solution"* (1 young person, 1 solution) plan. La Poste Groupe offered 8,000 solutions to young people in 2021 (recruitments of young people on work-study contracts and vocational training contracts, and recruitments of young people in 2021 on permanent or fixed-term contracts for the purpose of training and employing young people by offering them job opportunities within La Poste Groupe);
- As part of this plan to promote the integration of young people into the world of work, La Poste volunteered to be a partner of the *"1 jeune, 1 mentor"* scheme. This scheme aims to increase the number of young people who, during their school career, in their career choices or in the professional integration phase, benefit from mentoring. Free, accessible to everyone and everywhere, this initiative allows all volunteer employees to enter into a supportive relationship;
- La Poste is committed to urban priority neighbourhoods: as it operates throughout France, in 2008 La Poste signed the national commitment to youth employment in urban priority neighbourhoods. It has made a commitment to include young people from disadvantaged areas in the workplace, *via* a dynamic recruitment policy and a range of partnerships:
  - in 2021, La Poste hired 460 people living in urban priority neighbourhoods on permanent contracts, *i.e.* 8.9% of total hires on permanent contracts: 32% related to activities in post offices for customer service manager and banking advisor positions; 62% were in the field of mail and parcel services (postman, parcel operator and distributor, agent in the sorting centre; the other recruitments concerned support functions, mainly IT (network experts, infrastructure, etc.), e-commerce specialists, etc.,
  - in 2022, La Poste wants to maintain its ambition to promote equal opportunities and recruit people from disadvantaged neighbourhoods.

Continuing to welcome and integrate disabled people

- The policies put in place aim to enable disabled people to work in good conditions whatever their profession, to offer them an attractive career path and to combat all forms of discrimination against them.
- Seven social agreements approved by Agefiph have been signed since 2012, the last being on 10 May 2019, for the 2019-2022 period.
- With more than 14,000 disabled employees, La Poste is the leading employer of disabled people in France.
- La Poste's employment rate is increasing every year. In 2021, it was 7.74% [(1)] (despite the end of the integration of purchases in the disabled and sheltered sectors into the calculation of the rate), compared to 7% in the previous year.
- La Poste recruits disabled people in various forms of employment: in 2021, 150 people benefiting of the obligation to employ disabled workers (OED) were recruited, including 41 on permanent contracts.
- La Poste takes part in initiatives to promote the employment of disabled people and has an active awareness-raising and communication policy. In 2021, as part of the European Week for the Employment of People with Disabilities (SEEPH), La Poste took part in the "Duoday" for the third time and offered 133 discovery internships to disabled people to help them discover La Poste jobs. An awareness campaign on visual health was also launched in partnership with the *Institut de la vision*, to disseminate best daily practice to be adopted to protect eyesight and limit visual fatigue.
- La Poste is allocating €23 million to the disability policy over the duration of the agreement (2019-2022), of which 60% is dedicated to maintaining employment. La Poste purchased €16.4 million worth of services from the disabled and sheltered sectors in 2021. These services are varied: maintenance of electric-assisted bicycles for postmen, letterboxes on public roads, green spaces, repair of Parcels, sorting of Parcels that cannot be mechanised, audiovisual services, etc.
- La Poste has 130 disability advisors present in all its businesses and throughout the country to support employees. Four advisors promote the accessibility of digital tools for visually impaired users.

Enhancing gender equality at all levels of the Company

- La Poste signed a fourth agreement on workplace equality on 25 July 2019, which sets out new commitments for the 2019-2022 period. It aims, in particular, to give the same career opportunities to women and men, by strengthening gender balance in all business lines and by developing a policy that allows women to access senior positions in the Company (strategic and senior executives, management), but also through actions to combat sexism and violence, equal rights, regardless of sexual orientation and gender identity.
- Its active gender equality policy entailed that, in 2021, 52.7% of La Poste's employees were women, 52% of its management positions were filled by women and 35.1% of its strategic and senior executives were women. In its strategic plan, the group has committed to having 40% women among its senior executives by 2025. For the third consecutive year, La Poste obtained a score of 94/100 on the gender equality index.

Group in France: 50.9% women

Group in Europe: 47.4% women

- A gender equality network, the Un.e network, was created to advance and promote gender equality at all levels of the Company. It brings together those who are committed to advancing gender equality and thus promoting change, innovation and the values of progress in the service of Company performance.
- La Poste is working to ensure equal compensation for men and women doing the same job or work of equal value. In 2021, thanks to the measures taken to promote equal pay for several years, the pay gap remains residual, with a gap of 1.8% to the disadvantage of women within the La Poste parent company (employees and civil servants). The gap is 0.2% to the advantage of female employees.

(1) The results of the year 2021 will be available in May 2022.

Group in France: 4.5% pay gap to the disadvantage of women

Group in Europe: 4.7% pay gap to the disadvantage of women

- La Poste has relayed the Ministry for Gender Equality, Diversity and Social Affairs campaign to its employees in post offices to combat violence against women and to promote equal opportunities. This campaign reminds the emergency numbers to contact for victims or witnesses of violence, as well as all the measures implemented by La Poste.
- Additionally, La Poste is also a signatory of: the United Nations Global Compact and the Chairmen and Chief Executive Officers' commitment to gender equality worldwide; a framework agreement to increase female participation in governance bodies, which was signed in April 2013 with 16 other large groups and the Minister of Women's Rights.

Fighting against all types of discrimination

- Ten years ago, La Poste introduced a recruitment Charter, in which it makes a commitment to equal opportunities, considering all applications and showing objectivity and respect in the recruitment process. It uses several methods to promote diversity in its recruitment processes (recruiting in urban priority neighbourhoods, vocational training contracts, apprenticeship contracts and simulation-based recruitment).
- As a signatory of the Charter for diversity since 2006, the group has a Code of Ethics and internal rules of procedure, which detail the commitments towards preventing discrimination.
- In June 2021, La Poste rolled out a comprehensive system for preventing and combating sexism which includes training and communication actions, designated CHSCT officers and a tool for recording sexist acts and comments made available to postal workers who believe they are victims.
- La Poste is committed to the "*#StOpE.au sexisme ordinaire en entreprise*" initiative. This initiative, launched in December 2018, aims to combat sexism in companies. 114 companies have joined this movement.
- In addition, a strengthened system for the prevention and handling of harassment situations was rolled out throughout the Company in 2021.
- In October 2021, it renewed its commitment to parents by signing the Quality of life at Work Observatory's parenthood Charter, which promotes the evolution of parenthood in the Company, the creation of a favourable environment for employee-parents, in particular for pregnant women and respect for the principle of non-discrimination in the professional development of employee-parents.
- As part of its initiatives to promote diversity in the Company, La Poste has launched a new communication campaign on stereotypes related to gender, sexuality, origin and disability. It thus reaffirms its commitment to the fight against all forms of discrimination.
- The Services-Mail-Parcels business unit renewed the Diversity label, in recognition of its active policy in favour of equal opportunities and the fight against discrimination.

Ensuring respect for human rights and fundamental freedoms

La Poste Groupe is constantly committed to respecting human rights and fundamental freedoms, whether these are the rights of its employees, its customers or its business partners, for all of the regions in which it operates.

In its activities and its sphere of responsibility, it adheres to and promotes the principles of international human rights treaties, and also the provisions of the fundamental conventions of the International Labour Organization (ILO) and the guiding principles of the United Nations on Business and Human Rights.

Since 2003, it has renewed its membership of the United Nations Global Compact, in which it commits to respect freedom of association and recognise the right to collective bargaining, help to eliminate of all forms of forced and compulsory labour, work towards the effective abolition of child labour, and work to eliminate discrimination in respect of employment and occupation.

GeoPost, which is developing its international presence, signed a global agreement in 2017 with the UNI Global Union on fundamental human rights and freedom of association. This agreement applies to all of its entities and confirms the group's commitments to respect human rights.

In line with its commitments, the group deploys prevention policies to promote the rights of its employees.

These policies are supplemented, within the framework of a sustained social dialogue, by local and national social agreements. In 2021, 157 national agreements were signed at La Poste and in the French subsidiaries on a wide variety of topics such as compensation, diversity, protection and gender equality (271 agreements within the group's European scope).

The group wants to be a responsible customer. Through its ethical and responsible purchasing Charter, La Poste asks its suppliers to respect and promote the principles of the Global Compact and the fundamental conventions of the International Labour Organization (ILO), and in particular to prohibit any form of work that could endanger health or safety.

Since 2020, La Banque Postale has analysed all of its funds and mandates using a grid including criteria relating to respect for human rights.

The group's vigilance plan (see Appendix 1 of this Universal Registration Document) reports on the assessment of the risks of serious violations of human rights and fundamental freedoms related to its activities. This risk mapping generates all of the risk prevention, mitigation and mitigation measures undertaken by the group for its employees, as well as for service providers and suppliers with whom it has established commercial relationships.

As "*Entreprise à mission*" (mission-driven Company) since 8 June 2021, La Poste Groupe has consolidated its position as a positive impact company and is committed to a policy of preventing all human rights violations. La Poste Groupe complies with all international and national laws concerning the respect of human rights and is vigilant to their respect throughout its value chain.

Results

2021	LA POSTE PARENT COMPANY	GROUP IN FRANCE	GROUP IN EUROPE
New hires on permanent contracts	5,449	10,609	17,925
Number of new hires aged under 25	1,768	2,704	3,933
Number of work-study students	4,182	5,708	5,743
BOE rate (beneficiaries of the obligation to employ disabled workers)[(a)]	8.66	NA	NA
Percentage of women in the Company	52.7	50.9	47.4
Percentage of women in the top 10% of positions of responsibility	44.8	NA	NA
Gender pay gap (as a %)	-1.8	-4.5	-4.7

(a) Data not available at the date of publication of this document.

2020	La Poste Parent Company	Group in France
New hires on permanent contracts	4,416	11,167
Number of new hires aged under 25	1,543	3,082
Number of work-study students	5,123	5,891
BOE rate (beneficiaries of the obligation to employ disabled workers)	7.74	NA
Percentage of women in the Company	52.5	50.9
Percentage of women in the top 10% of positions of responsibility	44.2	NA
Gender pay gap (as a %)	-2.4	-4.2

3.3.2 DEVELOPING THE EMPLOYABILITY OF POSTAL WORKERS

Ambition

In a context of digital, environmental, demographic and regional transitions, La Poste supports employees in adapting their activities and skills to accelerate the development of new growth drivers for the benefit of society as a whole. La Poste is developing forward-looking human resources management to support changes and offer employees new career paths.

La Poste is strengthening its commitment and policy in terms of managing the employment and career paths of its employees by giving priority to internal mobility. The fluidity of internal employment is one of the major components of the "La Poste, committed with postal workers" agreement signed on 4 May 2021, which creates the conditions and gives each employee the means to have a progressive career path and to prepare for new activities under development within La Poste Groupe.

La Poste's training policy has always been a priority for developing the employability of employees. The agreement of 4 May 2021 reaffirms this ambition and provides each employee with the means to train throughout their career and to manage changes in the environment for the benefit of all customers.

Policies and actions

Developing an approach to anticipate job needs

La Poste has opted for a policy of anticipating job needs:

- the role of Jobs, Skills and Qualifications Observatory has been strengthened to better anticipate changes in jobs and skills development guidelines. It is chaired by the group's HR Department and is made up of the business unit HR Directors, the group Strategy Department and representatives of trade unions. The work of this observatory is reflected in tangible actions, such as: raising awareness among employees of the links between certain professions; identifying the training available to progress and reach a desired position; attracting new talent through opportunities identified within the Company; promoting professional development opportunities. The annual meeting of the Jobs, Skills and Qualifications Observatory was held on 1st December 2021;
- to promote work-life balance, La Poste offers management of employment and career paths (GEPP) at the local level. The aim is to meet local recruitment needs and offer employees jobs close to where they live. The role of the group Mobility and Recruitment Areas (EMRG) is strengthened at the level of each region by in-depth knowledge of future changes in the local job market and the job offers that will be offered by all entities (those of the parent company, as well as those of the group's subsidiaries);
- to support the group's transformation challenges, La Poste has set up a talent management policy. This aims to support management in identifying key positions in the organisation, anticipating needs by identifying and preparing employees for high-stakes positions and preparing holders of key positions and their successors through development actions and professional development opportunities;
- in this context, in 2021, La Poste will continue to enrich its development offer by launching a programme for senior executives ("Executives committed to 2030"), including mentoring and an induction day for new senior executives, and by offering more specific programmes. For the first year, La Poste is also a partner of the Eve programme, which focuses on the challenges of diversity. Lastly, La Poste launched the third "*Impacte!*" year group for the group's "*Talents*" by revisiting the programme in light of the challenges of the managerial culture.

Promoting mobility and career paths

Professional development opportunities are offered within the group:

- La Poste creates the conditions to enable employees to be active in their career plans by encouraging them to take initiatives: a fluid internal job market, calls for applications accessible to all and more attractive on the Job Exchange, internal mobility rules shared by all, Intranet site dedicated to professional development. The volume of vacancies offered on the Job Exchange and the number of employees who benefited from professional development regained their levels of 2019: 21,559 offers were made to employees and 18,532 employees benefited from a professional development during the year;
- the organisation of the mobility sector was further simplified in 2021 around the twelve group Mobility & Recruitment Areas (EMRG) which now bring together La Poste's 350 mobility professionals. The aim is to provide local employees with end-to-end support, with easier access to expertise and information on all the professional development opportunities available throughout the group (parent company and subsidiaries);
- La Poste is innovating and improving the employee experience. It has set up virtual job fairs in all regions to promote the professional development of employees. They were able to "visit" several stands (management, sales, IT, etc.) and chat with advisors. These virtual fairs are five times more frequented than the "traditional" job fairs and have already brought together more than 4,500 La Poste employees;
- La Poste is organising a better identification of career development wishes expressed by employees during annual interviews (conducted with their manager every year). HR players and managers are also involved in supporting employees on the move, with the guarantee of upstream sharing of information related to financial support for mobility;
- La Poste created two new innovative internal mobility schemes to support employees in recruiting jobs to fill a significant skills gap ("signposted paths" and "pioneer paths"), to facilitate and develop mobility between group companies and to provide inter-business management to offer new opportunities. Over ten signposted paths were rolled out in 2021 (buyer, media relations manager, work organisation and environment manager for Services-Mail-Parcels, corporate client manager for Services-Mail-Parcels and human resources managers, designer developer, commercial action manager for Services-Mail-Parcels);
- in line with human resources management focused on skills development, in 2021 La Poste simplified access to internal promotion by making promotion systems more operational and focused on recognising the skills developed by employees. In 2021, 13,674 employees benefited from a promotion scheme, *i.e.* a promotion rate of 8%.

Group in France: 15,740 employees benefited from a promotion scheme, *i.e.* a promotion rate of 8%

Group in Europe: 15,834 employees benefited from a promotion scheme, *i.e.* a promotion rate of 6.4%

La Poste also supports employees who wish to move into activities other than postal services:

- to respond to requests for mobility expressed by employees to one of the three public functions (State, regional and hospital), La Poste implements support systems for its civil servants and employees. In 2021, La Poste helped 164 employees transfer out to the public sector;

- La Poste has an active policy to support its employees' entrepreneurship projects (creation or takeover of a business). The policy includes support from specialist advisors, access to training, adjusted working hours, financial assistance, post-set-up monitoring, and the right to a smooth return to work, if needed. In 2021, 198 employees successfully set up or took over a business;
- La Poste also helps employees transfer out into the growing social and solidarity-based economy (SSE), which offers a wide range of roles. The "Dynamic Alliance" partnership enables several kinds of projects: professional development to an SSE organisation, or end-of-career commitment to a general-interest cause. In 2021, 77 employees successfully completed such external development projects.

Results

La Poste parent company	2021	2020
Number of employees who have progressed professionally	18,532	15,244
Offers on the Job Exchange	21,559	20,419
Number of employees supported by the mobility and recruitment teams	27,918	NA

Invest and innovate in skills development

La Poste is committed to investing at least €200 million per year over the term of the "La Poste, committed with postal workers" employee agreement in favour of vocational training. In 2021, this amounted to €210 million (excluding CUFPA [1]) which were invested (€303 million within the Europe group scope). The training access rate for the La Poste parent company's employees was 95.9% (92.3% within the Europe group scope). On average, the number of hours of training per employee trained was 31 hours (vs 24.5 hours in 2020) for the La Poste parent company (24 hours within the Europe group scope).

To better support employees in the development of their skills and improve the clarity of the training offer for learners, La Poste has simplified access to training in 2021. La Poste thus improves the employee experience by providing each employee with a training area tailored to their profile.

To increase the efficiency of vocational training, La Poste has grouped together within the group Institute (IG) all training for managers, support functions and the entire cross-functional offer by developing the most appropriate and innovative teaching methods (virtual reality, escape game, digital and micro learning, etc.).

The roll-out of major training programmes was strengthened in 2021:

- training programmes that support specific business transformation of business units and the development of new offers to serve customers. They are provided by:
  - the Banking and Network School, which supports the development of the business skills of employees of La Banque Postale, Financial Services and the Retail Customers and Digital Services business unit. In 2021, over 2.7 million hours of training were provided (La Poste SA scope),
  - the Services-Mail-Parcels University, which supports the development of the Services-Mail-Parcels business unit towards the jobs of tomorrow. It is structured around six areas of expertise: School of Sales, School of Marketing, School of Supply Chain, School of postmen, School of Customer Satisfaction, School of Customer Relations & Sales Administration. In 2021, more than 1.5 million hours were completed,
  - the IG to support and accelerate the professionalisation of the support channels on cross-functional topics such as project management, cross-functional management or customer orientation and also on business subjects such as risk management, finance and real estate skills, purchasing or HR. The skills development mechanisms offered are mainly innovative and multimodal training courses (face-to-face, virtual classroom, online courses, conferences, etc.). In 2021, 615,798 training sessions (e-learning, face-to-face, virtual classes, conferences, etc.) provided by the Group Institute were attended by 69,369 employees;
- a managerial skills development offer driven by the group Institute (IG). This offer meets the expectations of the new management culture, which embodies La Poste's values, a source of commitment and a lever for the success of the strategic plan. Seven key positions are favoured: being customer-centric, giving meaning, cooperating, empowering, developing, recognising and promoting innovation. It supports the manager's position as leader and facilitator of transformation and facilitates cooperation and collective intelligence. It promotes management by objectives, as a guarantee of performance. Like the offer made to the sectors, it includes multi-modal programmes: face-to-face, virtual classroom, online and self-service, a series of conferences and induction courses, including a course for new managers. At the end of 2021, 5,781 managers had taken part in one of the GI's programmes (*i.e.* 16,354 training sessions). In addition, 1,125 new managers have been hired under a "New manager" programme since the beginning of the year;
- a cross-functional training offer for all employees, aimed at reinforcing the appropriation of the Company's culture and its values in different areas. This includes training on how to deal with hybrid work/remote working. These training courses are offered online, accessible from a library of digital resources;

(1) Unique contribution to vocational training and part-time education.

- La Poste invests to support employees in developing their digital skills with the program *Cap Compétences Numériques* which provides each employee with training adapted to his or her needs on digital, artificial intelligence and data skills. In its strategic plan "La Poste, committed for you", La Poste has set itself the target of training 100% of employees in digital technology, AI and data by 2025. 25,000 employees have already benefited from this programme in 2021;
- La Poste is accelerating the teaching methods best suited to the targeted objectives. In 2021, 60% of employees received distance training (virtual classroom, e-learning, etc.);
- 72.3% of IG's trainings are delivered in a fully remote mode (e-learning or virtual classes).

Results

	2021	2020
Total number of training hours [(a)]	5,518,097	3,664,630
Percentage of employees having attended at least one training course during the year [(a)]	92.3%	91.2%
Percentage of employees having attended at least half a day of training during the year [(b)]	81.9%	79.7%
Training expenditures as a percentage of payroll [(b)]	4.8%	3.8%
Percentage of employees having attended a digital training course during the year [(b)]	19.0%	NA

(a) Scope : La Poste parent company and the subsidiaries in France in 2020 and 2021, plus the subsidiaries in Europe in 2021.
(b) Scope : La Poste parent company.

3

3.3.3 IMPROVING THE QUALITY OF LIFE AND PROTECTING THE HEALTH AND SAFETY OF EMPLOYEES AT WORK

Ambition

Quality of life at work drives performance for La Poste and commitment for employees. Improving the quality of life at work and protecting the health and safety of employees at work is the primary focus of the "La Poste, committed with postal workers" employee agreement signed on 4 May 2021.

La Poste pays particular attention to the quality of life at work and the commitment of employees. Each year, it measures this commitment through a barometer, the results of which are analysed at the level of each establishment. They enable the improvement of working conditions and the employee experience and monitoring of the results throughout the year (understanding of the issues, sharing of meaning, organisation, content and workload, working conditions, etc.).

Policies and actions

Improving quality of life at work

Improving the quality of life at work contributes to the Company's performance and employee commitment.

La Poste is stepping up actions to promote quality of life at work in all entities:

- the "QVT Essentials" approach aims to provide concrete responses to situations in which teams experience stress and difficulties in doing their jobs well. This may concern all aspects of daily work: work organisation, autonomy, recognition, change management, working relationships, etc.;
- employees are involved in this approach: working groups are organised to analyse the causes of identified risk situations and propose solutions. The QVT Essentials approach has been launched in all business units and will continue each year. It contributes to the prevention of psycho-social risks in the Company and the CHSCTs are associated with it. Fifty percent of La Poste's entities have already deployed the approach;
- in 2021, the deployment of discussion areas at work, the *ParlonZen* workshops, continued in the operational entities and in the support functions. These workshops are privileged meetings between a team and its direct manager to discuss the day-to-day work and the conditions in which it takes place. These discussions allow ideas to emerge to support work groups, enhance work and improve what is not working well. Managers are trained to lead these workshops, the topics are proposed by the team members, the ideas selected are intended to be implemented and monitored;

- the development of remote working: La Poste and the trade unions signed an amendment to the employee agreement on remote working on 4 November 2021. It broadens the scope of beneficiaries and aims to improve hybrid working conditions. La Poste and the signatory trade unions wanted to capitalise on the hybrid work experiences developed during the health crisis. At end 2021, 7,362 employees benefit from remote working;
- La Poste reaffirms the right to disconnect. While taking into consideration the structure of the Company, which operates 24 hours a day, this right is organised on the basis of a reference disconnection time determined for each employee with a blanket disconnection window across all employee work stations. This right to disconnect was reminded to employees who teleworked during the health crisis in order to maintain a balance between personal and professional life;
- the La Poste change management method supports major projects that change the organisation of work: from the launch of a project to post-completion assessment, this method integrates the sharing of meaning and discussion around projects, and continuous information on the project's advancement provided to employees. The method also involves an impact study during which the Company listens to individual employees about their working conditions and work-life balance;
- the agreement signed in 2018 providing for the implementation of measures in favour of caregiver La Poste employees, including the possibility of donating days to a "carers solidarity fund", which is provided by La Poste for up to 1,000 days was extended to the end of 2022. Employee caregivers are also allocated three days of special leave to accompany those requiring assistance to administrative and medical appointments. They are also offered flexible working arrangements and support with their professional development if they are in need of geographic mobility;
- lastly, the efforts at mediation of life at work recorded encouraging results: 87% of disagreements settled amicably with the support of workplace mediation in 2021 (an increase of 5% compared to 2020). In addition to individual mediations, La Poste has developed collective mediations that enable stakeholders to find a calm and productive working environment. In 2021, La Poste became the first company whose community of ombudsmen was certified by the Paris Mediation and Arbitration centre (CMAP).

Continuing prevention initiatives

The prevention of psychosocial risks and hardship is a key subject of the "La Poste, committed with postal workers" employee agreement to enable all employees to do their jobs well.

In concrete terms, La Poste's prevention policy is reflected in:

- reinforced prevention of accidents at work and musculoskeletal disorders: deployment of work equipment to reduce risks (elimination of motorised two-wheeled motorcycles and use of three-wheeled Stabys to reduce driving risks, use of warehouse assistance tools or exoskeletons and other equipment adapted for post offices, etc.), launch of an approach to study workstations in real conditions in conjunction with the Cnam;
- prevention equipment and measures for service-sector workstations (adjustments and practices to be implemented to limit the screen constraints and fatigue). This advice was distributed to people who worked remotely during the health crisis, in addition to measures to prevent psycho-social risks;
- training modules: training managers and staff in reducing handling risks and bad posture at work, and preventing discourteous behaviour and external aggression; training modules on prevention for the prevention division, site managers and chairmen of Health, Safety and Working Conditions Committees (CHSCT);
- continued efforts to certify all employees who drive as part of their job;
- the deployment of a plan on customer reception and incivility management. It aims to implement actions to reduce the incivility to which employees are subjected in their work in the most exposed post offices: collective training and prevention actions to manage incivility; actions on customer reception conditions with the creation of customer service manager positions; support for employees who have suffered incivility, including by filing a company complaint. This approach has been deployed since 2017 in more than 700 post offices, including 103 in 2021. Faced with the increase in reports in 2020 and the context of the health crisis, a new RECO 21 plan (Reconquest of the Commercial Space) was also rolled out. It provides for strong, short-term actions to visibly and sensitively contain attacks in the post offices most affected by incivility in terms of recurrence and severity;
- better consideration of arduous career paths for employees to avoid the risk of partial or total incapacity;
- support for people who are absent from the Company for a long period of time, which also aims to facilitate their return to work;
- a system to prevent and handle situations involving psychological and sexual harassment;
- a telephone-based listening and psychological support system accessible to all employees 24 hours a day and another phone number specifically intended for HR managers and HR employees.

La Poste has its own healthcare services to monitor the occupational health of employees and a support service for employees who are experiencing difficulties in their professional and/or personal life. At the end of 2021, it had 105 occupational health doctors, 122 occupational nurses, 107 occupational healthcare assistants and a network of 240 social assistants.

Results

	GROUP IN EUROPE 2021	GROUP IN FRANCE 2021	GROUP IN FRANCE 2020
Number of days of absence due to accidents at work or commuting accidents or occupational illness [(a)]	833,716	817,476	796,413
Accidents at work with time off			
Frequency rate [(b)]	20.20%	21.02%	19.91%
Severity rate [(c)]	1.41%	1.63%	1.52%

(a) Includes the La Poste parent company and the group's subsidiaries in France (and/or subsidiaries in Europe). This indicator is calculated based on the number of individuals employed (excluding temporary contracts). The days of absence are counted in calendar days.

(b) For the La Poste parent company and the group's subsidiaries in France (and/or subsidiaries in Europe): civil servants, permanent contracts, temporary contracts. Number of accidents at work with time off (excluding commuting) per million hours worked. The hours worked are calculated on the basis of the average workforce multiplied by the number of hours worked per annum. Starting in 2017, a new method has been used to calculate the frequency rate, with calculation at 31 December, one month of consolidation and the inclusion of all contracts (excluding interns).

(c) For the La Poste parent company and the group's subsidiaries in France (and/or subsidiaries in Europe): civil servants, permanent contracts, temporary contracts. Number of days off due to accidents at work (excluding commuting) per thousand hours worked. The days lost for accidents at work are counted in calendar days. "The number of accidents at work with time off as well as the number of days off due to accidents were taken from the HR management systems on 31 December."

3.3.4 OFFERING VARIED COMPENSATION AND BENEFITS PACKAGES

Ambition

La Poste is developing a wage policy and a social offer adapted to the needs of each employee. In keeping with the Company's values, it aims to take account of individual situations and gender equality with the implementation of social and solidarity actions that respect everyone's balance.

Implementing a comprehensive compensation policy

Policies and actions

The compensation and ancillary policy is based on La Poste's values: fairness, diversity, recognition of skills and reflecting the performance and responsibilities of each employee.

- **Wage policy**:
  - special measures apply to civil servant employees in the public sector (points accumulation system),
  - for private-law employees, the compensation policy is set out in the Company agreement (*Convention commune*) and through annual pay negotiations. The compensation policy primarily comprises an annual negotiated change as well as a certain progression in years of service recognising the development of expertise in a job. It is supplemented with promotion measures adding value to career paths and changes. Additional compensation to cover family costs takes into account changes in employees' personal lives,
  - for senior executives, the compensation policy includes both individual changes in fixed compensation based on contribution and potential and a variable portion based on annual targets, both quantitative (economic result) and qualitative (ESG indicators, such as health and safety at work, quality of life at work, management, social responsibility, etc.),
  - the sales persons (Mail, Parcels and banking advisors, *i.e.* more than 10,000 people) benefit from a variable compensation system adapted to the commercial action policy, in the areas of services to businesses and to individuals in the banking, insurance, digital, media, healthcare, mail-parcel services, logistics and telephony markets.
- **Employee profit sharing:**
  - on 22 June, La Poste and the trade unions, CFDT, FO, the "*Osons l'Avenir*" CFE-CGC/CFTC union group, and UNSA-Postes signed the incentive agreement for the 2021-2023 period. The new agreement incorporates the fundamentals of profit-sharing at La Poste,
  - the new agreement covers the fiscal years 2021, 2022 and 2023. With this new agreement, La Poste and the signatory trade unions wish to involve La Poste SA employees in the group's results,
  - the agreement that comes into force is based on a new indicator for triggering the basic amount of the incentive scheme: net profit group share. This takes into account all the results of La Poste SA as well as those of its subsidiaries, up to the amount of capital held by the parent company, including CNP Assurances, which is 62% owned by La Poste SA,
  - with this agreement, the profit-sharing scheme will be triggered from a net profit group share of €175 million and will increase according to the results observed,
  - four new indicators modulating the basic amount of the incentive scheme are provided for in the new agreement: three NPS (net promoter score) indicators on Mail, Parcels and Banking businesses and the rate of digital training of employees. Achieving and exceeding the targets set for these indicators may increase the basic amount of the incentive scheme,

- in order to strengthen the unity of the Company, this agreement, like the previous ones, provides that each full-time employee present all year round, regardless of his or her grade or business unit, receives the same amount of incentive.
  The group's results for 2021 enabled it to allocate an incentive profit sharing of €591.60 gross to its employees in 2022,
- most French subsidiaries also have employee incentive agreements;

- throughout the Covid-19 crisis, La Poste maintained at 100% the net salary of its employees who were removed from their jobs (for reasons of health or childcare) and were unable to work remotely;
- in addition, several bonuses were paid to employees in 2021, an exceptional purchasing power bonus was paid to more than 166,000 employees, the postman bonus was extended to all Mail-Parcel staff and the parcel delivery bonus was increased;
- **Employee savings:**

  In December 2006, La Poste and five trade unions (FO, CFDT, CFTC, CGC and UNSA Postes) signed two agreements respectively instituting the group savings plan (*Plan d'épargne groupe* – PEG) and the collective retirement savings plan (*Plan d'épargne pour la retraite collectif* – PERCO).

  The La Poste parent company, by signing, on 10 September 2020, an amendment to the PERCO agreement with the trade unions (CFDT-F3C, FO-COM, the "*Osons l'avenir*", CFE-CGC Groupe La Poste, Fédération CFTC Média+ and UNSA-Postes), provides employees with these benefits. Thus, from 1st October 2020, the PERCO was replaced by the PERCOL (collective company retirement savings plan).

  These collective savings plans set up by La Poste are also open to certain French subsidiaries that meet the conditions for membership. To date, 16 subsidiaries have chosen to join La Poste SA employee savings schemes. Employees of La Poste and member subsidiaries have the option to start saving in employee savings plans once they have been with the Company for three months, by making voluntary payments and/or by putting their profit-sharing and/or bonus in them. Since 2014, La Poste has also allowed its employees to transfer up to ten days of their time savings account (*Compte épargne-temps* – CET) to their PERCO (excluding annual holidays) once per year.

  La Poste makes a contribution on top of the amounts that employees pay into their PEG and PERCOL accounts. The subsidiaries which have signed up to the plans are free to set their own contributions.

  The amounts paid into the PEG and the PERCOL are invested into a diverse range of employee mutual funds, exclusively dedicated to La Poste Groupe. La Banque Postale Asset Management (LBP AM) is responsible for the financial management of these funds.

  At 31 December 2021, La Poste Groupe had 155,243 beneficiaries of group employee savings schemes.

  In terms of governance, a joint Supervisory Board has been set up forall La Poste mutual funds. This board, comprising an equal number ofrepresentatives of employee unit-holders and representatives of Groupemployers adhering to the employee savings plans, met five times in 2021;
- **Employee profit-sharing programme:** currently, there is no employee profit-sharing programme in place at La Poste. Act No. 2010-123 of 9 February 2010 (Article 12) provides for its possibility under the conditions provided for by decree of the Council of State, but its implementation remains subject to the intervention of a decree (provision of Article L. 3321-1, 2nd paragraph of the French Labour Code). The subsidiaries are required to operate profit-sharing programmes;
- **Employee share ownership:** Article 1 of Act No. 2010-123 of 9 February 2010 provides that the share capital of La Poste shall be held by the French State and by other public sector legal entities, except for the portion that may be held under employee shareholding arrangements. This provision of law, which grants the option for a specific employee share ownership, has not been used to date: La Poste does not have employee shareholders;
- **Pension plan:** La Poste employees are covered by the ordinary law regime corresponding to their legal status: civil pension scheme for civil servants, general scheme for employees. Regarding the civil servant employees' pension funding, Act No. 2006-1771 of 30 December 2006 established a full discharge contribution system for La Poste giving it a full discharge of all liabilities. Under the competitively fair rate principle, the rate of this payment "is calculated in such a way as to equalise the levels of wage-related social security and tax charges between La Poste and other companies under ordinary social security arrangements, applying this principle to risks common to private-law employees and civil servants";
- **Supplementary social security cover plan:** an obligatory group supplementary contingency and healthcare cost payment plan has been in place for private-law employees since 2006 *via* an agreement dated 19 May 2006. A system of contributions for the entire plan offers solidarity to families and the lowest earners. In the case of civil servants, a healthcare cost repayment scheme has been in operation since 1st January 2012, as part of the opportunity afforded by the Act of 9 February 2010 (Act No. 2010-123 of 9 February 2010 on the La Poste public sector company and postal business). An agreement was signed on 7 July 2011, establishing a mandatory collective defined-contribution plan governed by ordinary social security law (Article L. 911-1 of the French Social Security Code). Since 1st January 2020, the mandatory healthcare cost plan reimburses all health equipment, for dental prostheses and optics;
- in 2021, nearly 300,000 people covered were able to benefit from mandatory collective health benefits, as employees, civil servants, spouses and eligible children;
- staff from the subsidiaries are covered by plans specific to each company.

Results

Summary table on compensation	GROUP IN EUROPE 2021	GROUP IN FRANCE 2021	GROUP IN FRANCE 2020
Gross average annual compensation [(a)]	€33,313	€33,258	€32,545
Change y/y-1	NA	+2.2%	+2.2%
Annual employee incentive pay based on annual earnings (La Poste SA)	NA	€125.5 M	€96.2 M
Number of employees with a group savings plan (PEG) and/or a collective company retirement savings plan (PERCOL) [(b)]	169,518	169,036	174,934
Net contribution paid by the Company	€33 M	€32 M	€34 M
Percentage of socially responsible investments in the PEG and PERCOL assets	87.6%	87.6%	89.2%

(a) The indicator is calculated based on the gross fixed compensation paid. The average compensation includes compensation items paid monthly, but does not include variable bonuses. The number of employees taken into account is the average number of employees in FTE for the year.

(b) La Poste and some subsidiaries, such as Mediapost, are members of the group savings plan (PEG) and collective company retirement savings plan (PERCOL). La Banque Postale has its own employee savings schemes (PEG and PERCOL).

Adapting the social offer to the daily lives of employees

Policies and actions

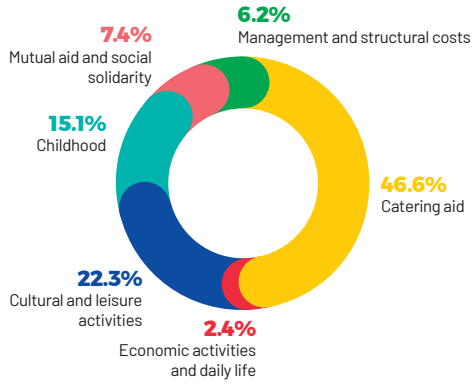
La Poste's policy on benefits in kind is co-developed with trade unions and associations. Its aim is to promote the work-life balance of employees in a spirit of solidarity and adaptation to the needs of each individual.

The benefits in kind offered to all La Poste SA employees represent a total budget of €186 million in 2021 (*vs* €196 million in 2020) and meets the daily needs of employees:

- assistance for parents with childcare, stays at summer camps and academic support;
- catering aid;
- offers for holidays, leisure, sport;
- reinforced support for carers and employees in difficulty as part of mutual aid and solidarity.

La Poste has also developed individual social action initiatives under its company policy, including holiday vouchers (30,726 requests in 2021), study grants, and pre-paid service cheques (CESUs). La Poste has a support package for employees who are family caregivers. It publishes a guide for caregivers and provides a dedicated telephone line to give them more personalised support and advice. In the last quarter, two exceptional operations enabled employees to receive gift vouchers and to take advantage of very attractive ticketing offers from Cogas.

Breakdown of spending on benefits in kind



Providing housing solutions for all

Policies and actions

The policy on housing for employees is an important element in La Poste Groupe's social policy. La Poste is the main contributor to employer participation in the construction effort – PEEC (*Action Logement Services*). It implements an active policy under successive agreements negotiated and signed with all trade unions. This policy is based on the range of services offered by Action Logement and a historic stock of over 16,500 social housing units, approximately 40% of which are occupied by La Poste employees, both active and retired, and managed by the Poste Habitat group. In addition to the compulsory payment of the PEEC, La Poste maintains a voluntary financial investment resulting from housing agreements.

- A fifth unanimous agreement on La Poste's social housing policy was signed for the 2020-2022 period. It perpetuates the assistance already in place and highlights new offers to support employees according to their situation (thermal improvement and renovation work, adaptation of housing to PRM standards, modification of the family structure, etc.);
- The housing offers (temporary housing, social rental, access to intermediate housing, home ownership) and the related services (advice, guarantees, home loans, work loans, financial assistance), as well as new support offers for works adaptation and thermal renovation, enable La Poste to offer solutions adapted to the needs of employees at each stage of their residential career, their professional development or their personal life. In 2021, this policy helped more than 10,188 La Poste employees, of which 1,683 (16.5%) received help in accessing social rental housing. Overall, these results are up compared to those of 2020, especially for employees' access to social housing.
- In addition, La Poste and Caisse des Dépôts have signed a partnership to offer La Poste employees intermediate housing. This housing offered by CDC Habitat completes the housing offer of low-rent social housing associations.

Results

In 2021, 10,188 employees benefited from housing solutions.

3.3.5 MAINTAINING SUSTAINED SOCIAL DIALOGUE

Ambition

La Poste Groupe acts for constructive social dialogue, incorporating innovative practices, in line with the Company's values and constraints.

In a period of considerable transformation, La Poste brings together the entire social body to develop a shared project based on permanent and constructive social dialogue that respects the diversity of expressions.

Supporting the Company's development by signing employee agreements

Policies and actions

The 57 national agreements signed since 2018 are the result of a constructive social dialogue with each representative trade union and are proof that there is a shared will to drive the Company's transformation for the benefit of all employees. In 2021, this resulted in 18 agreements (*vs* 14 in 2020).

In 2021, La Poste committed to:

- quality employment based on the absence of forced collective departures, quality of life at work, development of skills and career paths;
- 100% guaranteed compensation for employees who are partially employed (vulnerable people and people caring for children);
- an extension of measures in favour of caregivers;
- an increase in the number of beneficiaries of remote working at La Poste by capitalising on the hybrid work experiences developed during the health crisis.

In addition to these agreements signed within La Poste SA, 139 agreements were signed at the level of the group's French subsidiaries and 253 were signed at the level of the group's European subsidiaries. 100% of the group's employees in France are covered by employee agreements.

Monitoring commitments made in current agreements

Policies and actions

La Poste relies on a professional HR Department to support the management line and ensures the proper implementation of the commitments made in the agreements by:

- agreement monitoring commissions making it possible to share results with trade unions and employees;
- an employee alert system which, for several years now, has enabled trade unions to contact the local Director and, if necessary, the group's Human Resources Department (HRD) to report any shortcomings they believe to have occurred in honouring the commitments or the change management method applicable to national or local organisational changes;
- an HR department close to operational staff and able to contribute effectively to the improvement of the employee experience. Local human resources managers are present in all postal establishments. They improve the employee experience in all aspects of professional life, while respecting everyone's confidentiality and freedom of expression. Specifically:
  - informing and handling HR management issues and facilitating access to them through the deployment of an HR chatbot accessible to all employees and on all media (smartphone, etc.),
  - informing and advising on professional development and supporting managers in this regard,
  - being a trusted advisor for employees experiencing a difficult situation, regardless of whether it is professional or personal.

Bringing social dialogue to life

Status of staff

Made up of both civil servants and employees, La Poste strives to apply common HR rules to them, with each company establishment comprising both civil servants and employees on the same workstations.

The group has hired its new employees solely under private sector status since 2002. The number of employees governed by public sector legislation has been in steady decline and represented 24.3% of the group's entire headcount at the end of 2020 (27.1% in 2019).

According to Act no. 90-568 of 2 July 1990, civil servants fall under the general civil service regulations of the State and contractual employees are subject to collective agreements.

Act No. 2010-123 of 9 February 2010, relating to La Poste as a public sector company and to postal business, did not affect the provisions on the status of staff.

Social dialogue and staff representation

Institutions representing staff at La Poste

La Poste's institutions representing staff are mostly governed by public sector legislation, with the exception of the Health, Safety and Working Conditions Committees (*Comités d'hygiène, de sécurité et des conditions de travail* – CHSCT) which were established on 15 November 2011 and which are largely subject to the rules set forth in the French Labour Code.

Because several personnel categories (civil servants, public contract employees and employees) coexist alongside one another, consistent representation and social dialogue rules need to be ensured accross the Company, as set forth in the 1990 act indicated above.

The Act of 6 August 2019 on the transformation of the civil service confirmed that the specific IRP arrangements in place at La Poste would continue until the following renewal of the current terms of office, stipulating that, until January 2024:

- the provisions relating to the Social and Economic Committee (CSE) do not apply to La Poste;
- all IRPs, including CHSCTs, are maintained.

In the meantime, La Poste will start working to define its new post-2024 IRPs, in partnership with the trade unions. The creation of these new bodies will have to be referred to the Parliament for the amendment of the Act of 2 July 1990.

Individual representation

The individual representation bodies are joint committees at national and local level (CAP for civil servants and CCP for employees and public contract staff). The elected representatives are called upon to give their opinion on the individual situations of staff, particularly in disciplinary matters.

Collective representation

The collective representation bodies for employees include:

Technical Committees (TC)

The elected representatives within the Technical Committees (TC) review issues such as the organisation and functioning of services, statutory regulations, workforce and skills management, training, skills development and professional qualifications, professional equality, gender equality and combating discrimination. There is a National Technical Committee (*Comité technique national* – CTN) which reviews national issues and projects. This Committee has dedicated expertise, such as information on the social report, but there are also Local Technical Committees (*Comités techniques locaux* – CTL) at each operational deconcentration level (*niveau opérationnel de déconcentration* – NOD) responsible for topics pertaining specifically to that NOD.

Lastly, since the Decree of 25 February 2016, the TCs currently exercise social control over the occupational health services at La Poste (initially entrusted to NOD CHSCTs).

CHSCTs

Introduced in November 2011 in establishments with at least 100 employees, they cover all La Poste employees, whether civil servants or private-law employees.

The appointment of staff representatives to the CHSCT is based on the representative nature of the last Local Technical Committees elections.

Social dialogue bodies

In addition to the aforementioned consultation bodies, La Poste also has several forums for information, consultation and negotiation:

- the La Poste Social Dialogue Committees (*Commissions de dialogue social de La Poste* – CDSP), which are composed of representatives of trade unions at the national or local level (business unit and operational deconcentration level). Management shares information and/or engages in dialogue on various subjects. They meet to negotiate collective agreements;
- the group Strategic Social Dialogue Committee (*Comité de dialogue social stratégique Groupe* – CDSG), created by the agreement of 21 June 2017, which covers La Poste and all of the group's subsidiaries having their registered office in France. This new body aims to provide trade unions with better information on the group's economic, social and financial situation and strategy.

Workplace elections

They were held in December 2018 to elect representatives to the TC, CAP and CCP. The new terms of office began on 1st February 2019 for a four-year period. The participation rate in these elections was 73.04%; a high rate which places La Poste higher than all other French public sector bodies and reflects the employees' shared commitment to workplace democracy.

Trade union	2018 professional elections	Seats on the 2019 National Technical Committee
CGT	24.80%	4
CFDT	24.76%	3
SUD	18.84%	3
FO	18.48%	3
CFTC CGC	6.68%	1
UNSA	4.84%	1
CNT	0.75%	Not representative
SDP	0.85%	Not representative

The seven staff representatives on the Board of Directors of La Poste were elected by electronic vote from 7 to 10 December 2020 (participation rate of 50.93%).

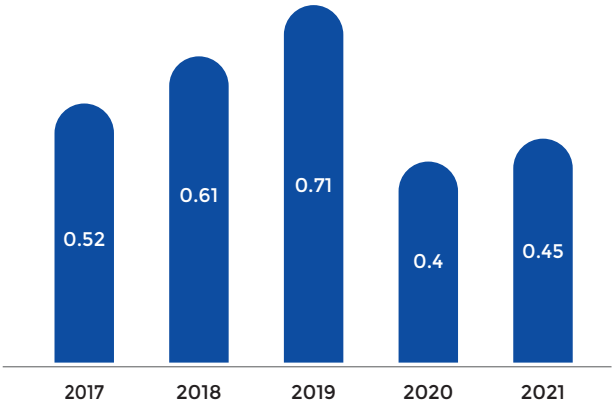
Elected for five years, they sit alongside the other 14 Directors: 13 appointed by the La Poste General Shareholders' Meeting and one representative of the French State appointed by decree. In addition, three non-voting members appointed by decree, two representatives of the municipalities and their groups, and one member representing users attend Board of Directors meetings, which define La Poste's general policy as well as the group's strategic, economic, financial and technological orientations, and oversee their implementation.

The distribution of votes and seats is as follows:

- the CFDT obtained 25.08% and two seats, including the executive seat;
- the CGT obtained 23.96% and two seats;
- FO obtained 19.29% and one seat;
- SUD obtained 18.25% and one seat;
- the CFTC/CFE-CGC obtained 13.42% and one seat.

Exercise of the right to strike

Number of days off work due to national or local strikes from the payroll system.



3.3.6 EMPLOYEE INFORMATION OVERVIEW

	GROUP IN EUROPE 2021	GROUP IN FRANCE 2021	Group in France 2020
Total headcount at 31/12 in individuals (permanent contracts, civil servants and temporary contracts)	260,192	214,043	226,264
Breakdown of headcount by age (in individuals) [(a)]			
Under 25 years of age	7,645	4,609	5,136
25-29 years of age	16,428	11,575	12,022
30-39 years	50,269	38,227	40,128
40-49 years	67,136	56,862	58,611
50-54 years	38,310	33,373	33,917
55-59 years	43,424	40,898	43,504
60 years of age or more	22,387	20,251	19,668
Grand total	**245,599**	**205,795**	**212,986**
% women/men (permanent contracts and civil servants)	47.4/52.6	50.9/49.1	50.9/49.1
Percentage of women on the Management Committee	NA	33.6	32.5
By type of contract (temporary/permanent)	5.6/94.4	3.9/96.1	5.9/94.1
Part-time employees	28,701	22,116	24,079
% of employees/managers	73.2/26.8	68.8/31.2	70.9/29.1
New hires on permanent contracts	17,925	10,609	11,167
New hires% women/men	36.5/63.5	43.2/56.8	44.6/55.4
New hires of people under 25 years of age	3,933	2,704	3,082
Total number of agreements signed	271	157	126
Training			
Percentage of employees having attended at least one training course	94.7	NA	NA
Training hours per employee	24 h	27 h	19 h
Absenteeism and accidents			
Frequency rate of accidents at work with time off	20.20	21.02	19.91
Severity rate of accidents at work	1.41	1.63	1.52
Rate of absence for sickness	6.70	7.34	7.76

(a) scope : permanent contracts and civil servants (excluding temporary contacts).

3.4 METHODOLOGICAL NOTE ON ESG INDICATORS

3.4.1 REFERENCE FRAMEWORK AND SCOPE OF ESG REPORTING

The group's corporate social responsibility reporting process was carried out in accordance with the provisions set forth in Articles L. 225-102-1 and R. 225-104 to R. 225-105 of the French Commercial Code:

- Chapter 3 presents the information relating to the social, societal and environmental challenges and risks associated with its activity, and the policies pursued in these areas, in accordance with the requirements of the statement on non-financial performance required by Decree No. 2017-1265 of 9 August 2017 issued to implement Order No. 2017-1180 of 19 July 2017 on the publication of ESG information;
- since 2009, the group has had its ESG indicators verified by an independent third party body and is gradually extending the scope of all published indicators for the consolidated scope;
- the employee indicators are developed in accordance with the methodology used for the employee report;
- in order to report to stakeholders on the group's annual results in terms of social and environmental responsibility, the group publishes an annual CSR report and a short format "*Les essentiels*", both available in the second quarter of the year and downloadable from the La Poste Groupe's website. This report is prepared in accordance with the Global Reporting Initiative (GRI) standards [(1)].

The environmental indicators are based on recognised guidelines:

- national guidelines: Carbon Footprint methodology proposed by Ademe, for the calculation of emissions of the majority of energies excluding electricity abroad and emission factors and other sources of the Carbon Base;
- international guidelines: GHG Protocol for the definition of scopes 1, 2, 3; Global Reporting Initiative (GRI) sustainability reporting guidelines; consumption or emission factors provided by the International Energy Agency for the calculation of emissions related to electricity consumption abroad (on the average of the last three years); recommendations of the Task force on Climate-related Financial Disclosures;
- special cases for emission factors for electricity from renewable sources (emission factors in CO_2 eq. relating to the consumption of electricity from renewable sources supplied directly by electricity suppliers, failing which, the factor applied corresponds to the average emission factor of the renewable energy mix of the country of consumption).

The reporting period is based on:

- for the employee indicators, over a calendar year (from 1st January to 31 December) to ensure consistency with French regulations and the employee reports of French companies;
- for the environmental reporting, on a rolling year from December 2019 to the end of 31 November for 2020 or a rolling quarter T4 2019 to end T3 2020, except for the number of vehicles (31 December).

All indicators are described and updated annually in detailed reporting memorandums, drawn up by the group's Societal Commitment Department, responsible for reporting in consultation with all internal stakeholders. This memorandum specifies the definition of the indicators, the methods for gathering and calculating the information, the estimates or extrapolations made, if necessary, the checks performed, and the data collection and approval responsibilities.

La Poste Groupe's reporting scope, unless otherwise stated, consists of the subsidiaries of the La Poste Groupe that are fully consolidated for the preparation of the consolidated financial statements. This scope has changed over the years depending on the indicators, thanks to initiatives to harmonise indicators, ESG reporting schedules, computerisation projects and external growth transactions. In 2021, ESG reporting is marked by:

- broadening of the scope of the employee indicators, now including the group's European subsidiaries;
- concerning the environmental indicators, an adjustment in 2021 of the extrapolation method to ensure the consistency of the reporting with the scope of consolidation of the group entities and the operational reality of the extrapolated entities;
  - the principles remain unchanged: by convention, the extrapolated data are calculated on the basis of an emissions ratio in CO_2 kg. eq per thousand euros of operating revenue. All extrapolated GHG emissions are, by convention, considered as falling within Scope 3 in the group's emissions table,
  - from 2021, LBP holding-type entities are excluded from the "eligible operating revenue" because they do not carry out any operating activities that generate significant GHG emissions,
  - for Asendia, the group's average emission ratio was applied to its logistics activities. For its digital platform activity, the average emission ratio of the group's digital activities was applied.

(1) See definition in the glossary in Appendix 3.

Scope of indicators	% of consolidated group operating revenue	% of group employees (in FTE)
Employee indicators for La Poste Groupe including subsidiaries in France and Europe [a]	90.6	95.1
GHG emissions related to transport and buildings for La Poste Groupe [b]	100	100

(a) The Human Resources Department is responsible for the employee, health and safety indicators.

(b) Including extrapolated greenhouse gas emission data (Scope 3), which represented 5% of the group's GHG emissions in 2021.

The scope of commitment mostly corresponds to GHG [1] emissions of transportation related to mail, Parcels, the Network, corporate, financial services (notwithstanding the principles set forth in the note on methodology), Digital Services and the buildings managed by the La Poste Immobilier subsidiary. This relates to direct and indirect emissions from the consumption of electricity, steam, heating or cooling and emissions including transportation subcontractors and subcontracted employee business travel. The modes of transportation taken into account are road transport, air transport, rail transport and maritime transport.

The greenhouse gas emissions include:

- scope 1 and 2 GHG emissions, as defined by the GHG Protocol: direct and indirect emissions linked to the consumption of electricity, steam, heating or cooling;
- scope 3 GHG emissions: mainly include transport subcontractors and subcontracted employee business travel.

3.4.2 TAXONOMY REFERENCE FRAMEWORK AND REPORTING SCOPE

The framework of Regulation (EU) 2020/8521 of 18 June 2020 on Sustainable Taxonomy, supplemented by two delegated acts (a delegated act published in April 2021 specifying the environmental technical criteria for the first two objectives related to climate change; a delegated act published on 6 July 2021 specifying the expected reporting methods on taxonomy) was followed by La Poste Groupe. As a company with more than 500 employees publishing a statement of non-financial performance, it is subject to the obligation introduced in the Taxonomy Regulation to publish:

- from the 2021 fiscal year: the portion of its activity "eligible" for Taxonomy, measured by the share of consolidated "eligible" revenue, CaPex and OPex, in line with the first two environmental objectives related to climate change, given that the mitigation target covers most of it;
- from the 2022 fiscal year: the portion of its activity "eligible" for the Taxonomy and the portion "aligned" with the Taxonomy, measured by the shares of consolidated "eligible" and "aligned" revenue, CaPex and OpEx, in line with the two climate objectives.

The reporting on the alignment will be published in accordance with the regulatory requirements from 2023 for the 2022 exercise for the two climate objectives, and from 2024 for the 2023 exercise for the other four environmental objectives.

As part of this first exercise, a reference framework, including the methodological elements for the exercise of classification of the group's activities, the collection processes and the group calculation and consolidation methodologies, as well as the responsibilities, was established. The scope covered concerns consolidated entities excluding financial activities.

Interpretations were made for eligibility, such as:

- for real estate investments, not strictly identified by business unit and/or a macro sector in the tools, keys per square metre were used on the real estate part for the owner's investments (major repairs, major maintenance, etc.);
- for external property leases of more than one year, keys per square metre rented by business unit were applied.

Real estate and industrial CapEx related to the logistics, freight delivery and digital data processing activities have been allocated to the business units that fall within these macro sectors. For the other buildings (office or commercial buildings), they have been identified separately, thus avoiding double counting. For vehicles, the same principle has been used (operating vehicles vs company/service vehicles).

The items published (numerator/denominator) under La Poste's Industrial and Commercial Taxonomy are reconciled with the financial statements.

In anticipation of the first mandatory reporting, La Poste Groupe, with the support of an external firm, carried out a practice exercise on the data for 2020, in order to take into account the full impact of this Taxonomy Regulation, in terms of governance, methodology, training and change management requirements, requirements for IT developments and the primary collection of new information to make estimates of the eligible portion and the aligned portion of its operating revenue, its CaPex and OpEx at the business unit and group level. The published data was constructed based on:

- numerous interviews/workshops with the group's CSR, Finance and Strategy Departments, as well as the CSR, Finance and Strategy Departments of each business unit, by comparing the definitions presented in the appendix to the Taxonomy Regulation with the internal classification of the division's activities;
- financial and operational data available and usable to date for the calculation, extracted from financial, business or CSR information systems, and supplemented, if necessary, on the basis of management assumptions.

(1) This commitment covers 23% of the group's footprint.


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4 GOVERNANCE

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4.1 GOVERNANCE STRUCTURE

4.1.1 BOARD OF DIRECTORS

21	47%	3 years	56 years and 7 months	11 MEETINGS 3
DIRECTORS	WOMEN	OF AVERAGE SENIORITY	AVERAGE AGE	STRATEGIC SEMINARS

Composition

In accordance with Article 10 of Act no. 90-568 of 2 July 1990 on the organisation of the public services of La Poste and France Télécom, as modified by Act No. 2019-486 of 22 May 2019 relating to the French Act for Business Growth and Transformation (the PACTE Act), since 4 March 2020 La Poste's Board of Directors comprises:

- eleven Directors appointed by the General Shareholders' Meeting upon a proposal by Caisse des Dépôts: Marie-Pierre de Bailliencourt, Virginie Chapron-du Jeu, Corinne Lejbowicz, Philippe Lemoine, Éric Lombard, Françoise Malrieu, Olivier Mareuse, Catherine Mayenobe, Antoine Saintoyant, Olivier Sichel and Claire Waysand;
- one representative of the French State under the terms of Article 4 of Order No. 2014-948 of 20 August 2014 relating to governance and transactions on the share capital of state-owned companies: Charles Sarrazin;
- two Directors appointed by the General Shareholders' Meeting upon a proposal by the French State on the basis of Article 6 of Order 2014-948, including the Chairman and Chief Executive Officer: Franck Gervais and Philippe Wahl;
- seven staff-elected Directors representing employees: Irène Baudry, Stéphane Chevet, Florence Fimbel, Isabelle Fleurence, Franck Haspot, Sylvie Joseph and Hugo Reis;
- three non-voting members ("*censeurs*") representing users and municipalities, and their associations, appointed by decree of the Minister of the Economy, who attend Board of Directors meetings in a non-voting capacity: Martine Duriez and two non-voting *censeurs* for which the appointment by decree is expected for end March 2022.

The government representative and the Head of the French State's economic and financial control unit at La Poste also attend Board of Directors meetings in a non-voting capacity.

The term of office for the Board of Directors' members is five years. Should a member of the Board of Directors leave office for any reason, a replacement will sit only for the duration of the remaining term of office, until the entire Board is renewed.

Profiles of the members of the Board of Directors

The bios below indicate the names of the Directors appointed to the Board of Directors as well as their date of birth, main duties performed within or outside La Poste and the terms of office served outside La Poste over the last five years, which have expired, as required by Article L. 225-102-1 of the French Commercial Code.

The Directors of La Poste are all French nationals.

Application of the principle of balanced representation of women and men

La Poste complies with the proportion of members of each gender on the Board of Directors set by Article L. 225-18-1 of the French Commercial Code. The Board of Directors is composed of eleven men and ten women.

Five special committees

Name of committees	Number of members	Number of meetings	Attendance rate
Audit Committee	5	7	88%
Appointments, Compensation and Governance Committee	4	2	87,5 %
Strategy and Investment Committee	10	9	85 %
Quality and Sustainable Development Committee	7	3	94 %
Public Service Missions Committee	7	4	100 %

THE COMPOSITION OF THE BOARD OF DIRECTORS IS AS FOLLOWS:

First name, last name	Gender parity	Appointed by	Age*	Appointment date	Appointment end date	Audit Committee	Appointments, Compensation and Governance Committee	Strategy and Investment Committee	Quality and Sustainable Development Committee	Public Service Missions Committee
Mr Philippe Wahl		General Shareholders' Meeting	66	04/03/2020	30/06/2025					
Ms Irène Baudry		Elected by employees	46	21/01/2021	20/01/2026			■		■
Ms Virginie Chapron-du Jeu		General Shareholders' Meeting	61	04/03/2020	30/06/2025	■			■	
Mr Stéphane Chevet		Elected by employees	47	21/01/2021	20/01/2026	■				■
Ms Marie-Pierre de Bailliencourt		General Shareholders' Meeting	52	04/03/2020	30/06/2025				●	
Ms Florence Fimbel		Elected by employees	58	21/01/2021	20/01/2026		■	■		
Ms Isabelle Fleurence		Elected by employees	58	21/01/2021	20/01/2026			■	■	
Mr Franck Gervais		General Shareholders' Meeting	45	04/03/2020	30/06/2025				■	●
Mr Franck Haspot		Elected by employees	55	30/01/2021	20/01/2026	■				
Ms Sylvie Joseph		Elected by employees	61	21/01/2021	20/01/2026			■	■	
Ms Corinne Lejbowicz		General Shareholders' Meeting	62	04/03/2020	30/06/2025			■		
Mr Philippe Lemoine		General Shareholders' Meeting	73	04/03/2020	30/06/2025		●		■	
Mr Éric Lombard		General Shareholders' Meeting	64	04/03/2020	30/06/2025		■			
Ms Françoise Malrieu		General Shareholders' Meeting	76	04/03/2020	30/06/2025			●		
Mr Olivier Mareuse		General Shareholders' Meeting	59	04/03/2020	30/06/2025	■				
Ms Catherine Mayenobe		General Shareholders' Meeting	58	04/03/2020	30/06/2025					■
Mr Hugo Reis		Elected by employees	50	21/01/2021	20/01/2026			■		
Mr Antoine Saintoyant		General Shareholders' Meeting	45	27/01/2021	30/06/2025			■		
Mr Charles Sarrazin		Decree	48	04/03/2020	30/06/2025	●	■	■		
Mr Olivier Sichel		General Shareholders' Meeting	55	04/03/2020	30/06/2025			■		
Ms Claire Waysand		General Shareholders' Meeting	53	04/03/2020	30/06/2025					

** Age at the date of publication of the document.* ● Chairman of the committee.

PHILIPPE WAHL



Date of birth: 11/03/1956

Business address:
La Poste,
9, rue du Colonel Pierre Avia,
Case postale A 701
75757 Paris Cedex 15

Attendance rate at Board meetings in 2021: 100%

Chairman of the Board of Directors

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Graduate of *Institut d'études politiques de Paris* (IEP), former student of *École nationale d'administration* (ENA), holder of a post-graduate research degree (DEA) in Economics. He began his career as an auditor and master of requests (*maître des requêtes*) at the French Council of State. Special Advisor to the Chairman of the French Stock Exchange Committee (*Commission des opérations de bourse* – COB, 1986), in 1989 he joined the office of Michel Rocard, Prime Minister, as Technical Advisor for Economic, Financial and Tax Affairs. Advisor to the Chairman of Compagnie Bancaire (1991), then Executive Vice President (1994), in 1997 he was appointed Head of Specialist Financial Services at Paribas. In 1999, he became Chief Executive Officer of Caisse Nationale des Caisses d'Épargne.

In this capacity, he was a member of the Supervisory Board of CDC Ixis and that of CNP Assurances. Appointed Chief Executive Officer of the Havas group in 2005, he became Vice-President of the Bolloré group in 2006. After joining the Royal Bank of Scotland in 2007 as Managing Director for France, he was appointed Managing Director for France, Belgium and Luxembourg in 2008, before being appointed Chairman of the Management Board of La Banque Postale and Executive Vice President of La Poste Groupe in January 2011. In September 2013, Philippe Wahl became Chairman and Chief Executive Officer of La Poste Groupe and in October he became Chairman of the Supervisory Board of La Banque Postale.

LIST OF OTHER TERMS OF OFFICE AND FUNCTIONS IN FRENCH OR FOREIGN COMPANIES

Current terms of office

- Chairman of the Board of Directors of GeoPost (since 17/12/2021)
- Chairman of the Supervisory Board of La Banque Postale
- Director of GeoPost
- Director of La Poste Immobilier
- Director of CNP Assurances*

Terms of office expired in the last five years

- Chairman of the Management Board of La Banque Postale
- Director of Société de Financement Local
- Chairman of the Supervisory Boards of La Banque Postale Financement, XAnge Private Equity, La Banque Postale Gestion Privée and La Banque Postale Asset Management
- Chairman of the Board of Directors of La Banque Postale Assurance Santé, La Banque Postale Prévoyance and La Banque Postale Assurances IARD
- Chairman and Chief Executive Officer of SF2 and Sopassure
- member of the Supervisory Board of Fonds de Garantie des Dépôts
- Chief Executive Officer of Royal Bank of Scotland PLC and of Royal Bank of Scotland NV
- Vice-Chairman of the Supervisory Board of Société Financière de Paiements

** Listed company.*

IRÈNE BAUDRY

Date of birth: 06/05/1976

Business address: Secretariat of the Board of Directors
Case postale A 702
9, rue du Colonel Pierre Avia,
75757 Paris CEDEX 15

Sponsored by CGT

Attendance rate at Board meetings in 2021: 100%

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Irène Baudry holds a Master's degree in business law and a Master's degree in labour law. She entered the workforce in 1999 working in different business sectors before taking on a number of responsibilities (legal affairs, internal control and compliance) between 2002 and 2016 in asset management groups: CDC Ixis Asset Management, AGF Asset Management, La Banque Postale Asset Management.

In 2016, she joined La Banque Postale as a Legal expert responsible for monitoring regulatory change. Active in the CGT trade union, she was elected to various employee representation functions (member of the Works Council, member of the CHSCT, union representative).

LIST OF OTHER TERMS OF OFFICE AND FUNCTIONS IN FRENCH OR FOREIGN COMPANIES

Current terms of office

None

Terms of office expired in the last five years

None

VIRGINIE CHAPRON-DU JEU



Date of birth: 13/10/1961

Business address:
Caisse des Dépôts,
56, rue de Lille,
75356 Paris 07 SP

Attendance rate at Board meetings in 2021: 100%

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Virginie Chapron-Du Jeu was successively Head of the Risk Management and Control Department of IXIS-CIB, Head of the Strategy-Financing-General Affairs Division of the same institution, then Head of the Financial Balances Department of Caisse des Dépôts, Project Director to the Executive Vice President of CDC, Head of Investments and Accounting of CDC, then Head of Finance of CDC group.

LIST OF OTHER TERMS OF OFFICE AND FUNCTIONS IN FRENCH OR FOREIGN COMPANIES

Current terms of office

- Director of BPI France SA
- Director of SFIL
- Director of RTE and CTE (Electricity transport joint venture)
- Chairwoman of Novethic

Terms of office expired in the last five years

- Director of CNP Assurances
- Director of CDC Placement
- Director of AEW Europe
- Director of Humanis-Retraite Arrco

STÉPHANE CHEVET



Date of birth: 13/06/1975

Business address:
Secretariat of the Board of Directors
Case postale A 702
9, rue du Colonel Pierre Avia,
75757 Paris CEDEX 15

Sponsored by CFDT

Attendance rate at Board meetings in 2021: 100%

BIOGRAPHY – PROFESSIONAL EXPERIENCE

After starting his career at Fortis, then working for five years as a Parliamentary assistant, Stéphane Chevet joined La Poste's banking sales teams in 2005. Stéphane Chevet was National Secretary of the CFDT-F3C federation for several years.

Today, he is the spokesperson for his federation with the European Commission on the project "*Evolution of the Post and Logistics sector by the year 2030*" and Chairman of UNION, the leading platform for the construction of rights and shared services for the self-employed.

LIST OF OTHER TERMS OF OFFICE AND FUNCTIONS IN FRENCH OR FOREIGN COMPANIES

Current terms of office

None

Terms of office expired in the last five years

None

MARIE-PIERRE DE BAILLIENCOURT



Date of birth: 06/02/1970

Business address: NA

Attendance rate at Board meetings in 2021: 100%

Chairwoman of the Quality and Sustainable Development Committee

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Marie-Pierre de Bailliencourt holds of a doctorate in geopolitics from the University of Paris-Sorbonne and international affairs from Johns Hopkins University, and has spent most of her career in operational and international positions. Marie-Pierre de Bailliencourt has spent most of her career in positions with an operational and international scope. She began her career at the United Nations as a Sherpa to the General Secretary (Messrs Boutros Boutros-Ghali and Kofi Annan, 1995-1997). She then developed substantial expertise in international strategy and acquisitions at Rexel, a subsidiary of the PPR group, where she was in charge of international development. In 2001, she joined the consulting firm McKinsey and spent most of her time working on strategic development challenges as well as in the high-tech sector. In 2004, she joined Dassault Systèmes, where she was Chief of Staff, then Vice-President of Industry.

In this capacity, she defined and implemented a global multibrand strategy for the industrial solutions of Dassault Systèmes. She also supported the group's integration and development by strategically managing partnerships and transforming the company's business model. In 2012, Marie-Pierre de Bailliencourt joined Bull as Executive Vice President in charge of group transformation and value creation, in particular through innovation and performance development. In January 2015, she joined Naval group (formerly DCNS) as Executive Vice President, where she oversaw group development and the consistency of the policies and projects that contributed to it. She left Naval group in July 2017.

LIST OF OTHER TERMS OF OFFICE AND FUNCTIONS IN FRENCH OR FOREIGN COMPANIES

Current terms of office

- Manager of MPBC Conseil
- Director of Comgest
- Director of Exclusive Networks*

Terms of office expired in the last five years

- Director of RUAG, Swiss Group
- Director of Gaztransports and Technigaz
- Executive Vice President of Development at DCNS group
- Chairwoman of the Board of Directors of DCNS Australia
- Member of the Supervisory Board of La Banque Postale and of the Supervisory Board's Special Committees
- Chairwoman of the Board of Directors of DCNS Malaysia

** Listed company.*

FLORENCE FIMBEL



Date of birth: 05/09/1964

Business address:
La Poste Thann,
46, rue du Général de Gaulle BP 134,
68804 Thann CEDEX

Sponsored by CFTC

Attendance rate at Board meetings in 2021: 100%

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Florence Fimbel joined La Poste in Paris in 1988. She was transferred to Alsace in 1989 and took on the roles of counter clerk, cashier and accountant. She is now a local supervisor. From 1998, she held various positions within the CFTC trade union. For twelve years, she chaired the Haut-Rhin section. She was also elected to the Local Technical Committee and the Local Joint Administrative Commission until 2013.

From 2010, she joined the Federal Post and Telecommunications team. She was Deputy Federal Secretary in charge of training from 2010 to 2016, then Secretary general of the Federation from 2016 to 2019.

LIST OF OTHER TERMS OF OFFICE AND FUNCTIONS IN FRENCH OR FOREIGN COMPANIES

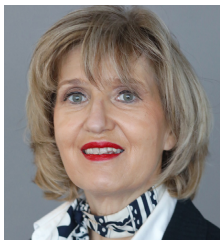
Current terms of office

None

Terms of office expired in the last five years

None

ISABELLE FLEURENCE



Date of birth: 11/09/1964

Business address:
Secretariat of the Board of Directors
Case postale A 702
9, rue du Colonel Pierre Avia
75757 Paris CEDEX 15

Sponsored by FO

Attendance rate at Board meetings in 2021: 100%

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Isabelle Fleurence began her career at France Télécom in Mulhouse in 1983, first as an Operator in the Telephone Information centre, later as a Sales consultant in a Sales Agency until 1993, then as a Financial advisor until 1997. She was then Head of Establishment in Strasbourg until 2005, before becoming a Supervisor at the Strasbourg North Mail Preparation and Delivery Centre. Appointed to the Strasbourg Financial centre, she was subsequently a Project manager in the Banking sales department until 2014.

She is currently Deputy Director of the business centre at the Enterprise and Regional Department. She was elected Secretary of the Eastern Regional Union in 1983. She was responsible for the Postal sector at Fédération FO-COM during two periods (2010-2012 and 2017-2019), and was also responsible for the Banking and International sectors from 2012 to 2017. From 2015 to 2019, she was Secretary general of FO-COM. In 2011, she was elected to the Post and Logistics Steering Committee at the Uni Global Union and became a member of the European Social Dialogue. She is a full member of the Social Dialogue and Strategic Committee of La Poste Groupe.

LIST OF OTHER TERMS OF OFFICE AND FUNCTIONS IN FRENCH OR FOREIGN COMPANIES

Current terms of office

None

Terms of office expired in the last five years

None

FRANCK GERVAIS



Date of birth: 17/12/1977

Business address:
Groupe Pierre & Vacances
- Center Parcs group -
11, rue de Cambrai,
75947 Paris

Attendance rate at Board meetings in 2021: 81%

Chairman of the Public Service Missions Committee

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Franck Gervais is a graduate of *École Polytechnique* and a civil engineer from *École des Ponts et Chaussées*. He started his career in 2001 at the Alpes-Maritimes Regional Equipment Department (*Direction Départementale de l'Équipement des Alpes-Maritimes*) where he was in charge of air bases. In 2004, he was appointed Advisor to the French Minister of Equipment, Transport and Tourism. He joined SNCF (the French national railway company) in 2006 as Director of the Chairman's Office, before heading up Line H of the Transilien regional railway service.

Chief Executive Officer of Thalys from 2011 to 2014, he led the transformation of Thalys into a full-function railway company, and was appointed CEO of voyages-sncf.com from 2014 to 2017 where, in particular, he carried out the group's key projects in the fields of customer experience and internationalisation. He joined Accor's Executive Committee in November 2017 and exercised the functions of Chief Executive Officer Europe until September 2020. On 7 January 2021, he was appointed Chief Executive Officer of the Pierre & Vacances-Center Parcs group.

LIST OF OTHER TERMS OF OFFICE AND FUNCTIONS IN FRENCH OR FOREIGN COMPANIES

Current terms of office

- Chief Executive Officer of Groupe Pierre & Vacances Center Parcs
- Director of PV Holding and PV Distribution
- Director of Adagio

Terms of office expired in the last five years

- Permanent representative of SOPARFI 1, itself a member of the Supervisory Board of Société d'Exploitation des Résidences Hôtelières Rail (SERHR)
- Supervisory Board of Orbis
- Chief Executive Officer Europe of the Accord group until September 2020

FRANCK HASPOT



Date of birth: 09/10/1967

Business address:
Secretariat of the Board of Directors
Case postale A 702
9, rue du Colonel Pierre Avia,
75757 Paris CEDEX 15

Sponsored by CGT

Attendance rate at Board meetings in 2021: 100%

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Winner of the employee competitive exam in 1989, which took place in Vannes (North), Franck Haspot was assigned to Courbevoie (Hauts-de-Seine) in January 1991, then to the collection/parcel service until 1995. He then became a permanent member of the departmental union of the CGT trade union and also campaigned within the CGT FAPT federation and in inter-professional structures where he held various positions.

Since 2005, he has been appointed by the Departmental Union CGT 92 as Director of the French Family Allowances Fund (*Caisse d'allocations familiales*) of the Hauts-de-Seine department, where he was elected second Vice-Chairman.

LIST OF OTHER TERMS OF OFFICE AND FUNCTIONS IN FRENCH OR FOREIGN COMPANIES

Current terms of office

None

Terms of office expired in the last five years

None

SYLVIE JOSEPH



Date of birth: 22/07/1961

Business address:
Branche Numérique,
Case postale B 603
9, rue du Colonel Pierre Avia,
75757 Paris CEDEX 15

Sponsored by CFDT

Attendance rate at Board meetings in 2021: 91%

BIOGRAPHY – PROFESSIONAL EXPERIENCE

A graduate of Neoma, Sylvie Joseph began her career in Communications in 1983. She spent eight years working successively for the Havas, Publicis and Ouest France groups. After having created the D&J marketing consulting firm in 1992, she joined the Carrefour group in January 1999 as Head of Customer Marketing and Communications in Europe, then for French hypermarkets. In September 2003, she became Head of Customer Marketing, Sales Concept and Communication at Conforama.

Chairwoman of the Solutions division of HighCo since September 2005, she was appointed Deputy Director of Marketing of La Poste Groupe's Network business unit in October 2008. In January 2010, she became the Marketing Director of the Services-Mail-Parcels business unit. From July 2013 to July 2018, she was the Head of the group's internal transformation Programme for the Digital Services business unit. Since July 2018, Sylvie Joseph has been the Federal Secretary of the conseil, communication et culture federation of the CFDT trade union in charge of the digital transformation of the federation and of the coordination of the Federal Union of managers.

Sylvie Joseph holds a corporate Director certificate from IFA/ Sciences Po.

LIST OF OTHER TERMS OF OFFICE AND FUNCTIONS IN FRENCH OR FOREIGN COMPANIES

Current terms of office

- Director of Alcyon
- Director of Co-Spirit

Terms of office expired in the last five years

- Director of Docaposte Conseil
- Director of Uzer

CORINNE LEJBOWICZ



Date of birth: 17/04/1960

Business address: NA

Attendance rate at Board meetings in 2021: 100%

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Corinne Lejbowicz is a graduate of ESCP Europe and of *Institut d'études politiques de Paris* (IEP). She began her career in 1986 as Head of Marketing and Exports at Nemo, a modern design furniture startup. From 1987 to 1994, she held positions in sales and was then Managing Director at TBWA. In 1994, she joined Infogrammes and helped launch the first partnerships between content publishers and e-retailers. From 1996 to 1998, she was Head of the high-speed Internet access project at Numéricable. In 1998, she was appointed Head of Strategy and New Projects at the AOL France subsidiary. She then took over as Head of Strategic Marketing for the Internet division at Groupe Vivendi's holding company.

In 2005, she joined the leading independent French operator of search engines, comparators and online shopping guides: LeGuide.com, first as Deputy Director, then as Chief Executive Officer and finally as Chairperson and Chief Executive Officer of the company from 2007 to 2012. She has been Managing Director of PrestaShop since July 2015.

Corinne Lejbowicz has also been a mentor at Moovjee, a non-profit organisation that encourages young entrepreneurship since 2011.

LIST OF OTHER TERMS OF OFFICE AND FUNCTIONS IN FRENCH OR FOREIGN COMPANIES

Current terms of office

- Director of Lengow
- Director of Agriconomie
- Director of Qwant
- Director of La Française des Jeux*

Terms of office expired in the last five years

- Director of Bird Office
- Director of Filae
- Managing Director and Board member of PrestaShop

** Listed company.*

PHILIPPE LEMOINE



Date of birth: 03/11/1949

Business address:
Forum d'Action Modernités,
48, boulevard Voltaire,
75011 Paris

Attendance rate at Board meetings in 2021: 100%

Chairman of the Appointments, Compensation and Governance Committee

BIOGRAPHY – PROFESSIONAL EXPERIENCE

A graduate of *Institut d'études politiques de Paris* (IEP), with a degree in law and economics, Philippe Lemoine began his career as a researcher. Whilst he was an engineer at the National Institute for Digital Science and Technology (*Institut national en sciences et technologies du numérique* – Inria), he also studied sociology at the School for Advanced Studies in the Social Sciences (*École des hautes études en sciences sociales* – EHESS). In 1976, he participated in the drafting of the Nora-Minc report. In 1981, he was appointed Government representative at CNIL (1982-1984); in 1982, he took over the Technology, Employment, Work Programme, becoming Vice Chairman of the National Committee at the Ministry of Research. At the end of 1984, he joined the Galeries Lafayette group and in 1998, he was named co-Chairman of the group's Management Board (1998-2005).

From 1995 to 2014, Philippe Lemoine was also Chairman and Chief Executive Officer of LaSer group and sat on the Board of Directors of GDFSuez, BNP Paribas Personal Finance and Monoprix SA. Since 2014, he has been a qualified personality at CNIL, a position that he held from 1999 to 2009. Director of *Fondation du Collège de France*, *Fondation Maison des sciences de l'Homme*, *Fondation ADIE*, he was also co-Chairman of GS1, Vice Chairman of the MEDEF Innovation and Research Commission, Chairman of *Fondation Internet nouvelle génération* (FING) and Founding Chairman of *Forum d'Action Modernités*. In 2014, he was commissioned by the French government to conduct an audit on the digital transformation of the economy.

LIST OF OTHER TERMS OF OFFICE AND FUNCTIONS IN FRENCH OR FOREIGN COMPANIES

Current terms of office

- Co-Chairman of the Supervisory Board of GS1 France
- Chairman of Wyn
- Member of the Board of Directors of Trévo
- Member of the Advisory Board of Tilder

Terms of office expired in the last five years

- Chairman and CEO of LaSer
- Chairman of Société des Grands Magasins Galeries Lafayette

ÉRIC LOMBARD



Date of birth: 16/05/1958

Business address:
Caisse des Dépôts,
56, rue de Lille,
75356 Paris 07 SP

Attendance rate at Board meetings in 2021: 100%

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Born on 16 May 1958, a graduate of *École des hautes études commerciales* (HEC-1981), Éric Lombard was successively Technical Advisor to the Government spokesperson's office (1989-1991), Advisor to the French Minister for Justice (1991-1992), Advisor to the French Minister of the Economy and Finance (1992-1993), Head of Mergers & Acquisitions in the banking and insurance sector of BNP Paribas (1993-1999), Head of the Financial Institutions group and member of the Corporate and Investment Banking Executive Committee of BNP Paribas (1999-2002),

Head of Corporate and Institutional Relations at BNP Paribas (2002-2004). Chief Executive Officer of BNP Paribas Cardif (2004-2006), Chairman and Chief Executive Officer of BNP Paribas Cardif (2006-2013), Chief Executive Officer then Chairman and Chief Executive Officer of Generali France (2013-2017), Chairman of the Board of Directors of Europ Assistance Holding (2015-2017). Éric Lombard is also the representative of Caisse des Dépôts on the Supervisory Board of the European "Marguerite" fund and Chairman of the Management Board of the Retirement Reserve Fund. He is also a director of the Musée d'Orsay and the Musée de l'Orangerie.

LIST OF OTHER TERMS OF OFFICE AND FUNCTIONS IN FRENCH OR FOREIGN COMPANIES

Current terms of office

- Chairman of the Board of Directors of BPI France
- Chairman of the Board of Directors of Théâtre des Champs-Elysées

Terms of office expired in the last five years

- Chairman and Chief Executive Officer of Generali France
- Chairman of the Board of Directors of Europ Assistance Holding
- Manager of Halmahera SARL
- Director of Deutsche Vermögensberatung AG
- Member of the Executive Committee of *Fédération Française de l'Assurance*
- Director of CNP Assurances
- Chairman of the Supervisory Board of CDC Habitat

FRANÇOISE MALRIEU



Date of birth: 07/02/1946

Attendance rate at Board meetings in 2021: 100%

Chairwoman of the Strategy and Investment Committee

BIOGRAPHY – PROFESSIONAL EXPERIENCE

A graduate of *École des hautes études commerciales* (HEC) and of *centre de formation à l'analyse financière* (CFAF), Françoise Malrieu began her career at BNP in 1969 as a financial analyst. Vice-President (1974) responsible for monitoring equity investments in the BNP group's corporate banking arm, Banexi, she was appointed Assistant Head of the Financial Analysis Department in 1979 and later headed this department in 1982. At the same time, she was elected General Secretary then Vice-President of *Société française des analystes financiers* (SFAF). She continued her career in mergers and acquisitions at Lazard Frères (1987-2001), where she was appointed Director.

Manager then Managing Partner leading the M&A team, she then joined Deutsche Bank (2001-2003) as Managing Director in Paris and London, in charge of the corporate finance team for France and Senior Banker, then Aforge Finance, as Managing Partner until 2009. Françoise Malrieu was appointed Director (2008), then Chairwoman of the Board of Directors (2010) of *Société de financement de l'économie française* (SFEF). In 2010, she was the Deputy inspector of market professionals' compensation. Since May 2013, she has been a member of the Board of Directors of the French Institute of Directors (*Institut français des administrateurs* – IFA).

LIST OF OTHER TERMS OF OFFICE AND FUNCTIONS IN FRENCH OR FOREIGN COMPANIES

Current terms of office

- Director of Banque Lazard Frères
- Director of ENGIE*

Terms of office expired in the last five years

- Chairwoman of the Board of Directors of *Société de financement de l'économie française* (French Financing Agency)
- Member of the Supervisory Board of Oberthur Technologies
- Member of the Supervisory Board of Bayard Presse SA

** Listed company.*

OLIVIER MAREUSE



Date of birth: 24/10/1963

Business address:
Caisse des Dépôts,
56, rue de Lille,
75356 Paris 07 SP

Attendance rate at Board meetings in 2021: 81%

BIOGRAPHY – PROFESSIONAL EXPERIENCE

After serving as the Technical and Financial Director of the Collective Insurance Department of CNP Assurances from 1989 to 1990, he became a Special Advisor to the Chief Executive Officer of CNP Assurances in 1991. In 1993, he was appointed Director of Strategy, Cost Accounting and shareholder Relations, in charge of the initial public offering of CNP Assurances.

In 1998, he became the Chief Investment Officer of CNP Assurances. From 2010 to 2016, Olivier Mareuse was the Finance Director of Caisse des Dépôts group. He has been the Director of Savings Funds at Caisse des Dépôts since September 2016 and the Director of Asset Management since June 2018. He is also a member of the Executive Committee of Caisse des Dépôts.

Olivier Mareuse is also a director of the French Association of Institutional Investors.

LIST OF OTHER TERMS OF OFFICE AND FUNCTIONS IN FRENCH OR FOREIGN COMPANIES

Current terms of office

- Director of GRT Gaz
- Director of Société Forestière de la CDC
- Director of CDC Investissement Immobilier
- Director of CDC Investissement Immobilier Interne
- Chairman of the Board of Directors of CDC croissance
- Director of Icade*
- Director of Veolia Environnement*

Terms of office expired in the last five years

- Director of CNP Assurances
- Director of CDC Infrastructure
- Director of CDC International Capital
- Director of Qualium Investissement (SAS)

** Listed company.*

CATHERINE MAYENOBE



Date of birth: 13/10/1964

Business address:
Caisse des Dépôts,
56, rue de Lille,
75356 Paris 07 SP

Attendance rate at Board meetings in 2021: 100%

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Graduate of *École nationale d'administration* (Class of 1990) and of the Program for senior managers in Government of the Kennedy School at Harvard University (1993), Auditor at the French Court of Auditors (*Cour des comptes*), then Project Leader for its First Presidents (1990-1996), Financial and Administrative Director, then Executive Vice President at Compagnie nationale du Rhône (1996-2003). Public Auditor at the French Court of Auditors, Deputy reporter for the Commission for Transparency in Politics and Deputy reporter for the French Constitutional Council (2003-2007). Master Auditor, Delegate secretary general at the French Court of Auditors (2007-2011).

Deputy Regional and Local Development and Network Director at Caisse des Dépôts and Head of the *Programme d'investissements d'avenir* mission at Caisse des Dépôts and Head of the mission *Préfiguration Paris capitale numérique* (2011). Chief of Staff of the Chief Executive Officer of Caisse des Dépôts (2013). General Secretary of Caisse des Dépôts group, member of the Executive Committee since 2014, in charge of the functional coordination of the Risk Department, the Permanent Control and Compliance Department, the Legal Department, and the associated divisions since 2018.

LIST OF OTHER TERMS OF OFFICE AND FUNCTIONS IN FRENCH OR FOREIGN COMPANIES

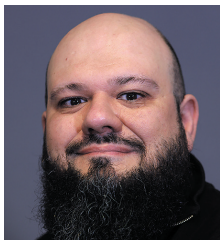
Current terms of office

- Director of Société Immobilière du Théâtre des Champs-Élysées
- Vice-Chairwoman of the Board of Directors of RTE
- Chairwoman of the Board of Directors of Cité de la Céramique de Sèvres et de Limoges

Terms of office expired in the last five years

- Director of Transdev (resigned on 20 December 2018)
- Member of the Supervisory Board of Compagnie Nationale du Rhône (resigned on 28 June 2016)

HUGO REIS



Date of birth: 27/03/1972

Business address:
Centre financier d'Orléans La Poste
1, rue Édouard Branly,
45900 La Source CEDEX 9

Sponsored by SUD

Attendance rate at Board meetings in 2021: 100%

BIOGRAPHY – PROFESSIONAL EXPERIENCE

After studying chemistry, Hugo Reis was hired in 1996 at the Postal Cheques Service in Orléans La Source in the cheque data entry workshop. After several temporary contracts in various departments of the financial centre (night sorting and cheque book printing workshop, among others), he served as a union representative at the Orléans financial centre from 2000 to 2004.

He then returned to customer services to manage the call centre and the sale of financial products. In 2008, he was appointed SUD-PTT Federal Secretary, where he dealt, notably with the La Poste subsidiaries and legal issues. Treasurer of the SUD-PTT federation from 2016 to 2018, he returned to the financial centre on a part-time basis as a Customer service manager in the Orléans Financial Centre Sales Department from September 2018.

LIST OF OTHER TERMS OF OFFICE AND FUNCTIONS IN FRENCH OR FOREIGN COMPANIES

Current terms of office

None

Terms of office expired in the last five years

None

ANTOINE SAINTOYANT



Date of birth: 28/08/1977

Business address:
Caisse des Dépôts,
56, rue de Lille,
75356 Paris 07 SP

Attendance rate at Board meetings in 2021: 91%

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Since September 2020, Antoine Saintoyant is Director of Strategic Investments at Caisse des Dépôts and a member of its Executive Committee. A graduate of *École nationale d'administration* and *Institut d'études politiques de Paris*, Antoine Saintoyant began his career in 2003 at the French Ministry of the Economy and Finance at the Directorate General of the Treasury. From 2007 to 2009, he was Advisor in charge of financial services at the Permanent Representation of France to the European Union (Brussels) before returning to the Directorate General of the Treasury as Head of the Banking affairs office and then Deputy Director of Banks and General Interest Financing.

Between 2012 and 2016, Antoine Saintoyant also served as Director of Investments at the French State Investment Agency, in charge of services (Orange, La Poste, Bpifrance, FDJ). From May 2017 to July 2020, Antoine Saintoyant was an Advisor and the Head of the Economy, Finance and Industry Division within the Office of the Prime Minister, Édouard Philippe.

LIST OF OTHER TERMS OF OFFICE AND FUNCTIONS IN FRENCH OR FOREIGN COMPANIES

Current terms of office

- Director of BPI France
- Director of BPI France Investissement
- Director of BPI France Participations
- Director of EGIS
- Member of the Supervisory Board of CDC Habitat
- Member of the Supervisory Board of La Banque Postale
- Director of Icade*
- Director of Compagnie des Alpes*

Terms of office expired in the last five years

None

** Listed company.*

CHARLES SARRAZIN



Date of birth: 02/03/1974

Business address:
Agence des participations de l'État,
Ministère de l'Économie et des Finances,
139, rue de Bercy,
Teledoc 228, 75572 Paris CEDEX 12

Attendance rate at Board meetings in 2021: 100%

Chairman of the Audit Committee

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Born in 1974. Graduate of *École polytechnique* (1997) and *Institut d'études politiques de Paris* (IEP). Former student of *École nationale d'administration* (ENA). Advisor to the Administrative Court (2003), then Economic Advisor, Deputy Head of the Office for Trade Policy, the WTO and Trade Agreements at the French Treasury and Economic Policy Department (2005), he was then Rapporteur and then Deputy secretary general of the Interministerial Committee for Industrial Restructuring from July 2007 to January 2009. He became Head of the Financing of Housing and General Interest Activities Office in the Directorate General of the Treasury in February 2009, then Advisor for the Economy, Finance and Business in the Office of the Prime Minister from January to May 2012.

Head of the Financial Stability, Accounting Standards and Corporate Governance Office in the Directorate General of the Treasury from July 2012 to December 2014, he was appointed in January 2015 as Deputy Head of International Financing of Business in the Directorate General of the Treasury. In September 2017, he joined the Agency of Shareholdings of the French State as Head of Equity Investments Services and Finances.

LIST OF OTHER TERMS OF OFFICE AND FUNCTIONS IN FRENCH OR FOREIGN COMPANIES

Current terms of office

- Director of Bpifrance Participations and Bpifrance Investissements
- Member of the Supervisory Board of Arte France
- Director of France Télévisions
- Director of Française des Jeux*

Terms of office that expired in the last five years

- Director of CNP Assurances
- Director of ODAS
- Director of TSA

OLIVIER SICHEL



Date of birth: 30/04/1967

Business address:
Caisse des Dépôts,
56, rue de Lille, 75356 Paris 07 SP

Attendance rate at Board meetings in 2021: 63%

BIOGRAPHY – PROFESSIONAL EXPERIENCE

First a financial inspector at the Ministry of the Economy and Finance, he became, in 1998, Agency manager at France Télécom. In 2000, he became Chairman and Chief Executive Officer of alapage.com, a pioneering e-commerce company and subsidiary of Wanadoo, of which he also became Chairman and Chief Executive Officer in 2002. He then took over the integration of Wanadoo into France Télécom, where he became Executive Director of the Fixed-line Telephone & Internet Europe Division. He left the company in 2006 after launching triple play offers with Livebox and VOIP. A partner of the venture capital firm Sofinnova, he works in particular to develop opensource players and various platforms.

In 2012, he became Chairman and Chief Executive Officer of the European leader in pure-Internet shopping guides, LeGuide.com, which he sold to Kelkoo in 2016. He founded and chairs the Digital New Deal Foundation, a digital think tank. Finally, he has been a member of the National Orientation Committee of BPI France since its creation. In December 2017, Olivier Sichel was appointed Executive Vice President of Caisse des Dépôts, in charge of managing the strategic review of subsidiaries and financial investments.

Olivier Sichel is also Chairman of the Board of Directors of the Digital New Deal Foundation and representative of Caisse des Dépôts on the Board of Directors of Agence Notional de la Cohesion des Territoires.

LIST OF OTHER TERMS OF OFFICE AND FUNCTIONS IN FRENCH OR FOREIGN COMPANIES

Current terms of office

- Member of the Supervisory Board of CDC Habitat
- Director Transdev Group
- Member of the Board of Directors of Assia INC
- Member of the Supervisory Board of Euronext NV*

Terms of office expired in the last five years

- Director of Bpifrance SA
- Director of CNP Assurances
- Member of the Supervisory Board of La Banque Postale
- Chairman and Chief Executive Officer of leguide.com
- Director of Alpha Mos SA

** Listed company.*

CLAIRE WAYSAND



Date of birth: 04/07/1969

Business address:
ENGIE
1, place Samuel de Champlain,
Faubourg de l'Arche,
92930 Paris La Défense CEDEX

Attendance rate at Board meetings in 2021: 81%

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Claire Waysand is a former student of École Polytechnique and a Graduate of École Nationale de la Statistique et de l'Administration Économique and of the London School of Economics (Master's of science in economics). She also holds a PhD in economics. Claire Waysand has been an Executive Vice President and the General Secretary of the Engie group since October 2019. Inspector General of Finance since 2016, Director of Radio France (2017-2019), Claire Waysand was previously Director of the Office of Michel Sapin, Minister of Finance and Public Accounts (2014-2016), Deputy Director of the Office of Jean-Marc Ayrault, Prime Minister, and Deputy Director of the Treasury.

Claire Waysand began her career at the French National Institute of Statistics and Economic Studies (Insee), before holding various positions within the French Directorate General of the Treasury, acquiring an extensive experience in Europe – she served as a member of the European Economic and Financial Committee and was a Director of the European Investment Bank (EIB) – and internationally, including in the International Monetary Fund, where she worked for three years.

LIST OF OTHER TERMS OF OFFICE AND FUNCTIONS IN FRENCH OR FOREIGN COMPANIES

Current terms of office

Deputy CEO of Engie*

Terms of office expired in the last five years

- Director of Société Nationale de Programme Radio France from March 2017 to October 2019
- Director of Consortium de Réalisation (CDR) from March 2017 to October 2019

* Listed company.

MARTINE DURIEZ



Date of birth: 05/07/1949

Business address:
Familles Rurales
7 Cité d'Antin
75009 Paris

Non-voting member ("*Censeur*")

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Degree in educational sciences in 1971; school teacher from 1972 to 2001. In 2002, Graduate in design and management of professional training; from 2002 to 2010, professional trainer for adults. Chairwoman of the *Fédération des Familles Rurales du Pas-de-Calais*, Member of the Board of Directors of UROC (Union Régionale de l'Organisation des Consommateurs) Hauts-de-France, Member of the Hauts-de-France Regional Committee of France Asso Santé and Member of the Board of Directors of IREPS (*Institut Régional Éducation et Prévention Santé*).

THOMAS COURBE



Date of birth: 03/10/1972

Business address:
Ministère de l'Économie
et des Finances, Direction
générale des Entreprises,
67, rue Barbès, BP 80001,
94201 Ivry-sur-Seine Cedex

Government representative

BIOGRAPHY – PROFESSIONAL EXPERIENCE

General Armament Engineer, he began his career in 1995 at the Ministry of Defence in charge of the programme of fighter planes in service before becoming the Chief of Staff of the Director of Aeronautic Programmes. He moved to the Directorate General of the Treasury in 2002 where he held the positions of Deputy to the Head of Office for Asia, Head of the Africa-Maghreb Office, Head of Aeronautical, Military and Naval Affairs, General Secretary of the Club of Paris and Deputy Director of Bilateral Economic Relations.

In 2010, he was appointed Chief of Staff of the secretary of State responsible for Foreign Trade (Pierre Lellouche) and Deputy Office Director of the Ministers of the Economy, Finance and Industry (Christine Lagarde then François Baroin). He held the position of General Secretary of the Directorate General of the Treasury in 2012, before becoming Executive Vice President in 2015. He has been Director General of Companies since July 2018. Thomas Courbe is a member of the National Order of the Legion of Honour and the National Order of Merit.

EMMANUEL CHARRON



Date of birth: 20/10/1962

Business address:
La Poste,
9, rue du Colonel Pierre Avia,
Case postale A 506,
75757 Paris Cedex 15

Head of the French State's Economic and Financial Control Unit for La Poste

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Student-administrator of the City of Paris at *École nationale d'administration* (ENA) (Fernand Braudel class, 1985-1987), Head of the Budget Office of the Social Services and Transport Office of the City of Paris (1987-1990), Head of the Overall Budget at the Department of Finance and Economic Affairs (DFEA) of the City of Paris (1990-1992), Deputy secretary general of the City of Nice (1992-1995), Deputy Director of Management Control (1996-1997), Deputy Director of Finance (1997-2001), Director of Finance and Economic Affairs (2001-2002) at the DFEA (City of Paris), Inspector General of the City of Paris (2002), Technical Advisor to the Office of Jean-Pierre Raffarin (Prime Minister) (2002-2005), Chairman of the Interministerial mission for repatriates (2005-2007), General Economic and Financial Controller (2007-2010).

Member of the General Economic and Financial Control mission for Social Security and Social Action, then of the Social Security and Social Cohesion Funding Mission (2007-2010), secretary general of the French State Property Council (2010), Head of the Economic and Financial Control Mission (since 2016), Government Representative with Crédit Foncier de France (2016-2017) and with *Sociétés pour le financement de l'industrie cinématographique et audiovisuelle* (since 2017), Head of the Financial Activities Control mission (since 2017).

4.1.2 EXECUTIVE MANAGEMENT

Combined offices of Chairman of the Board of Directors and Chief Executive Officer

La Poste is managed, under his responsibility, by the Chairman of the Board of Directors, who also holds the position of Chief Executive Officer. This method of organisation ensuing from Article 11 of the Act of 2 July 1990 stipulates that the positions of Chairman and Chief Executive Officer must be held by the same person.

He is appointed from among the Directors by decree, following a proposal by the Board of Directors.

Mr Philippe Wahl was appointed Chairman and Chief Executive Officer of La Poste by a Decree dated 4 March 2020, following the Board of Directors' proposal to the President of the French Republic.

Powers and duties of the Chairman and Chief Executive Officer

The Chairman and Chief Executive Officer organises and coordinates the work of the Board of Directors and reports to the General Shareholders' Meeting on that work. He oversees the proper functioning of the company's corporate bodies and, in

particular, ensures that Directors are in a position to fulfil their duties.

The Chairman and Chief Executive Officer is fully empowered to act in all circumstances on the company's behalf, within the limits of the corporate purpose and subject to the powers of the General Shareholders' Meeting and those reserved for the Board of Directors by law, La Poste's Articles of Association as well as the Board of Director's internal rules of procedure, as amended by deliberation on 4 March 2020.

Accordingly, the Chairman and Chief Executive Officer must obtain prior approval from the Board of Directors for:

a) any transaction (including any material change thereto) involving acquisitions, equity investments and asset disposals (including financial and excluding day-to-day cash flow management), capital restructuring (in particular mergers, spin-offs or asset transfers, with the exception of La Poste Groupe internal transactions) for a unit amount exceeding €100 million per transaction, this threshold including, as the case may be, the price, the net debt of the target, the amount of any purchase or subscription guarantee made by La Poste and any off-balance sheet commitments given;

b) any transaction (including any significant change that may be made thereto), merger, sale or issue of equity securities or financial instruments giving access to the share capital carried out by La Poste (or to which La Poste is a party), for a unit amount greater than €30 million per transaction, this threshold taking into account, where applicable, the price, the net debt of the target, the valuation of any promise to purchase or subscription granted by La Poste and any off-balance sheet commitment given; any strategic partnership for which the average annual revenue over the period of its business plan exceeds €100 million (including any renewal of partnership);

c) any capital expenditure or divestment transaction (including any material change thereto) not covered in the above paragraph b), carried out by La Poste (or to which La Poste is party) for a unit amount exceeding €200 million per transaction, this threshold including, as the case may be, any given off-balance sheet commitments;

d) any transaction (including any material change thereto) involving debt, cash or hedging management (excluding day-to-day management) carried out by La Poste for a unit amount exceeding €700 million per transaction;

e) any transaction (including any material change thereto) involving the securitisation of financial or commercial assets carried out by La Poste for a unit amount exceeding €100 million per transaction;

f) any new direction for La Poste's business activities or a change in its purpose, or any material transaction reflecting a new direction for the business or a strategic refocusing of La Poste;

g) any decision to bring legal (including arbitration), regulatory or administrative proceedings by La Poste or to enter into a settlement agreement or arbitration agreement with respect to legal, regulatory or administrative proceedings to which La Poste is party, for a unit amount exceeding €50 million, it being added that where a number of such actions are based on the same or a related event, this threshold is assessed based on all relevant actions;

h) any decision to carry out a potential public offering of financial instruments issued by La Poste outside programmes that were already authorised as part of the budget approval by the Board of Directors;

i) any material change or planned material change to La Poste Groupe's accounting practices.

In addition, the Chairman and Chief Executive Officer is expressly authorised to provide bonds, guarantees and endorsements binding La Poste up to an overall annual limit excluding taxes set by the Board of Directors and a maximum unit amount excluding taxes of €100 million.

The Chairman and Chief Executive Officer is authorised to delegate these powers.

4.1.3 EXECUTIVE COMMITTEE

The Executive Committee is the body for discussing strategy, consulting on all cross-functional group issues, considering important decisions and monitoring targets and operating results. It meets on a weekly basis under the Chairmanship of the Chairman and Chief Executive Officer.

Executive Committee members are appointed by the Chairman and Chief Executive Officer. In accordance with the internal rules of procedure of La Poste's Compensation and Governance Committee, the Chairman and Chief Executive Officer informs the Compensation Committee of the appointment, compensation and planned replacement of the senior executives of La Poste and its main subsidiaries. Where appropriate, the Committee may pass its observations on to the Board of Directors.

COMPOSITION OF THE EXECUTIVE COMMITTEE:

Philippe Wahl	Chairman and Chief Executive Officer of La Poste Groupe Chairman of GeoPost from 17 December 2021
Philippe Bajou	Executive Vice President, General Secretary of La Poste Groupe Chairman of La Poste Immobilier
Yves Brassart	Executive Vice President in charge of Finance and Development
Yves Delmas	Chief Operating Officer of GeoPost from 17 December 2021
Nathalie Collin	Executive Vice President in charge of the Retail Customers and Digital Services business unit
Valérie Decaux	Executive Vice President Group Head of Human Resources
Philippe Dorge	Executive Vice President Chief Operating Officer of the Services-Mail-Parcels business unit
Nicolas Routier	Executive Vice President in charge of Institutional Strategy and Regulatory Affairs
Philippe Heim	Executive Vice President Chairman of the Management Board of La Banque Postale

PHILIPPE WAHL



Date of birth: 11/03/1956

Chairman and Chief Executive Officer of La Poste Groupe
Chairman of GeoPost from 17 December 2021

BIOGRAPHY – PROFESSIONAL EXPERIENCE

A graduate of *Institut d'études politiques* (IEP) de Paris, Philippe Wahl is a former student of *École nationale d'administration* (ENA) and holds a post-graduate research degree (DEA) in Economics. He began his career as an auditor and master of requests (*maître des requêtes*) at the French Council of State. Special advisor to the Chairman of the Stock Exchange Committee (*Commission des opérations de bourse* – COB, 1986), in 1989 he joined the office of Michel Rocard, Prime Minister, as Technical Advisor for Economic, Financial and Tax Affairs. Advisor to the Chairman of Compagnie bancaire (1991), then Executive Vice President (1994), in 1997 he was appointed Head of Specialist Financial Services at Paribas. In 1999, he became Chief Executive Officer of Caisse Nationale des Caisses d'Épargne.

In this respect, he has been Chairman of Sopassure and of the Board of Directors of Écureuil Assurances IARD, and member of the CDC Ixis Supervisory Board and CNP Assurances Supervisory Board. Appointed Chief Executive Officer of the Havas group in 2005, he became Vice-President of the Bolloré group in 2006. After having joined the Royal Bank of Scotland in 2007 as Managing Director for France, he was appointed advisor to the Global Banking and Markets Board in London and Managing Director for France, Belgium and Luxembourg in 2008, before being appointed Chairman of the Management Board of La Banque Postale and Executive Vice President of La Poste Groupe in January 2011. In September 2013, Philippe Wahl became Chairman and Chief Executive Officer of La Poste Groupe and in October he became Chairman of the Supervisory Board of La Banque Postale.

PHILIPPE BAJOU



Date of birth: 09/09/1958

Executive Vice President
General Secretary of the group
Chairman of La Poste Immobilier

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Graduate of *École nationale supérieure des PTT* in electronics in 1989. Philippe Bajou began his career at La Poste Groupe in 1982. Special advisor at the Ministry of PTT with the Director of Communal Affairs from 1989 to 1990, he then held various positions within the Finance Department of La Poste and was then appointed Director of Financial Affairs and Equity Investments at La Poste in 1995. He was responsible for the CCP fund management project in November 1998, which resulted in the formation of Efiposte in March 2000, where he became Chief Operating Officer.

Philippe Bajou was a member of the Management Board of La Banque Postale from the date of its creation on 1st January 2006 until the end of 2012. On 19 December 2012, he became group Executive Vice President and Chief Operating Officer of La Poste Network, a position that he held until 1st June 2015. On 19 February 2015, he was appointed Chairman of La Poste Immobilier and then Executive Vice President in charge of transformation on 24 February 2015. On 2 February 2016, he was appointed General Secretary of La Poste Groupe. He retains his responsibilities related to transformation and is taking on additional responsibilities for cross-functional departments and regional development.

YVES BRASSART



Date of birth: 25/08/1960

Executive Vice President in charge of Finance and Development

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Yves Brassart is a former student of ENSPTT, a graduate of EDHEC (1981) and of *Institut d'études politiques* (IEP) de Paris. He also holds a post-graduate degree in accounting (DECS). Working for La Poste since 1987, he held the positions of Head of Mail Sales/Marketing at the head office (1987-1993) and La Poste's Financial Director for western France (1993-1999). In 1999, he became Financial Director of La Poste Financial Services before also becoming Financial Director of the Post Office network from 2001 to 2003.

In 2004, he helped create La Banque Postale, where he became Chief Financial Officer and a member of the Executive Committee on 1st January 2006. In 2011, he was appointed Head of Finance and Strategy of La Banque Postale, member of the Operational Committee, then member of the Management Board in 2013. On 7 April 2014, he became Executive Vice President and Chief Financial Officer of La Poste Groupe. As such, he also became a member of the Executive Committee. On 7 September 2015, he was appointed Executive Vice President in charge of Finance and Development.

BORIS WINKELMANN



Date of birth: 28/04/1970

Chairman and Chief Operating Officer of GeoPost until 15 December 2021

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Boris Winkelmann passed away on 15 December 2021.

Boris Winkelmann had particularly close ties with France, where he had completed almost all his studies (business management at the *École Supérieure de Commerce de Bordeaux*, completed by a Master of Finance at the Pontificia Comillas University of Madrid). He was speaking fluent French, Spanish, English and German.

Boris Winkelmann had been the Chairman and CEO of DPD Germany since March 2014. Before that, as Chief Operating Officer (COO), he had been responsible for the operational management of DPD Germany since March 2013. Boris Winkelmann had 20 years of experience in the express parcel and mail industry. From 1994, he had first occupied a number of management positions at the head office of the TNT Express group before joining GeoPost in 1999. In this wholly-owned subsidiary of La Poste, Boris Winkelmann had coordinated the acquisition of a majority stake in DPD in Germany through to the completion of the process in 2001.

At group level he was also partially responsible for the international expansion of the majority shareholder of DPD. Boris Winkelmann then went on to set up and manage the online shipping service LetMeShip, the market research and information service CEP-Research, and the mergers and acquisitions consultancy service ITA Consulting. On 25 June 2020, he had been appointed Executive Vice President and Chairman of GeoPost.

YVES DELMAS



Date of birth: 20/12/1962

Chief Operating Officer of GeoPost from 17 December 2021

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Graduate in law from *Université Paris-X* (Nanterre), graduate in history from *Université Paris-IV* (La Sorbonne) and holder of a master's degree from *Institut d'études politiques de Paris*, as well as a MBA from *École nationale supérieure des postes et télécommunications* (Paris). Yves Delmas has held various management positions in the express transport sector, notably at GeoPost, a subsidiary of La Poste, specialising in express transport.

He has held the position of Chairman of SEUR since 2012, a position that he has coordinated with GeoPost's Executive Management in Europe since 2016.

NATHALIE COLLIN



Date of birth: 26/09/1964

Executive Vice President in charge of the Retail Customers and Digital Services business unit

BIOGRAPHY – PROFESSIONAL EXPERIENCE

A graduate of *École supérieure des sciences économiques et commerciales* (ESSEC) and recipient of a Master's degree in corporate and tax law, Nathalie Collin began her career in 1987 as a Consultant at the Arthur Andersen firm before joining Cité mondiale des vins et spiritueux as Financial Director in 1990. In 1993, Nathalie Collin became the Financial Director Europe for Interleaf in London. In 1997, she joined Virgin Musique France as Chief Financial and Administration Officer before becoming Chief Operating Officer in 1999.

In 2002, she orchestrated the merger between Virgin Musique and its parent Company, EMI Music France, and successively held the positions of Chief Operating Officer (2002-2007) and Chairwoman in the new group (2007-2009). In 2009, she left the music production industry for the press industry and became Chairwoman of the Management Board of Libération before joining the Nouvel Observateur group as Managing Director and Chairwoman of the Management Board in 2011. Chairwoman of SEPM and AIPG, she led negotiations with Google on behalf of the profession, which led to the creation of the Digital Innovation Press Fund, a fund of which she became the first Chairwoman. On 28 April 2014, she was appointed Executive Vice President and member of the Executive Committee in charge of Communication for La Poste Groupe. On 9 February 2015, she became Executive Vice President in charge of Digital Services and Communication.

VALÉRIE DECAUX



Date of birth: 07/07/1967

Executive Vice President

Group Head of Human Resources

BIOGRAPHY – PROFESSIONAL EXPERIENCE

A graduate of *Sup de Co Le Havre*, Valérie Decaux joined the Human Resources Department of Nouvelles Messageries de la Presse Parisienne (Presstalis) in 1990, where she held various responsibilities for 10 years. In 2001, she joined Vediorbis/Randstad where she became Head of Human Resources and a member of the Management Committee in 2003. In 2008, she was appointed Group Head of Human Resources and member of the Executive Committee of the SAUR group.

In 2014, Valérie Décaux joined the Monoprix retail chain (Casino group) to become Group Head of Human Resources, Communication and CSR, and a member of the Executive Committee. She joined La Poste in September 2019 as a group Executive Vice President and member of the Executive Committee, in charge of human resources and labour relations.

PHILIPPE DORGE



Date of birth: 06/04/1966

Executive Vice President

Chief Operating Officer of the Services-Mail-Parcels business unit

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Philippe Dorge is a graduate of Sciences Po Paris, with a major in public service. He also holds a post-graduate diploma (DESS) in "Human Resources and Labour Relations" (Paris). He is a graduate of Ciffop in Labour Relations. He spent 25 years at PSA where he alternated positions in the industrial and human resources areas. After in-plant operational positions in Sochaux, then in Aulnay, in 2002, he became the group's Head of employee relations and employment, responsible for collective bargaining, health and safety at work and human resources management in the Industrial Department. In 2010, he was appointed Plant manager at Trémery, the leading site for engine manufacturing near Metz, in the Lorraine region of France. He was appointed Head of group HR in early 2013.

After restoring social dialogue within the Company, he successfully negotiated a "New Social Contract Agreement" on sharing corporate strategy with the trade unions and the "Generation PSA" Agreement on the competitiveness of the Company's industrial bases in France. He established a global HR structure consistent with the group's new organisational structure. On 7 September 2015, he became Executive Vice President and Chief Operating Officer of the Services-Mail-Parcels business unit and joined La Poste Groupe's Executive Committee.

NICOLAS ROUTIER



Date of birth: 07/03/1963

Executive Vice President in charge of public service and regulation

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Nicolas Routier is a graduate of *Institut d'études politiques de Paris* (IEP), holds a Bachelor's degree in Economics from Paris-I Panthéon-Sorbonne and is a graduate of ENSPTT. He joined La Poste's Finance Department as Head of Strategic Planning (1988-1991) and then Head of Management Control (1991-1994). From 1994 to 1997, he was Director of La Poste in the Oise region. In 1997, he joined La Poste's Management Committee and created the Purchasing Department, which he managed until 2001. At the same time, he was Director of Management Control (1998-2001). In 2001, he became Director of Group Strategy then joined the group's Executive Committee. He then became a Director of Sopassure, a member of the Supervisory Board of CNP Assurances (2001-2003) and a Director of GeoPost (from 2001).

In 2002, he was appointed Executive Officer responsible for group strategy and development and Chairman of Sofipost. In 2004, he became an advisor to the Group Chairman, and Chairman and Chief Operating Officer of Mediapost, until 2009. At the same time, he was Chairman of STP from 2005 to 2009 and of Neopress from 2007 to 2009. Since 2009, Nicolas Routier has been Executive Vice President of La Poste Groupe, Chief Operating Officer of Mail and Chairman of Sofipost, which includes Mediapost Communication, Docaposte and Viapost. Since mid-2012, he has been Vice Chairman of the Board of Directors of Asendia. He is also Chairman of the professional trade union for postal operators. Before being appointed Executive Vice President in charge of institutional strategy and regulatory affairs on 7 September 2015, he had been Executive Vice President of La Poste Groupe and Chief Operating Officer of the Services-Mail-Parcels business unit since July 2014.

PHILIPPE HEIM



Date of birth: 03/04/1968

Executive Vice President

Chairman of the Management Board of La Banque Postale

BIOGRAPHY – PROFESSIONAL EXPERIENCE

A graduate of *École supérieure de commerce de Paris* (ESCP Europe) and *Institut d'études politiques de Paris* (Sciences Po), Philippe Heim began his career in 1997, after studying at *École nationale d'administration*, at the Ministry of the Economy and Finance, where he held different functions before being appointed Economic Counsellor at the French Embassy in Singapore. In 2003, he was appointed Technical Advisor to Francis Mer, then minister of the Economy, Finance and Industry. The following year, he became Budgetary Advisor to Nicolas Sarkozy, at the time Minister of the Economy, Finance and Industry, then, in 2006, he was promoted to Chief of Staff of Jean-François Copé, Minister of the Budget and Government Spokesman.

He joined Société Générale in 2007 as Senior Banker, in charge of global relations with a portfolio of strategic clients within SG CIB. In 2009, he was appointed Group Chief Strategy Officer before becoming Group Deputy Chief Financial Officer and Chief Strategy Officer in April 2012. Philippe Heim was appointed Group Chief Financial Officer in March 2013 as well as a member of the group's Executive Committee. In 2018, he was appointed Executive Officer in charge of International retail banking, financial services and insurance.

On 31 August 2020, he was appointed Chairman of the Management Board of La Banque Postale and as such joined the Executive Committee of La Poste Groupe as Executive Vice President.

4.1.4 OTHER INFORMATION

Table of delegations granted by the General Shareholders' Meeting

No delegation was granted by the General Shareholders' Meeting to the Board of Directors regarding capital increases pursuant to Articles L. 225-129-1 and L. 225-129-2 of the French Commercial Code.

Absence of family ties between members of the administrative bodies and Executive Management

To La Poste's knowledge, there are no family ties between the corporate officers of La Poste or the members of the Executive Committee.

Absence of convictions for fraud for the members of the administrative bodies and Executive Management

To La Poste's knowledge, none of the corporate officers of La Poste or members of the Executive Committee:

- has been convicted of fraud in the last five years at least;
- has been declared bankrupt, put into receivership or undergone liquidation in the last five years at least;
- has been subject to incrimination or official public sanction delivered by statutory or regulatory authorities in the last five years at least.

Furthermore, to La Poste's knowledge, none of the corporate officers of La Poste or the members of the Executive Committee has been prohibited by a court from acting as a member of an administrative, management or supervisory body of an issuer or from managing or conducting the business of an issuer in the last five years at least.

Conflicts of interest

To La Poste's knowledge, and as at the date of filing of this Universal Registration Document, there were no potential conflicts of interest at La Poste between the duties of the corporate officers and members of the Executive Committee, and their private interests or other duties.

To La Poste's knowledge, there are no arrangements or agreements between shareholders, customers, suppliers or any other parties under which a member of the Board of Directors has been appointed to this position.

Article 7 of La Poste Director and *Censeur*'s Charter, appended to the internal rules of procedure of the Board of Directors, specifies that: "Directors undertake to avoid any conflicts which might exist between their moral or material interests and those of La Poste or of the entities of its group. They shall inform the Board of Directors and its Chairman, upon becoming aware of it, of any situation concerning them, which is liable to create a conflict of interest, even potential or temporary, with the interests of La Poste or of its group. In the event of such a situation occurring, the Director concerned shall not participate in discussions or any decision-making on the subjects concerned."

4.2 OPERATION OF THE ADMINISTRATIVE BODIES

4.2.1 DUTIES OF THE BOARD OF DIRECTORS

In accordance with the legal and regulatory provisions in force and with the terms of the Public Service Agreement, and as specified in its internal rules of procedure available on the group's website, the Board of Directors sets out La Poste's general policies and business priorities of La Poste and its group. The latter includes, under these rules, the subsidiaries in which La Poste directly or indirectly holds at least 50% of the share capital or voting rights.

In particular, the Board of Directors determines the strategic, economic, financial and technological priorities of La Poste's activities and monitors their implementation.

Any significant group transaction outside the stated strategy, or which could have a material influence on the group's financial structure or results, must be referred to the Board of Directors.

The Board may consider any issue pertaining to the smooth running of the Company and deliberate and decide on any relevant matters. It carries out the controls and checks it deems necessary.

The Board of Directors reviews La Poste's draft annual and consolidated financial statements, forecasts and results in terms of the objectives set out in the Public Service Agreement between the French State and La Poste and in its strategic plan. The Chairman informs the Board whether the defined objectives have been achieved and, as applicable, presents suitable measures to reduce the actual or expected shortfall.

The strategic trajectory of the group and each of its business lines, and the multi-annual business plan[1], are reviewed at least once a year by the Board of Directors. The Board of Directors approves the business plan, the group's annual budget, the related financing plan and the dividend-paying capacity, as well as the key objectives of the group's financial framework.

Each quarter, the Chairman reports to the Board of Directors on the monitoring of the group's activities and the key operating performance indicators.

Twice a year, the Board of Directors reviews a report on the group's main subsidiaries. For each of these subsidiaries, the report sets out the main highlights and indicators, in particular the main acquisitions, disposals, equity investments or financial transactions that do not require the prior approval of the Board of Directors.

The Board of Directors is kept regularly informed of the financial position and any significant commitments; it is also kept informed of major debt and cash management transactions, excluding La Banque Postale and its consolidated subsidiaries.

4.2.2 ACTIVITIES AND ASSESSMENT OF THE BOARD OF DIRECTORS IN 2021

Activities

The Board of Directors meets as often as Company interests require, and at least six times a year. It may also meet if more than one third of its members request to convene a meeting and present an agenda.

In 2021, the Board met eleven times. The Board members' average attendance at these meetings was 95%. Three half-day strategy seminars were also organised during the year. Whenever necessary or advisable, Committee meetings are held before the Board meeting, to prepare the work and discussions of the Board. In 2021, in addition to recurring subjects (annual and half-year financial statements, adoption of the budget, definition of the Chairman's roadmap, appropriation of earnings, comparative situation report between men and women, annual HR report), the Board of Directors deliberated on several particularly important topics: it examined and adopted the new strategic plan "La Poste 2030, committed for you", together with a financial business plan for 2025; it adopted a new industrial master plan, giving La Poste the capacity to cope with the very strong increase in parcel volumes; it approved the full takeover of eShopWorld by Asendia; it examined and voted on several external growth projects led by GeoPost: the acquisition of the delivery company "City Sprint" in Great Britain, the participation in a new fundraising for "Ninja Van" in South-East Asia, the taking of a majority stake in the parcel transport company "Speedy" in Bulgaria, the acquisition of a stake in the international logistics and transport company Aramex. The Board also approved the purchase of BPCE's shares in CNP by La Banque Postale. Lastly, the Board proposed to the General Shareholders' Meeting to include a *raison d'être* in La Poste's Articles of Association and to adopt the status of a "company with a mission". On 25 March 2021, the Board of Directors assessed the roadmap of the Chairman and Chief Executive Officer, in the absence of the latter.

(1) *The business plan, within the meaning of the internal rules of procedure of the Board of Directors of La Poste, is defined in the glossary at the end of the document.*

Assessment

Once a year since 2006, the Board of Directors has devoted an item on the agenda to assessing its internal practices, with particular regard to its internal rules of procedure and to any improvements that could be made.

Since 2010, the annual assessment process has been led by the Compensation and Governance Committee and its Chairman presents a summary to the Board and suggests areas of improvement. La Poste has also decided to carry out this assessment once every three years with the help of an external firm.

4.2.3 BOARD COMMITTEES WITHIN THE BOARD OF DIRECTORS

To fulfil its duties, the Board of Directors has set up five Board Committees tasked with examining and preparing certain projects before they are presented at plenary sessions, by either adding them to the agenda or mentioning them in the report on the work carried out by the Chairman. The Government representative and the Head of the economic and financial control unit attend the meetings of each committee. Furthermore, an *ad hoc* committee meets to prepare for Board of Directors' meetings a day or two before they take place.

These committees are as follows:

Audit Committee

Composition

Chairman: Charles Sarrazin (French State).

Other members Virginie Chapron-du Jeu (CDC), Stéphane Chevet, Franck Haspot, Olivier Mareuse (CDC).

Duties

a) Checks the relevance and consistency of the accounting standards and practices applied by La Poste and the group in preparing the parent company and consolidated financial statements, as well as the appropriate recognition of significant financial and accounting transactions carried out or to be carried out by La Poste and the group; studies any proposal for material changes to these standards and practices before they are applied;

b) ensures that the parent company and consolidated financial information produced by La Poste is true and fair; verifies that internal data collection and control procedures are established and followed to guarantee this truth and fairness;

c) reviews La Poste's financial disclosure policy and the main aspects of this disclosure;

d) carries out a prior review of the accounting and financial documents to be submitted to the Board of Directors, including the annual and half-year financial statements, financial statements specifically prepared for the purposes of a given transaction and management reports and their supporting documents;

e) with the help of the Finance Department, establishes the procedure for choosing La Poste's Statutory Auditors after putting out an invitation to tender and making a recommendation to La Poste's Board of Directors on the choice of said auditors; debates the involvement of the appointed Statutory Auditors and the budget allocated to their work; ensures that the Statutory Auditors are independent; approves the provision by the Statutory Auditors of services other than the certification of the accounts and other than prohibited services;

f) periodically reviews the progress of the Statutory Auditors' work and their recommendations;

g) reviews the Chairman's report on the internal control procedures and risk management;

h) assesses the effectiveness of the internal control and risk management systems and, in relation to this, the annual risk mapping of all types of risks to which the group is exposed in its operating activities, as well as the processes and action plans introduced to identify and control such risks; reviews the report on the work of the head office internal auditors and the internal audit departments within La Poste and the group for the previous year and gives its opinion on the audit programmes for the current year;

i) reviews the annual management report of La Poste's Purchasing Committee;

j) carries out a periodic review of the major unresolved disputes and any other issues of a financial, accounting, legal or any other nature that could generate risks or threats;

k) reviews the nature and scope of material off-balance sheet commitments;

l) makes any recommendations to the Board of Directors on the matters above; and more generally;

m) reports to the Board of Directors any significant issue that could require its attention.

The Board of Directors may also ask the Audit Committee to carry out any other regular or *ad hoc* assignments; in addition, the committee may suggest that the Board of Directors consult it on any specific issue that it considers necessary or relevant.

Activities in 2021

- Seven meetings.
- Average attendance rate: 94%.

In addition to recurring matters, such as examination of the annual and half-year financial statements, risk mapping, scheduling of audits and the annual report by the Purchasing Committee, the committee examined: the management of credit risks by La Banque Postale, the management of La Banque Postale's prudential ratios, the financial risk management framed by the limits handbook, regulatory changes, application of the GDPR, and the fight against cybercrime.

Strategy and Investment Committee

Composition

- Chairwoman: Françoise Malrieu (CDC);
- Other members: Irène Baudry, Florence Fimbel, Isabelle Fleurence, Sylvie Joseph, Hugo Reis, Corinne Lejbowicz (CDC), Antoine Saintoyant, Olivier Sichel (CDC), Charles Sarrazin (French State).

Duties

With a view to preparing the work of the Board of Directors and offering any useful opinion or recommendations, the Strategy and Investment Committee:

- analyses the strategic growth drivers of La Poste and the group in France and abroad;
- studies proposed strategic agreements and monitors partnerships;
- studies planned asset acquisitions or disposals within the group, plans to create subsidiaries or to buy and sell equity investments for amounts exceeding €30 million;
- reviews the multi-annual business plan;
- oversees the main items of the Public Service Agreement signed with the French State.

Activities in 2021

- Nine meetings.
- Average attendance rate: 85%.

The committee mainly worked on acquisition and disposal projects led by GeoPost and La Banque Postale. It also examined the 2021-2030 strategic plan, the financial business plan to 2025 and the industrial master plan for the Parcels activity.

Quality and Sustainable Development Committee

Composition

- Chairwoman: Marie-Pierre de Bailliencourt (CDC).
- Other members: Virginie Chapron-du Jeu (CDC), Isabelle Fleurence, Philippe Lemoine (CDC), Franck Gervais (French State), Sylvie Joseph, Martine Duriez and two non-voting directors for which the appointment by decree is expected for end March 2022.

Duties

The Quality and Sustainable Development Committee's role is to prepare the Board of Directors' work and send to it any useful recommendations on any issue concerning the quality of the relations between La Poste or group companies and its customers, as well as on sustainable development and well-being, especially regarding the following:

- the customer satisfaction survey for La Poste and the group;
- the assessment of the quality of service provided to the customers of La Poste and the group;
- the review of best practice in the services provided to the customers of La Poste and the group;
- the review of best practice in terms of sustainable development and corporate social responsibility;
- the review of the well-being of those working at La Poste as well as best practice in this regard.

The Board of Directors may also ask the Quality and Sustainable Development Committee to carry out any other work relating to its area of expertise; in addition, the committee may suggest that the Board of Directors consult it on any specific issue that it considers necessary or relevant.

Activities in 2021

- Four meetings.
- Average attendance rate: 88%.

In particular, the committee examined: the group's CSR policy, the Net Promotor Score as a strategic indicator, customer satisfaction initiatives, and the Ombudsman's report.

Appointments, Compensation and Governance Committee

Composition

- Chairman: Philippe Lemoine (CDC).
- Other members: Éric Lombard (CDC), Charles Sarrazin (French State), Hugo Reis.

Duties

With a view to preparing the work of the Board of Directors, the committee:

- issues recommendations on the appointment and compensation of La Poste's corporate officers;
- formulates an opinion on any proposal pertaining to the general principles of the appointment and compensation policy excluding the salary or base salary of the senior executives of La Poste and the main subsidiaries;
- makes any recommendation concerning the total amount of directors' fees to be allocated annually to certain members of the Board of Directors and propose to the Board of Directors rules for their allocation, taking into account, in particular, attendance at the meetings of the Board of Directors and Board Committees;

- issues an opinion on any planned capital increase reserved for employees or free share awards pursuant to Articles 32 and 32-3 of Act no. 90-568 of 2 July 1990, as amended, relating to the organisation of the public service provided by La Poste and France Télécom;
- coordinates the annual assessment of the Board of Directors; more generally;
- reports to the Board of Directors and brings to its attention any significant issues that could require the Board's special deliberation on matters within the committee's remit.

The Appointment Committee is informed by the Chairman and Chief Executive Officer of the appointment, compensation and planned replacement of the senior executives of La Poste and its main subsidiaries. Where appropriate, the committee passes on its observations to the Board of Directors.

The committee may also be asked to carry out any other regular or *ad hoc* work given to it by its Chairman, the Board of Directors or the Chairman and Chief Executive Officer of La Poste. Moreover, the committee may suggest that the Board of Directors consult it on any specific issue that it considers necessary or relevant.

Activities in 2021

- Two meetings.
- Average attendance rate: 87.5%.

The committee examined the roadmap and compensation of the Chairman and CEO, the principles governing the compensation of senior executives, and the policy for managing high potentials within the group.

Public Service Missions Committee

Composition

- Chairman: Franck Gervais (French State).
- Other members: Catherine Mayenobe (CDC), Irène Baudry, Stéphane Chevet, Martine Duriez and two non-voting directors for which the appointment by decree is expected for end March 2022.

Duties

The Public Service Missions Committee is tasked with preparing the work of the Board of Directors and with making any useful recommendations to the Board of Directors on any issue concerning La Poste's public service missions, as defined by law and specified in the Public Service Agreement, namely:

- the universal postal service;
- contribution to regional planning;
- press transport and delivery;
- banking accessibility.

The Public Service Missions Committee also monitors the implementation of La Poste's voluntary commitments to citizens.

To this end, the Public Service Missions Committee:

- reviews once a year the assessment of the execution of each of the four public service missions as defined by law and the Public Service Agreement in force;
- verifies the appropriateness of the means implemented by the Company, the compensation allocated to it in respect of those missions and the results expected in this regard;
- makes any useful suggestions on how to improve mission performance.

The Board of Directors may also ask the Public Service Missions Committee to carry out any other work relating to its area of expertise; moreover, the committee may suggest that the Board of Directors consult it on any specific issue that it considers necessary or relevant.

Activities in 2021

- Four meetings.
- Average attendance rate: 100%.

The committee examined the prospects for changes to the four public service missions.

4.2.4 COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

La Poste has adhered to and referred to the Afep-Medef Code on Corporate Governance since 2011, in accordance with Article L. 225-37-4-8 of the French Commercial Code, subject to specific legal and regulatory provisions.

These specific regulatory issues arise from La Poste's status as a public sector company, in particular the fact that the Company is subject to Act no. 90-568 of 2 July 1990 pertaining to La Poste and France Télécom's public service structure, amended by Act No. 2019-486 (PACTE Act of 22 May 2019), and Order No. 2014-948 of 20 August 2014 relating to governance and transactions on the share capital of state-owned companies.

The table below lists the recommendations of the Afep-Medef Code, taken from its latest version released in January 2020, which are not applied by the Company, with the corresponding explanations:

Number of the recommendation Afep-Medef 2020 version	Principles of the Code	Situation of the Company and comments
1	**The missions of the Board of Directors:**	
1.3	Appointment of the Executive Director and method of organising functions "[…] The Board of Directors […] appoints the executive corporate officers responsible for managing the Company […] and chooses the method of organisation (separating the functions of Chairman and Chief Executive Officer or uniting the functions) […]."	The manner in which the Board of Directors of La Poste is organised results from Article 11 of the Act of 2 July 1990, as modified by Act No. 2019-486 (PACTE Act of 22 May 2019), which states that the positions of Chairman and Chief Executive Officer must be held by the same person, and specifies that the Chairman and Chief Executive Officer is appointed on the basis of Article 6 of Order No. 2014-948 of 20 August 2014, by a decree of the President of the French Republic upon the proposal of the Board of Directors and after considering the opinion of the Economic Affairs Commission of the French National Assembly and Senate.
3	**Diversity of methods of organising governance**	
3.2	Appointment of a senior independent director: "The Board may appoint a senior independent director from among the independent directors in particular when the duties are of a unique nature."	The composition of the Board of Directors is fixed in accordance with the provisions of Article 10 of the Act of 2 July 1990, as amended by Act No. 2019-486 (PACTE Act of 22 May 2019), included in Article 13 of the Articles of Association.
9	**independent directors**	
9.3	"In controlled companies, the proportion of independent directors must be at least one third. Directors representing employee shareholders and Directors representing employees are not included in the calculation of these percentages."	The composition of the Board of Directors is fixed in accordance with the provisions of Article 10 of the Act of 2 July 1990, as amended by Act No. 2019-486 (PACTE Act of 22 May 2019), included in Article 13 of the Articles of Association.
14	**Duration of the term of office of Directors**	
14.1	"[…] the duration of Directors' terms of office, which are set forth by the Articles of Association, must not exceed four years […]."	The five-year period of the terms of office of the members of La Poste's Board of Directors is specified in Article 13 of the Articles of Association. It is close to the four-year period required by the Code.
16	**Audit Committee**	
16.11	Composition "The portion of independent directors in the Audit Committee (excluding […] Directors representing employees, which are not included in the calculation scope) must be at least two thirds."	In view of the financial requirements, it was decided to appoint members with in-depth expertise in the field.
18	**Compensation Committee**	
18.1	Composition The Compensation Committee "[…] must be composed of a majority of independent directors […]. It is recommended that the Chairman of the committee be independent and that an employee Director be a member."	The composition of the Board of Directors is fixed in accordance with the provisions of Article 10 of the Act of 2 July 1990, as amended by Act No. 2019-486 (PACTE Act of 22 May 2019), included in Article 13 of the Articles of Association.

Number of the recommendation Afep-Medef 2020 version	Principles of the Code	Situation of the Company and comments
20	Ethics concerning Directors	
	Unless otherwise provided for by law, Directors must be shareholders on a personal basis and, in application of the provisions of the Articles of Association or internal rules of procedure, hold a significant number of shares with regard to the directors' fees allocated. Should Directors not hold these shares at the time of taking up office, they shall use their directors' fees to obtain them. The Directors submit this information to the Company which includes said information in its annual report;	The law reserves the ownership of La Poste's share capital to the French State and CDC, subject to any employee share ownership (not put in place). In consequence, it is impossible for a Director who is a private individual to be a shareholder.
23	Obligation for executive corporate officers to hold shares	
	"The Board of Directors defines a minimum quantity of shares that executive corporate officers must hold in their name until the end of their service. This decision is reviewed at least every time their terms of office are reviewed [...]."	The Chairman and Chief Executive Officer cannot hold Company shares in his name because Article 1-2 of the Act of 1990 reserves the ownership of La Poste's share capital to the French State and CDC, and if applicable, employees.

4.2.5 STAKEHOLDERS COMMITTEE

The so-called PACTE Act of 22 May 2019 on the growth and transformation of companies allows any company to adopt a *raison d'être* (purpose), setting corporate and environmental objectives, by declaring itself an "*Entreprise à mission*" (mission-driven Company) in its Articles of Association.

La Poste, which has served the public interest for five centuries, is a natural part of this vision of a company committed to serving all (see Section 1.2.1 "*Entreprise à mission*").

In this context, La Poste has set up a Stakeholders Committee, acting as a Mission Committee within the meaning of the PACTE Act, responsible for monitoring the implementation of its commitments as an "*Entreprise à mission*" (a mission-driven Company). It is chaired by the Chairman and Chief Executive Officer, Mr Philippe Wahl, and brings together qualified individuals representing La Poste's stakeholders:

- La Poste shareholders, represented by:
  - Catherine Mayenobe, Director of La Poste, General Secretary of Caisse des Dépôts,
  - Franck Gervais, Director of La Poste and Chairman of the Public Service Missions Committee;
- La Poste employees:
  - Stéphane Chevet and Franck Haspot;
- local authorities:
  - *To be filled,*
  - *To be filled,*
- users and civil society:
  - Martine Duriez, non-voting member of La Poste, Chairwoman of *Fédération des Familles Rurales du Pas de Calais,*
  - Géraud Guibert, Chairman of *Fabrique écologique,*
  - Marie Trellu-Kane, Chairwoman of *Unis-Cité* and member of *Conseil économique, social et environnemental* (CESE);
- corporate entities:
  - Nathalie Balla, Chairwoman and Chief Executive Officer of La Redoute,
  - Laetitia Puyfaucher, founder of Pelham Media Ltd.,
  - Fatima Riahi, Director of *Jardins de la Montagne Verte*;
- research and development:
  - *To be filled,*
  - Christian Golier, economist,
  - Jacques Levy, geographer,
  - Claudia Senik, economist.

The Stakeholders Committee is responsible for:

- monitoring the execution of the missions carried out by the Company under its status as a "company with a mission", within the meaning of Article L. 210-10 of the French Commercial Code;
- informing the Company's Executive Committee and Board of Directors on the expectations of the various stakeholders (in particular customers, employees, suppliers, regions, future generations) with regard to the Company, and on the best means to reconcile them.

During the year 2021, the Stakeholders Committee met three times to define the indicators for monitoring the group's societal commitments and examine their level of achievement.

4.3 COMPENSATION AND BENEFITS

4.3.1 COMPENSATION OF CORPORATE OFFICERS

Total compensation of the Chairman and Chief Executive Officer

La Poste currently has one executive corporate officer, its Chairman and Chief Executive Officer, Mr Philippe Wahl, who has been holding this office since 26 September 2013.

The total compensation of Mr Philippe Wahl for the year 2021 was set at €450,000 gross per year by the Board of Directors on 25 March 2021. It consists exclusively of a fixed portion.

The compensation of Mr Philippe Wahl, unchanged since 26 September 2013, complies with the compensation ceiling set for public sector companies.

The annual objectives of Mr Philippe Wahl are formalised in a roadmap approved by the Board of Directors, without entitlement to a variable portion. Mr Philippe Wahl's roadmap for 2021 was approved by the Board of Directors on 25 March 2021. This roadmap for 2021 comprises 50% for economic and financial indicators, 30% for social and environmental indicators and 20% for the group's ability to adapt. Achieving the objectives of this roadmap has a 50% impact on the variable portion of the members of the Executive Committee.

The table below presents a summary of all types of compensation due to the Chairman and Chief Executive Officer in respect of the 2020 and 2021 fiscal years.

The Chairman and Chief Executive Officer does not receive special compensation or compensation for his participation in the governing bodies of La Poste or companies controlled by La Poste, nor does he receive stock options or free shares (see Section 4.3.2 Additional information).

SUMMARY TABLE OF THE COMPENSATION AWARDED TO THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER, MR PHILIPPE WAHL

Gross amounts (before tax)	2021	2020
Compensation due for the year (including benefits in kind)	€455,624	€455,392
Valuation of options awarded during the fiscal year	None	None
Valuation of performance shares awarded during the fiscal year	None	None
TOTAL (INCLUDING BENEFITS IN KIND)	**€455,624**	**€455,392**
TOTAL (EXCLUDING BENEFITS IN KIND)	**€450,000**	**€450,000**

Other compensation items

Company car

A company car is made available to the Chairman and Chief Executive Officer. La Poste bears all costs related to the company car (*i.e.* maintenance, insurance and fuel). This benefit is accounted for as a benefit in kind.

Health and contingency insurance coverage

The Chairman and Chief Executive Officer of La Poste receives the health and supplementary contingency coverage provided to all senior executives of La Poste, with premiums paid in full by La Poste.

Pension plan

The Chairman and Chief Executive Officer of La Poste does not receive any supplementary pension plan.

Compensation allocated for participation in governing bodies

The Chairman and Chief Executive Officer of La Poste receives no compensation for his participation in the governing bodies as Chairman of the Board of Directors and Director of La Poste, nor does he receive any compensation for positions held in companies controlled by La Poste.

SUMMARY TABLE OF THE COMPENSATION OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER, MR PHILIPPE WAHL

	2021		2020	
Gross amounts before tax	AMOUNTS DUE FOR THE FISCAL YEAR	AMOUNTS PAID DURING THE FISCAL YEAR	Amounts due for the fiscal year	Amounts paid during the fiscal year
Fixed compensation	€450,000	€450,000	€450,000	€450,000
Variable compensation	None	None	None	None
Special compensation	None	None	None	None
Compensation allocated for participation in governing bodies	None	None	None	None
TOTAL (EXCLUDING BENEFITS IN KIND)	**€450,000**	**€450,000**	**€450,000**	**€450,000**
Benefits in kind	€5,624[(a)]	€5,624[(a)]	€5,392[(a)]	€5,392[(a)]
TOTAL (INCLUDING BENEFITS IN KIND)	**€455,624**	**€455,624**	**€455,392**	**€455,392**

(a) Company vehicle (€5,264 in 2021 and €5,032 in 2020) and communication bonus paid to all employees (€360).

EMPLOYMENT CONTRACT, SUPPLEMENTARY PENSION, SEVERANCE OR JOB TRANSFER ALLOWANCE AND COMPENSATION FOR NON-COMPETE CLAUSES

	Employment contract		Supplementary pension plan		Compensation payable due to severance or job transfer		Compensation for a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Philippe Wahl, Chairman and Chief Executive Officer		X		X		X		X

TABLE PRESENTING THE RATIO BETWEEN THE COMPENSATION OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER AND THE COMPENSATION OF THE COMPANY'S PERSONNEL OVER FIVE YEARS

	2021	2020	2019	2018	2017
Ratio between the compensation of the Chairman and CEO and the average compensation of La Poste employees	14.2	14.3	14.5	14.7	14.9
Ratio between the compensation of the Chairman and CEO and the average compensation of La Poste employees	17.0	17.1	17.2	17.3	17.5

Total compensation of the Directors

Compensation allocated for participation in governing bodies

The members of the Board of Directors appointed by the General Shareholders' Meeting receive compensation for their participation in the governing bodies according to the following principles, adopted by the General Shareholders' Meeting of 27 April 2011:

- the annual budget represents a gross total of €320,000;
- this amount is divided up as follows:
  - €1,300 gross per Board meeting or Board Committee meeting attended,
  - €2,000 gross per meeting attended for the Chair of a Board Committee.

If, at the end of the period, the aggregate amounts allocated to the Directors on the basis of the above scale were to exceed the allocated amount of €320,000 (because of additional meetings), these amounts would be reduced accordingly, so as to distribute a gross total of €320,000.

For 2021, the total compensation allocated to the Directors for their participation in governance bodies amounted to €289,200 gross.

The Directors representing the employees exercise their office free of charge in accordance with Act no. 83-675 of 26 July 1983 on the democratisation of the public sector, and the Chairman and Chief Executive Officer receives no compensation for his Directorship.

Pursuant to Order No. 2014-948 of 20 August 2014, the compensation allocated to the State representative appointed pursuant to Article 4 of said order, as well as the compensation allocated to the Directors appointed by the General Shareholders' Meeting on proposal of the State pursuant to Article 6 of the order, said Directors being civil servants, is fully paid to the State budget.

In accordance with the order of the Minister for the Economy and Finance of 5 January 2018, the compensation of the other Directors appointed by the General Shareholders' Meeting, on proposal of the French State, and not being civil servants, is paid up to 85% to the Directors concerned and up to 15% to the State budget.

The amounts allocated to the Directors appointed by the General Shareholders' Meeting upon a proposal of Caisse des Dépôts are paid to Caisse des Dépôts in compliance with its Code of Ethics. The amounts allocated to independent directors appointed by the General Shareholders' Meeting on the proposal of Caisse des Dépôts are paid to the Directors concerned.

Gross amounts allocated to Directors appointed by the GSM		2021	2020
As proposed by Caisse des Dépôts	Éric Lombard, permanent representative of CDC	€15,600	€10,400
	Marie-Pierre de Bailliencourt	€20,300	€15,100
	Virginie Chapron-du Jeu	€20,300	€20,200
	Virginie Fernandes	NR[(a)]	€10,400
	Corinne Lejbowicz	€24,700	€15,600
	Philippe Lemoine	€22,200	€18,300
	Françoise Malrieu	€32,300	€18,400
	Catherine Mayenobe	€19,500	€15,600
	Olivier Mareuse	€19,500	€14,300
	Antoine Saintoyant	€23,400	NR[(a)]
	Olivier Sichel	€11,700	€9,100
	Claire Waysand	€11,700	€9,100
As proposed by the French State	The French State, represented by Charles Sarrazin	€39,300	€24,900
	Franck Gervais	€22,300	€21,700
TOTAL		**€289,200**	**€203,100**

(a) NR: not relevant for the year 2021.

Other compensation paid to the Directors

Regulated agreements

Pursuant to Article L. 225-38 of the French Commercial Code, it is specified that two agreements referred to in Article L. 225-38 of the French Commercial Code, approved at the meeting of the Board of Directors on 17 December 2020, remain in force until 31 December 2023: these are two mission agreements with two directors, Corinne Lejbowicz and Philippe Lemoine.

No other compensation was allocated or paid to the Directors during the 2021 fiscal year, either for their term of office or on an exceptional basis.

Statutory auditors' special report on related-party agreements

This is a free translation into English of a report issued in French. It is provided solely for the convenience of English speaking users. This report should be read and construed in accordance with French law and professional auditing standards applicable in France.

General Meeting for the approval of the financial statements for the year ended 31 December 2021

To the Shareholders:

In our capacity as Statutory Auditors of La Poste, we hereby report to you on related-party agreements.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of agreements that have been disclosed to us or that we may have identified as part of our engagement, as well as the reasons given as to why they are beneficial for the Company, without commenting on their relevance or substance or identifying any undisclosed agreements. Under the provisions of article R.225-31 of the French Commercial Code (Code de commerce), it is the responsibility of the shareholders to determine whether the agreements are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by article R.225-31 of the French Commercial Code in relation to the implementation during the year of agreements already approved by the General Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

agreements submitted for the approval of the general meeting

In accordance with the article L. 225-38 of the French Commercial Code (Code de commerce), we have not been informed of any agreement or commitments which have been subject to prior authorization by your Board of Directors.

agreements already approved by the general meeting

In accordance with Article R. 225-30 of the French Commercial Code, we have been informed that the implementation of the following agreements which were already approved by the General Meetings of Shareholders in prior years continued during the year.

1. Agreement with Mr. Lemoine

Date of authorisation by the Board of Directors:
17 December 2020

Contracting entity:
N/A

Person concerned:
Philippe Lemoine, a director of La Poste SA

Nature and purpose:
The purpose of the agreement is to define the conditions under which Philippe Lemoine, a director of La Poste SA, performs an independent consulting assignment in relation to the updating of the digital strategy of La Poste Groupe, particularly with regard to integrating the concept of trusted third parties into the digital strategy and thoughts regarding complementarity between physical and digital networks. The agreement took effect on January 1st 2021 and will expire on December 31 2023.

Terms and conditions:
As consideration for the assignment, Philippe Lemoine will receive an overall fixed annual fee of €7,800, excluding taxes. His travel costs in the Ile-de-France region (greater Paris) are included in the aforementioned fixed fee amount. Subject to being approved in advance and in writing by La Poste, other travel costs are reimbursed by La Poste upon presentation of supporting documents and according to the conditions of the travel costs reimbursement schedule defined in the agreement.

Reason provided by the Company:
The specific knowledge of digitalization and new technologies, gained during his career.

Amount recognised during the year:
€7,800.

2. Agreement with Ms Lejbowicz

Date of authorisation by the Board of Directors:
17 December 2020

Contracting entity:
N/A

Person concerned:
Corinne Lejbowicz, a director of La Poste SA

Nature and purpose:
The purpose of the agreement is to define the conditions under which Corinne Lejbowicz, a director of La Poste SA, performs an independent consulting assignment in relation to the updating of the digital strategy of La Poste Groupe, particularly with regard to integrating the concept of trusted third parties into the digital strategy and thoughts regarding complementarity between physical and digital networks. The agreement took effect on January 1st 2021 and will expire on December 31 2023.

Terms and conditions:
As consideration for the assignment, Corinne Lejbowicz will receive an overall fixed annual fee of €7,800, excluding taxes. Her travel costs in the Ile-de-France region (greater Paris) are included in the aforementioned fixed fee amount. Subject to being approved in advance and in writing by La Poste, other travel costs are reimbursed by La Poste upon presentation of supporting documents and according to the conditions of the travel costs reimbursement schedule defined in the agreement.

Reason provided by the Company:
The assignment was entrusted to Corinne Lejbowicz due to her specific knowledge of digitalization and new technologies, gained during her career.

Amount recognised during the year:
€7,800.

3. Memorandum of understanding between the French State, Caisse des Dépôts, La Poste and La Banque Postale

Date of authorisation by the Board of Directors:
31 July 2019

Contracting entities:
The French Republic (hereinafter "the French State"), Caisse des Dépôts and La Banque Postale.

Persons concerned:
Philippe Wahl (Chairman and Chief Executive Officer of La Poste and Chairman of the Supervisory Board of La Banque Postale), Eric Lombard (a director of La Poste and Chief Executive Officer of Caisse des Dépôts), Charles Sarrazin (a director of La Poste and representative of the French State on the Board of Directors of La Poste), Caisse des Dépôts and the French State (each holding more than 10% of the share capital of La Poste).

Nature and purpose:
In 2019, as part of the overall transaction through which the French State and Caisse des Dépôts et Consig d treate a large public financial division serving the regions and thereby create a public banking and insurance division around La Banque Postale and CNP Assurances via various transactions, including the acquisition by Caisse des Dépôts et onsignations of a majority interest in the share capital of La Poste, the French State, Caisse des Dépôts, La Banque Postale and La Poste entered into a binding Memorandum of Understanding on 31 July 2019.

Terms and conditions:
Under the terms of the Memorandum of Understanding:

- Caisse des Dépôts and the French State have undertaken, each acting on its own behalf, to contribute to the Company their entire stakes in the share capital of CNP Assurances ("the Contributions"), i.e., 280,615,140 ordinary CNP Assurances shares by Caisse des Dépôts and 7,645,754 ordinary CNP Assurances shares by the French State, subject to fulfilment of the conditions precedent provided for in the Memorandum of Understanding. Once the contributions have been made, the French State and Caisse des Dépôts will respectively hold 41.60% and 58.40% of the share capital and voting rights of La Poste; and
- La Poste has undertaken to contribute all of the CNP Assurances shares contributed by Caisse des Dépôts and the French State (i.e., 288,260,894 ordinary CNP Assurances shares) to its subsidiary La Banque Postale, which will thereby – directly and indirectly – hold approximately 62.13% of the share capital of CNP Assurances through Sopassure; and
- Concurrently with the Contributions, Caisse des Dépôts will purchase 131,729,136 La Poste shares from the French State, thereby ultimately holding a 66% interest in the share capital of the Company upon completion of the Contributions and the transfer of the Shares sold.

Reason provided by the Company:
The aim of the project to create a large public financial division is to strengthen regional cohesion and address regional divide in mainland France and the overseas regions and departments through La Poste and Caisse des Dépôts, local operators serving French citizens. La Poste will create a public bancassurance division around its La Banque Postale subsidiary.

Amount recognised during the year:
Nil.

Paris La Défense, 15 March 2022

The Statutory Auditors

KPMG Audit
Department of KPMG S.A.

Stéphanie Millet — *Partner*
Xavier De Coninck — *Partner*

Mazars

Gonzague Senlis — *Partner*
Charles De Boisriou — *Partner*

4.3.2 ADDITIONAL INFORMATION

Total provisions and amounts recognised for pensions and other benefits

The Chairman and Chief Executive Officer, the only executive corporate officer, does not receive any supplementary pension plan, and neither do the members of the Executive Committee.

Share subscription or purchase options and free shares allocated

La Poste has not implemented any system for granting performance shares or stock options to any of its employees, regardless of category.



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5.1 REVIEW OF THE FINANCIAL POSITION AND RESULTS

5.1.1 KEY HIGHLIGHTS

5.1.1.1 Economic and financial environment

Considering its positioning within the services industry, the group is influenced in its various businesses by the economic environment and by changes in labour costs, notably in France and its principal neighbouring European countries. Oil prices and exchange rates, against the US dollar, the pound sterling, and the Brazilian real in particular, also have a significant impact on the group's logistics and international activities. Lastly, because the group also provides banking services, it is sensitive to changes in interest rates and, to a lesser extent, to changes in the financial markets.

International: from rebound... to tensions

After an unprecedented contraction in economic activity in 2020, 2021 was a year of rebound. The health situation was still a burden, but the constraints were much less significant. US GDP exceeded its pre-crisis level in the second quarter of 2021, supported in particular by household consumption. The strength of the rebound was accompanied by a sharp increase in inflation, which reached 7% year-on-year in December, the highest in 40 years. This increase in inflation was primarily due to the increase in energy prices and shortages, which also led to a very sharp increase in the prices of certain consumer goods. In addition, an acceleration in wages recently appeared to be taking shape as the US unemployment rate approached a historic low.

In Europe, the inelasticity of supply led to a surge in the price of gas, which was reflected in electricity prices. Symbolising this state of tension, semiconductor prices rose sharply until the summer and the cost of maritime transport of containers was multiplied by five compared to its level at the end of 2019, even if it seemed to be stabilising towards the end of the year at a very high level.

After a sharp rebound in the second half of 2020, global industrial production as well as international trade have levelled off throughout 2021. China even recorded a decline in its industrial activity, which is very unusual.

In Russia, activity slowed down in the third quarter after being supported in the second quarter by the increase in consumption. In Brazil, GDP remained virtually stable in the third quarter after declining in the previous quarter. On average, its annual increase should nevertheless reach 5%. In general, emerging countries are facing an increase in inflation. In November, it exceeded 10% year-on-year in Brazil. In Central Europe, Poland stood out for its sustained growth (with GDP growth of around 5%), driven by the dynamism of its industry.

Euro zone: rebound in growth despite health constraints at the beginning of the year, increased inflation

Despite the start of the year still marked by more or less restrictive prophylactic measures depending on the country, the economies of the Euro zone have almost returned to their pre-crisis GDP levels in the third quarter of 2021. However, Spain stood out with a 6.6% lag, linked to its exposure to tourism activities, while Germany was weakened by an automotive sector whose production was less than half of its level of 2017.

Although it was more measured than on the other side of the Atlantic, inflation in the Euro zone increased in 2021 to reach 5.0% year-on-year in December. This was primarily due to the price of energy (up by 27.5% year-on-year) and a base effect in Germany (normalisation of the VAT rate which had been reduced in the second half of 2020 to deal with the crisis).

France: GDP returns to its pre-crisis level

While health constraints still weighed on activity at the beginning of the year, an improvement occurred in the spring. In total, GDP growth is expected to average around 7.0% in 2021 after a decline of 8% in 2020. This recovery covers in particular a very strong surge in business investment, which more than offset the decline in 2020. After being constrained again in early 2021, household consumption then recovered sharply. In the third quarter of 2021, under the effect of the surge in net job creation, the unemployment rate returned to 8.1%, *i.e.* its level of the fourth quarter of 2019. The savings rate therefore decreased sharply, but at 17% it is still higher than before the crisis (around 15%). Inflation has risen sharply but has so far remained relatively moderate for the moment compared to what has been observed in other European countries (2.8% year-on-year in December and 2.0% excluding energy and food products).

The price of oil dwindled at the end of the year after peaking at the end of October

Driven by a favourable demand outlook with the recovery of the global economy, the price of oil remained on an upward trajectory for much of 2021. It reached a high point at the end of October at around $85 for a barrel of Brent. It then trended downwards due to the resumption of the epidemic in Europe, with the new Omicron variant raising the spectre of new travel restrictions that would weigh on global oil demand. In December, the price of a barrel of Brent averaged $75.

Stock market decline at the end of the year after a very upward trend

The low interest rates and the spectacular recovery in the financial results of listed companies (increase of 65% expected in 2021 for companies included in the European Stoxx 600 index after a drop of 30% in 2020, increase of 50% for those of the US S&P 500 index after a drop of 20%) constituted a very favourable mix for the stock markets. The CAC 40 index thus ended the year at 7,153 points, up by 28.9% year-on-year.

Interest rates still very low despite rising inflation

Driven by the recovery in the US economy, US long-term rates began to recover at the end of 2020. The yield on 10-year T-Notes increased significantly until the end of March to 1.75% (whereas it exceeded 3% in the autumn of 2018). However, this movement was then delayed during the year, reaching 1.50% at the end of the year. For its part, the ECB continued a very accommodating monetary policy during 2021. In December, the yield on the 10-year OAT was almost zero (0.01% on average in December), after reaching two temporary peaks slightly below 0.30% at the end of June and the end of October. The German rate with the same maturity remained very negative (-0.18% at the end of December).

In this context, the interbank rates in the Euro zone remained stable as it seems very unlikely that the ECB will raise its key rates in the near future. The EONIA, anchored to the deposit facility rate, averaged -0.49% in December, while the 3-month Euribor averaged -0.58% over the same period.

Weakening of the euro against the dollar

As US interest rates rose, the dollar strengthened against the euro in the first quarter, moving from $1.22 per euro at the end of 2020 to $1.17 per euro at the end of March 2021. Then, with the easing of US rates, the movement was reversed. With the anticipation of an earlier monetary tightening across the Atlantic, the euro again weakened from the summer to stabilise slightly at around $1.13 per euro at the end of December. In 2021, La Poste Groupe's main currencies, including the US dollar, the pound sterling and the Russian rouble, strengthened against the euro, with the exception of the zloty, which is highly correlated with the euro.

In Europe, the pound sterling strengthened slightly against the euro during the first half of the year, reaching £0.86 per euro at the end of June, compared with an average of £0.90 per euro in December 2020, on the assumption that the clarification of relations with the European Union as part of the Brexit agreement and the rapid build-up of the vaccination campaign would result in a sharp rebound in economic growth. The Bank of England did raise expectations of a hike in its key rate after the summer but without taking action. It finally raised the rate by 15 basis points to 0.25% in mid-December. The pound thus remained broadly at around £0.85 per euro in the second half of 2021.

Faced with the development of inflationary pressures, many central banks of emerging countries (Brazil, Hungary, Russia, etc.) have already raised their key rates, which has supported their currencies. In addition to the depreciation of the euro against the dollar, the Brazilian real depreciated against the euro in 2021 (6.38 on average) compared to 2020 (5.89 on average).

5.1.1.2 Regulatory environment

Banking environment trends

Distribution restrictions for credit institutions and financing companies

The Decision of 25 February 2021 relating to the distribution restrictions applicable to credit institutions and financing companies and amending the Decision of 3 November 2014 relating to capital buffers was published in the Official Journal on 6 March 2021 and entered into force the day after its publication.

This decision introduces two distinct calculation methodologies for determining the maximum amount of dividends that may be distributed based on the concerned institution's Tier 1 capital. These calculation methodologies are based on the overall capital buffer requirement and the leverage ratio buffer requirement.

Update of the ECB's treatment of the leverage ratio

On 7 May 2021, the ECB updated its guidance on the implementation of the Eurosystem's monetary policy framework (guidance on general documentation) to reflect the change introduced by the CRR2 regulation[1] on the leverage ratio.

Indeed, as of 28 June 2021 the leverage ratio becomes a binding capital requirement under Pillar 1 in accordance with Articles 1 (46) and 3 (2) of CRR2.

The treatment of the leverage ratio in the ECB framework for counterparties to Eurosystem monetary policy operations is now aligned with that currently applied to the capital requirements under Pillar 1, consisting of the core tier 1 capital ratio, the tier 1 capital ratio and the total capital ratio.

5

(1) *Regulation (EU) No. 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No. 575/2013 as regards the leverage ratio, net stable funding ratio, capital requirements and eligible liabilities, counterparty credit risk, market risk, central counterparty exposures, collective investment scheme exposures, large exposures and reporting and disclosure requirements.*

Extension of the measures to reduce the leverage ratio of banks until March 2022

On 18 June 2021, the ECB announced that banks in the Euro zone under its direct supervision will continue to benefit from the exclusion of certain central bank exposures from the leverage ratio. This reduction in the leverage ratio, implemented from September 2020, in response to the exceptional macroeconomic circumstances caused by the Covid-19 pandemic, may continue until March 2022 (the initial deadline was set for 27 June 2021).

Banks that decide to exclude central bank exposures will have to recalibrate the leverage ratio requirement of 3% so that only central bank exposures accumulated since the start of the pandemic will effectively benefit from this reduction in the leverage ratio. In other words, only the increase in exposures to central banks since the end of 2019 will lead to a reduction in the leverage ratio.

Conditions for granting home loans

On 29 September 2021, the High council for financial stability (*Haut Conseil de Stabilité Financière* – HCSF) published its decision on the conditions for granting home loans. This decision aims to prevent excessive household debt in order to reduce the risks that home loans could pose to financial stability.

This decision, which is legally binding, uses the same criteria as the recommendation issued by the HCSF in January 2021, whose provisions were not binding, namely: a borrower effort rate not exceeding 35% and a loan maturity not exceeding 25 years, with a tolerance of up to 27 years in the event of deferred amortisation.

Lifting of the ACPR recommendation on dividend distributions

On 1st October 2021, the French Prudential Supervision and Resolution Authority (*Autorité de contrôle prudentiel et de résolution* – ACPR) published a press release confirming its decision to lift its recommendation on dividend distributions, share buybacks and variable compensation as of said date. This decision follows the publications by the European authorities in July (ECB) and September (ESRB) 2021.

Pricing adjustments for mail and parcels

Price increases for mainland, overseas and international mail and parcels took effect on 1st January 2021 following Opinion No. 2020-0767 issued by the French Authority for Regulation of the Electronic Communications and Postal Sectors (*Autorité de régulation des communications électroniques et des postes* – Arcep) on 23 July 2020. All of these changes comply with the price cap for the 2019-2022 period, as set by Decision No. 2017-1252 of 26 October 2017, which limits the average change in the prices of the universal postal service to 5% per year.

On 1st January 2021, La Poste increased its mail prices by an average of 4.7%(1) on all mail within and outside the universal postal service. The price for the first weight tranche of priority mail rose from €1.16 to €1.28, while that of the first tranche of the *Lettre Verte* (green mail) rose from €0.97 to €1.08. To take account of its customers' habits, La Poste has decided to increase the price advantage offered by the *Lettre Verte* (green mail), which accounted for 65% of ordinary items sent by private individuals in 2020. This advantage has been increased to 20 cents in 2021 compared to priority mail, compared to 19 cents in 2020.

Within the scope of the universal postal service, the prices for the business mail range have seen a moderate 3.9% rise, while advertising mail prices have risen by only 1.4% to boost the competitiveness of mail as a medium.

On 1st January 2021, the parcel rates for domestic items sent by private individuals increased by 1.6% on average, but the first 0-250 g weight band of the Colissimo France Grand Public offer has remained stable at €4.95 since 2018 in order to support the accessibility of sending small items. At that date, items weighing less than 2 kg represented more than three quarters of the parcel volumes sent by retail customers.

In compliance with the abovementioned 2019-2022 price cap, price changes for parcels involving the overseas departments were implemented on 1st January 2021 following Arcep's favourable Opinion No. 2021-0292 of 4 March 2021. La Poste has increased its rates by 20% for Overseas Colissimo departing from mainland France, Andorra and Monaco to the French overseas departments and overseas local authorities managed by La Poste (Saint-Pierre-et-Miquelon, Saint-Martin, Saint-Barthélemy) to take into account, without fully compensating for it, the sharp increase in air freight costs due to the scarcity of air transport services to said departments and authorities due to the Covid-19 health crisis.

Non-pricing adjustments for mail and parcels

Since 1st January 2021, La Poste proposes a new bulk offer for businesses in the universal postal service catalogue. This offer, known as Premium Industrial Mail, is an industrial mail management offer that simplifies the production of mail for customers, in particular by simplifying the drop-off procedures, and strengthens their multi-channel communication by making each mail unique, manageable and interactive thanks to a Smart Data system of innovative marking.

On 1st April 2021, and following the aforementioned favourable Opinion No. 2021-0292, La Poste introduced an economic Colissimo offer in the universal service catalogue for private individuals wishing to transport parcels to the French overseas departments. This offer, known as Economy Overseas Colissimo, is particularly affordable because it is delivered mainly by sea.

On 5 October 2021, Arcep issued its Opinion No. 2021-2079 on the modification of the universal service catalogue concerning a parcel delivery offer in pick-up points and an offer to purchase prepaid label books intended for the postage of parcels. Since November 2021, La Poste has offered an option to the existing standard Colissimo offer to send parcels from one's personal mailbox for delivery to a pick-up point in mainland France. This option is offered on a trial basis for a period of one year, at the end

(1) *Average of 4.6% based on traffic-generating operating revenue.*

of which a review will be carried out. At the same time, in January 2022 a parcel label book offer was created, on the same principle as the stamp book for mail.

Pricing adjustments for press services

For 2021, the French government has decided to increase the tariffs for press transport and delivery services provided by La Poste as part of its public service mission by 1%, before taking into account reference inflation, for all press families.

La Poste submitted a pricing proposal in line with this decision, which was approved by a decision of the Minister of the Economy, Finance and Recovery of 22 December 2020, taken after considering Arcep's Opinion No. 2020-1492.

As a result, on 1st January 2021, the prices increased by an average of 0.92%, after taking into account the reference inflation (-0.08%), for each of the press families: the majority of publications holding a certificate of registration with the CPPAP, political and general information publications, and daily newspapers with limited advertising resources.

Economic framework of the four public service missions

Until 2020, three of the four public service missions gave rise to public compensation. However, these compensations are lower, sometimes significantly, than the net costs or deficit of these missions and therefore the burden they represent for La Poste. In 2020, the public service missions entrusted to La Poste together represented an uncompensated expense of €1.8 billion[1].

- Universal postal service:

The continued decline in volumes in 2020 has exacerbated the deficit in the universal postal service account that emerged in 2018. This structural trend has been aggravated by the effects of the health crisis. The universal service account amounted to -€782 million in full costs in 2020, compared to -€526 million in 2019, -€365 million in 2018 and +€146 million in 2017. The economic weight that the universal postal service now represents for La Poste means that a fair compensation mechanism must be found.

In this context, on 22 July 2021, the French Prime Minister, accompanied by the Minister of the Economy, Finance and Recovery and the Minister of Regional Cohesion and Relations with Local Authorities, chaired the 6th High-Level Monitoring Committee of the Public Service Agreement (*Comité de suivi de haut niveau du contrat d'entreprise* – CSHN) between the French State and La Poste.

On this occasion, in order to support the transformation of the universal postal service and to guarantee its sustainability and affordability, the Prime Minister announced that the French State will pay La Poste an annual budget allocation to offset part of the additional costs of the universal postal service for the 2021-2025 period. This annual compensation will be modulated between €500 million and €520 million, depending on the quality of service results.

The first allocation is included in the Budget Act for 2022. Its payment, which will take place in 2022 provided that the aid is declared compatible by the European Commission, will offset part of the additional costs borne by La Poste for the year 2021.

- Regional planning:

The reduction in production taxes, endorsed by the 2021 Budget Act, applies to the corporate property tax (CFE) and the corporate value-added tax (CVAE) applicable to La Poste. These taxes represent almost the entire tax base on which the local tax allowance for the regional planning mission is based.

In order to offset this decrease in the financing of the national postal territorial compensation fund and to continue to meet the commitments set by the 2020-2022 local postal coverage agreement, including a maximum annual compensation of €177 million, the Budget Act for 2021 and the second Supplementary Budget Act for 2021 reorganised the Business Development and Regulations programme so as to allocate €74 million to the financing of the national postal territorial compensation fund.

A similar allocation of an identical amount was included in the Budget Act for 2022.

The changes made to the financing of the regional planning mission, including the introduction of a budget allocation to replace a reduction in the CVAE allowance, are in the process of being notified to the European Commission.

- Press transport and delivery:

In 2021, the amount of compensation paid to La Poste for the 2021 fiscal year was set at €87.8 million.

- Banking accessibility:

At the end of the notification procedure, on 26 July 2021, the European Commission declared that the aid paid by the French State to La Banque Postale as part of the banking accessibility mission for the 2021-2026 period was compatible with the internal market. This compensation is provided for by the Decree of 9 August 2021 setting the additional remuneration of La Banque Postale in respect of its obligations in terms of distribution and operation of the Livret A savings account. For the year 2021, it amounted to €338 million.

(1) *Excluding provisions for impairment of mail assets in 2020.*

Brexit

On 24 December 2020, a trade and cooperation agreement was concluded between the European Union and the United Kingdom. The agreement entered into force on 1 January 2021. It makes it possible to regulate the commercial relations in a context that marks the end of the free movement of people, goods, services and capital between the United Kingdom and the European Union. For the parcel industry, between the United Kingdom and the European Union, this results in a number of new regulatory and customs constraints (customs declarations for each parcel, goods shipped subject to VAT and any customs duties, detailed data required to export) which lead to a change in prices and an increase in transit times.

GeoPost has opted for a cluster organisation based on customs clearance in the country of import/export. The first weeks of January 2021 were particularly difficult with many technical challenges to overcome. The international volumes were unfavourably impacted by the implementation of Brexit.

Customs regulations and VAT directive

Faced with the intensification of global trade, the European Union has decided to change its regulations concerning the entry into its territory of small goods in electronic commerce between companies and consumers from outside Europe. The aim is twofold: to combat fraud and restore fairness between online and local commerce.

Thus, since 1st July 2021, all small goods from non-EU countries are now subject to a dematerialised electronic declaration obligation as well as to the payment of VAT regardless of the amount of the goods (previously an exemption applied to shipments of less than €22) and the payment of customs duties when the amount exceeds €150. These provisions are applicable to all importers, including La Poste.

The general principle of VAT taxation in the member State of consumption and the fight against VAT fraud have been strengthened, which has had an unfavourable impact on international volumes.

Competitively fair rate

Decree No. 2021-1210 of 20 September 2021 modified the methods for determining and paying the employer's contribution in full discharge for La Poste's civil servants.

5.1.1.3 2021: First year of the strategic plan, creation of the Retail Customers and Digital Services business unit and transition of the group into four business units

2021 was the year for the launch of the group's new strategic plan "La Poste 2030, committed for you". Presented on 25 February, it aims for the group to be, by 2030, the leading European platform for links and exchanges, human and digital, green and civic, at the service of its customers in their projects and of society as a whole in its transformations.

Pursuing the objective of strengthening the foundation of its activities, accelerating the development of its growth engines, and building the growth of tomorrow, the group created the new Retail Customers and Digital Services business unit on 1st July 2021. The aim is to create a powerful omnichannel retailer serving individual customers, professionals and small authorities, thanks to the combination of our human proximity, our digital assets and our marketing skills. The Retail Customers and Digital Services business unit is a player in the group's digital transformation: it is also developing a digital growth driver around Docaposte and digital trust services.

This creation gives rise to a transfer, with retroactive effect from 1st January, of the activities previously carried out by La Poste Network, the former Digital Services business unit, the retail customer activities of the Services-Mail-Parcels business unit (Mail and Parcels) - including the Retail Customers business unit (including Philaposte) and the Highway Code activity - as well as the La Poste Services à la Personne subsidiary. The Retail Customers and Digital Services business unit thus became the group's fourth business unit.

In addition, the creation of the Retail Customers and Digital Services business unit entailed the attachment of the Support and Maintenance Department, formerly Network, under the management of the Group IT Department. Lastly, the *École de la Banque et du Réseau* joined financial services and part of the Network IT Department left financial services (non-banking employees) to join the Retail Customers and Digital Services business unit, on 1st October, without retroactive effect.

In addition to the creation of the Retail Customers and Digital Services business unit by La Poste Groupe, GeoPost carries out the operational management of Ascendia from 1st July 2021 with retroactive effect from 1st January 2021. The objective is to promote value creation and synergies between the entities.

The new strategic plan also led to the definition of group Acceleration Plans on key themes for its implementation: professionals, young people, regional development, urban logistics, artificial intelligence (AI) and data. Through these projects, the objective is to offer customers a more qualitative and personalised range of services.

These changes have led to a restatement of the group's segment data for 2020 as presented in Section 5.1.4.2.

5.1.1.4 Developments, partnerships and acquisitions

Services-Mail-Parcels

Acquisition of TimeOne and CyberCité

In May 2021, Isoskèle, a subsidiary of La Poste Groupe, became a 100% shareholder in TimeOne, enabling La Poste Groupe to strengthen its offer to brands, companies and non-governmental organisations (NGOs) with strategic and operational support for all stages of the customer experience: from recruitment to the creation of lasting links between brands and their customers. TimeOne generated operating revenue of around €33 million in 2021.

In December 2021, Isoskèle became the majority shareholder (75%) of CyberCité, a major player in Search and Digital Marketing. With this new acquisition, Isoskèle is now able to enhance its support for companies and organisations, both in terms of strategy definition and execution, across the entire customer experience: from reputation to loyalty, including traffic generation and acquisition. CyberCité generated operating revenue of around €19 million in 2021.

Acquisition of Âge d'Or and Nutrimedical

In September 2021, Axeo acquired 100% of Âge d'Or, a company specialising in support and assistance services for elderly and dependent people and their caregivers. Âge d'Or generated operating revenue of around €2 million in 2021.

In September 2021, Nutrimedical, a specialist in clinical nutrition and home infusion in France, was purchased in full by Asten Santé. Its annual operating revenue is approximately €5 million.

Acquisition of non-controlling interests in EDE, Axeo and E-SY COM

In April and June 2021, La Poste Groupe increased its stake in EDE Next, following the purchase of non-controlling interests (22%), bringing the group's stake to 97.65%. EDE Next generated operating revenue of €197 million in 2021.

La Poste Groupe has become a 100% shareholder in Axeo, following the buyout of the non-controlling interests (24%) in June 2021. Axeo generated operating revenue of €9 million in 2021.

In October 2021, La Poste Nouveaux Services increased its stake in E-SY COM, following the acquisition of non-controlling interests (18.6%), bringing the group's stake to 91.1%. The Company carries the *MaVilleMonShopping* offer, a digital services platform dedicated to the digitisation of local shops and the promotion of their products on the Internet. E-SY COM generated operating revenue of €1 million in 2021.

Start of production of the Colissimo Île-de-France Sud platform

In April 2021, La Poste inaugurated in Montereau-sur-le-Jard (Seine-et-Marne), its fifth new generation parcel sorting platform, now the largest postal platform for parcel processing in France in terms of surface area but also processing capacity (37,000 parcels per hour), on average three times larger than the previous generation platforms and largely used to handle the exceptional volumes of the first half of the year.

The Colissimo Île-de-France Sud platform plays an essential role in optimising the management of flows, acting as a hub by grouping together the flows of several parcel sorting platforms with its own flow to the same platform. This organisation optimises the transport of parcels by reducing the number of kilometres travelled and therefore the associated CO_2 emissions.

Exceptional mobilisation for the delivery of electoral mail

Following the request of Adrexo, and after approval from the Ministry of the Interior, La Poste was able to resume urgently the distribution of 3.7 million additional items of electoral mail in areas initially allocated to Adrexo during the second round of the regional and departmental elections. This performance was made possible by the implementation of an exceptional system that mobilised around 50,000 La Poste employees and enabled La Poste to deliver the vast majority of mail, not in 48 hours as planned but sometimes in less than 24 hours.

La Poste Groupe, through the commitment and cooperation of its employees, contributed to enabling this important operation in the democratic life of France.

GeoPost

Acquisition of a stake in Aramex

In October 2021, as part of its international development, DPDgroup acquired a 24.9% stake in Aramex, a multinational Emirati logistics, courier and parcel delivery company based in Dubai. Aramex generated operating revenue of around €1.4 billion in 2021.

Increased stake in Ninja Van

In September 2021, DPDgroup strengthened its presence in South-East Asia by being the first investor in the latest Ninja Van fundraising. With this new investment, GeoPost's share in Ninja Van's share capital increased from 36.6% to 43.3%. Ninja Van generated operating revenue of €659 million in 2021.

Acquisition of non-controlling interests in eShopWorld

In March 2021, Asendia, a 60%-owned subsidiary of La Poste Groupe, now under the operational management of GeoPost, became a 100% shareholder of eShopWorld (ESW). Headquartered in Dublin, ESW is the leading end-to-end cross-border e-commerce company, enabling brands to optimise the international e-shopping experience for their customers by leveraging the power of new technologies and an efficient supply chain. The 100% acquisition of ESW is another step in Asendia's strategy aiming to make cross-border e-commerce simpler and more reliable, providing international brands with a local presence. ESW generated operating revenue of around €1,143 million in 2021.

Takeover of Speedy AD

In May 2021, DPDgroup acquired a majority stake (69.81%) in the capital of Speedy AD, thus strengthening its presence in Bulgaria and Romania. Speedy, a leading player in the Bulgarian parcel/express market, has generated operating revenue of around €120 million since joining the group.

Acquisition of TIPSA

In July 2021, DPDgroup became a 100% shareholder of TIPSA in Spain, a company specialising in express transport. TIPSA generated operating revenue of €126.6 million in 2021.

Takeover of Epicery

As part of its continued development in the food industry, DPDgroup took control of Epicery in September 2021 following the acquisition of shares and a capital increase, bringing its stake to 87.5%. This company specialises in the provision of all services, from the market place, to the linking of sellers and buyers and the sale of products online (including fresh products and, more broadly, all food products). Epicery generated operating revenue of €3.2 million in 2021.

Acquisition of CitySprint

In January 2022, DPD UK acquired CitySprint, a company specialising in the express transport of same-day deliveries. CitySprint generated operating revenue of around €141.6 million in 2021.

Acquisition of Fast & Furious

In October 2021, DPDgroup through its subsidiary DPD Laser, acquired Fast & Furious, a company specialising in express transport in South Africa.

Acquisition of BK Pharma Logistics and BK Sneltransport

In April 2021, DPD Netherlands became the sole shareholder of BK Pharma Logistics and BK Sneltransport, two experts in temperature-controlled transport of food and pharmaceutical products. This strategic acquisition allows DPD Netherlands to penetrate a market that requires in-depth expertise and a specific environment, and to extend its range of services. The two companies generated operating revenue of around €9.9 million in 2021.

Disposal of Tigers

In April 2021, DPDgroup sold the Tigers Ltd group (€278 million in operating revenue in 2020), an international freight forwarding operator.

La Banque Postale

In a complex economic environment, marked by the pandemic and persistently low interest rates, La Banque Postale continues to transform and develop while reaffirming a civic ambition to serve a just transition meeting environmental, societal, regional and digital challenges.

Acquisition of BPCE's 16.1% stake in CNP Assurances by La Banque Postale

On 16 December 2021, La Banque Postale announced the acquisition of the entire 16.1% of the share capital of CNP Assurances held by Groupe BPCE for €2.4 billion, *i.e.* at a price of €21.90 per share. Following this acquisition, La Banque Postale's stake in CNP Assurances is now 78.9%.

Groupe BPCE and La Banque Postale have also stabilised the terms and conditions of the proposed acquisition by Natixis Investment Managers (a wholly-owned subsidiary of Natixis) of the non-controlling interests held by La Banque Postale in Ostrum Asset Management (45%) and AEW Europe (40%). These acquisitions, subject to obtaining the necessary authorisations by the regulatory authorities, will enable Natixis Investment Managers to hold 100% of the capital of these management companies and are part of the industrial partnership project in the management of assets renewed with La Banque Postale until 2030.

Creation of La Banque Postale's new corporate and investment bank

On 16 November 2021, La Banque Postale announced the creation on 1st January 2022 of the new corporate and investment bank, which aims, as part of the 2030 Strategic Plan, to make CIB an engine of growth and diversification for La Banque Postale and the large public financial group. La Banque Postale wants to become a major partner of French companies by doubling the number of its SME-ISE customers and by increasing the flow volume 2.5 times by 2025.

Acceleration of international development

On 1st December 2021, CNP Assurances announced the completion of the acquisition of the life insurance business of Aviva in Italy, initiated on 4 March 2021. This transaction enabled CNP Assurances to strengthen its partnership with UniCredit, becoming the No. 5 insurer in the Italian life insurance market, with a local market share estimated at nearly 6% in terms of operating revenue. The acquisition price of €543 million was financed by CNP Assurances from its own funds.

In Brazil, the beginning of 2021 was marked by the entry into force of the exclusive long-term distribution agreements between CNP Assurances and the Caixa Econômica Federal network (CEF, the Brazilian public bank and one of the top five in Latin America) for contingency insurance, creditor insurance, consumer and retirement products (*vida, prestamista, previdência*) and in the *consórcio* segment.

La Banque Postale, a socially responsible and inclusive bank

La Banque Postale and its subsidiaries La Banque Postale Asset Management and CNP Assurances are working alongside the public authorities to support the country's economic recovery in the strategic sectors affected by the health crisis by participating in several local initiatives. These actions aim to support companies, VSEs, SMEs or mid-sized companies, in industry or services, in the fields of health (research, infrastructure, logistics and services), the digital transition and new technologies. La Banque Postale supports the economy with participating recovery loans (*Prêts participatifs relance*). These participating loans are adapted to the needs of companies wishing to invest and develop their business. They have a maturity of eight years, longer than the traditional loans to which companies usually have access. They will offer a deferred amortisation period of at least four years. They will be very "subordinated", in the sense that only equity investments will be more subordinated: they are therefore quasi-equity. This new tool will enable SMEs and mid-sized companies to strengthen their financial structure and finance their development.

La Banque Postale democratises access to home ownership and thus becomes the first banking institution to promote the community land trust lease model (*bail réel solidaire* - BRS) at the national level, an alternative to land ownership. This BRS financing operation concerns 78 social housing units in Cannes La Bocca and La Croix-Valmer with the Gambetta Group, a pioneer in co-operative housing, buyer of the land and developer, and *Crédit Logement*, which will guarantee the home loan made to private individuals.

In January 2021, CNP Assurances and EDF Invest signed an agreement with Orange for fibre in rural areas to acquire 50% of Orange Concessions' capital. This company was set up by Orange to consolidate its fibre optic investments located in Public initiative networks in France, whose scope currently encompasses more than 4.5 million households spread over 23 networks governed by long-term contracts with local authorities.

Digitisation of retail banking

La Banque Postale has accelerated the digitisation of its retail bank with a now 100% digital customer relationship entry process (supplemented by a facial recognition system in partnership with the fintech company Netheos) and the launch of a new digital real estate financing application process.

Two years after its launch, Ma French Bank on 1st October 2021 started to market a premium and committed offer: *"Le Compte Ideal"*, which combines personal benefits and a sense of community to contribute to a more responsible world.

Development of an innovative, partnership-based and tech-oriented platform model

After launching in January 2021 an open interface called open banking in order to accelerate its development in the consumer loan market in France and abroad, in May 2021 La Banque Postale Consumer Finance (LBPCF), La Banque Postale's consumer loan subsidiary, entered into a strategic partnership with the fintech company Alma (a French specialist in buy now pay later) to offer a consumer loan offer on the e-commerce market, with a 12/24/36 month offer.

Lastly, EasyBourse (La Banque Postale's online broker) and the fintech company PrimaryBid have joined forces to enable individual clients to benefit from new investment opportunities previously reserved for institutional investors.

In the field of legal entities, La Banque Postale Leasing and Factoring joined forces in May 2021 with the French fintech company NovaLend to offer its customers a 100% digital leasing solution in partnership.

In April 2021, La Banque Postale entered into a partnership with the fintech company Ebury to offer its SME customers an open banking solution to support their international business.

In insurance, La Banque Postale has partnered with three assurtech companies: Lovys, which designs and distributes 100% digital insurance solutions with no commitment, *via* Ma French Bank; Zaion, which allows the automated processing of insurance certificate requests; and Shift, for the automated management of claims.

Retail Customers and Digital Services business unit

Acquisition of 100% of ProsofTeam

In January 2021, Docaposte acquired 100% of ProsofTeam, a software publisher that supports its customers in optimising the management of their document flows.

Acquisition of a stake in Adobis Group

In May 2021, Docaposte acquired 30% of Adobis Group, a software company specialising in processing and leveraging massive and/or complex data. The Adobis Group platform ensures data security and traceability throughout the value chain. With this transaction, Docaposte, a trusted digital third party, is strengthening its offering in the secure use of health data for operators and manufacturers in the sector.

Acquisition of OpenValue

In April 2021, La Poste acquired 80% of the firm OpenValue specialising in big data and AI. Thanks to the complementary expertise of OpenValue and Probayes, La Poste has a complete offer for the entire value chain of AI projects: design and architecture of the global solution, data transformation to adapt them to AI algorithms and creation of user interfaces.

The new division associating OpenValue and its subsidiary Probayes brings together the skills of more than 150 experts in data and in AI and their experience on complex and multi-sector AI projects serving large companies. They integrate machine learning processes (giving computers the ability to learn from data), deep learning (the machine is able to learn by itself), natural language recognition or computer vision (the machine analyses, processes and understands one or more images).

OpenValue generated operating revenue of €8.6 million in 2021.

Acquisition of Boxtal

In March 2021, the Retail Customers and Digital Services business unit acquired 96% of Boxtal (100% in September), the leading comparator for parcel shipping solutions on the French market. Boxtal, a specialist in outsourced parcel shipping for professionals, has a multi-carrier parcel delivery platform with a solution that compares carriers' rates in real time. This transaction enables La Poste to strengthen its catalogue of services for professionals and to offer a seamless, end-to-end customer experience with Laposte.fr. In 2021, Boxtal generated operating revenue of €24.4 million.

Acquisition of Idemia's electronic signature and digital safe activities

In December 2021, the Retail Customers and Digital Services business unit acquired the electronic signature activities (mainly for banking and insurance in France) and digital safe activities (traceability of transactions of authorised online gaming operators) of Idemia, a leader in augmented identity. This transaction enables Docaposte to strengthen its leadership in its core business of trusted digital services. In 2021, this activity generated estimated operating revenue of €17 million.

Renewal of IT equipment

In 2021, the Retail Customers and Digital Services business unit benefited from an ambitious programme to upgrade IT equipment in post offices. At the end of 2021, 10,000 PCs had been installed to improve employees' working conditions and customer satisfaction.

Real Estate

Launch and acceptance of tertiary and industrial projects

In January 2021, after five years of work, Poste Immobilier took delivery of the work completed on La Poste du Louvre. In 2021 the last major phase of this 32,000 m^2 project in the heart of the capital was initiated with the final adjustments for an inauguration carried out in January 2022.

Two major PFCs have been launched: the Bordeaux Cadaujac PFC (22,000 m^2), for which the building permit was submitted in May 2021, and the Rouen Grand Couronne PFC (20,400 m^2), for which the lease with the developer was signed on 30 June 2021.

La Poste Immobilier increases its positions in the strategic urban logistics sector

La Poste Immobilier launched two major urban logistics centre projects for a total of 24,000 m^2: Paris Keller (9,000 m^2) and Nanterre (15,000 m^2).

On 23 December 2021, La Poste Immobilier acquired a 22.5% stake in the Chapelle International urban logistics centre located in the north of Paris (mixed asset of nearly 40,000 m^2, of which 20,000 m^2 of urban logistics).

As part of a public service delegation, the LUMIN' Toulouse consortium, 51% owned by Semmaris, 44% by La Poste Immobilier and 5% by Caisse d'Épargne Midi Pyrénées, inaugurated the Toulouse Fondeyre urban logistics area on 9 December 2021. With a total surface area of 19,500 m^2, it is the first platform dedicated to last mile delivery in the Occitanie region.

Creation of SCI Résidences Seniors La Poste

On 15 April 2021, La Poste Immobilier signed an investment agreement with a view to becoming a partner in a joint venture that will support the transformation of former La Poste sites into serviced senior residences. The entry of the partners and the signature of the financing contract with La Banque Postale were completed on 25 June 2021. SCI Résidences Seniors La Poste is 59% owned by La Poste Immobilier, 21% by Banque des Territoires, which is responsible for supporting and financing projects to transform the regions, and 20% by 123 IM through OPPCI 123 Parcours Résidentiel. The buildings from La Poste's real estate holdings will be restructured as part of the partnership signed in 2020 with Les Jardins d'Arcadie, Acapace, Bouygues Immobilier and La Poste Immobilier. This project demonstrates the commitment of La Poste Groupe and La Poste Immobilier to the Silver economy.

Véhiposte

Creation of Movivolt, a joint venture of La Banque des Territoires and La Poste Groupe

On 12 May 2021, La Banque des Territoires and La Poste Groupe created the company Movivolt, held at 70% by La Banque des Territoires and at 30% by La Poste Groupe, to offer long-term leasing of electric vehicles for businesses and local authorities. The objective is to deploy a fleet of more than 10,000 vehicles by 2025. This offer is primarily intended for VSEs, SMEs, craftspeople and retailers.

La Poste Groupe

Launch of La Poste Ventures, a new investment fund for positive-impact start-up

As part of its strategic plan "La Poste 2030, committed for you", La Poste has launched La Poste Ventures, a new corporate venture capital fund, in partnership with XAnge. This investment fund, created in March 2021, is intended to take non-controlling stakes in start-up likely to offer new customer services and new customer experiences in the group's priority areas of activity.

La Poste Ventures will invest €35 million in the capital of three to five start-up per year, as a non-controlling shareholder, in seed or series A, for investment tickets ranging from €300,000 to €3 million. A first operation, Big Blue, a specialist in innovative logistics, was carried out in 2021.

In addition to the group's existing innovation support tools, La Poste Ventures will select and support start-up that want to implement positive impact approaches during their growth, such as carbon neutrality and gender parity.

5.1.1.5 Bond issues

La Poste successfully completed a €1.75 billion issue of fixed-rate senior unsecured bonds in January 2021. Two tranches, one with a maturity of 8.5 years (2029) and a 0% rate and one with a maturity of 15 years (2036) with a 0.625% rate for €750 million and €1 billion, respectively, were placed with institutional investors.

The first tranche (€750 million) was then topped up on 9 November 2021 for €200 million, with an actuarial issue rate of 0.352%, bringing the total outstanding to €950 million. A second tap issue of €200 million of senior unsecured fixed-rate bonds of €700 million at 1% maturing in September 2034, with an actuarial issue rate of 0.778%, was also completed on the same date. Lastly, on 22 November 2021, La Poste carried out a tap issue of €75 million on a bond issue maturing in October 2026 at a rate of 0.625%.

The proceeds of these transactions were dedicated to the Company's general needs and also enable La Poste to pursue its active external growth strategy.

La Banque Postale and CNP Assurances also continued their bond issuance programme as part of the structuring of their equity capital.

5.1.2 ALTERNATIVE PERFORMANCE MEASURES

5.1.2.1 Introduction

The group uses a number of alternative performance measures (APM) which are not covered by IFRS (International Financial Reporting Standards). La Poste Groupe's management team believes that these indicators are useful for measuring and analysing the group's performance. However, the APMs should be considered as an additional system. It should not take precedence over the GAAP measurements taken from the consolidated financial statements, nor should it replace them. In accordance with AMF position DOC-2015-12, each APM is defined below.

5.1.2.2 Definitions of the APMs

Adjusted EBITDA

Adjusted EBITDA comprises all operating income within the scope of consolidation, La Banque Postale excluded, less running costs and personnel expenses, excluding allocations to end-of-career benefits. To this is added the dividends received from equity associates and dividends received from La Banque Postale during the period relating to the previous year's results.

Free cash flow

Free cash flow consists of the following components: Adjusted EBITDA + change in working capital requirement + cash flows on purchases of property, plant and equipment and intangible assets net of disposals of property, plant and equipment and intangible assets + cash flows from taxes (including CICE flows recognised and generated) + net interest paid + repayment of lease liabilities and interest expense on lease liabilities.

Each of the free cash flow aggregates is added together for its value in terms of cash flows; positive for cash inflows and negative for cash outflows.

Net debt

Net financial debt includes all current and non-current financial debt, less all cash and cash equivalents and derivative instruments linked to group financing. It also includes the financial debt arising from the application of IFRS 16 – Leases, short-term financial investments with no significant risk of a change in value but whose original maturity on the subscription date was greater than three months, and the net financial receivable against La Banque Postale.

Group net debt does not take into account La Banque Postale, for which this concept is not relevant.

Change at constant scope and exchange rates (organic change)

Change at constant scope and exchange rates refers to the difference between the profit/loss obtained during the period and the profit/loss of a comparative period, following adjustment for any acquisitions or disposals which have been completed during each of these periods. The comparative periods are thus adjusted for identical scopes of consolidation. Currency transactions for the comparative period are valued at the average rate for the reference period.

Operating profit/(loss) including share of jointly controlled entities

The operating profit/(loss) is equal to the consolidated net profit/(loss), adjusted for the share in the profits/(losses) of equity associates, the tax expense and the financial profit/(loss).

Net debt/Equity

The net debt/equity ratio indicates the proportion of the group's net debt in relation to the group share of equity.

The following indicators only concern La Banque Postale.

Common Equity Tier 1 ratio (CET 1)

This ratio is the calculation of the proportion of Tier 1 equity (CET 1) in relation to the total risk exposure amount (*i.e.* total risk-weighted assets - RWA - for the credit and counterparty risk, the market risk and the operational risk).

The CET1 ratio is the information which enables supervisors to assess the solvency of a bank.

Liquidity Coverage Ratio (LCR)

The LCR is a monthly short-term liquidity ratio which measures the Bank's ability to resist a severely degraded situation in a context of a systemic shock for 30 days. The target is over 100%.

This ratio is calculated by dividing the sum of high-quality, liquid assets free of commitments by the liquidity requirement under stress over 30 days.

Net stable funding ratio (NSFR)

The NSFR guarantees that banks have sufficient stable resources (*i.e.* resources with an initial maturity of more than one year) to finance their activities. This long-term structural liquidity ratio over a one-year period aims to provide a sustainable structure of the maturities of assets and liabilities.

The NSFR represents the stable available financing divided by the mandatory stable financing. This ratio should be at all times at least 100%.

Cost to income ratio

The cost to income ratio is calculated by dividing management expenses by the net banking income adjusted for doubtful interest. Management expenses are the sum of the general operating expenses and the net depreciation, amortisation and impairment of property, plant and equipment and intangible assets.

The following ratio is only calculated for CNP Assurances.

SCR coverage rate

The SCR coverage rate is calculated by dividing the own funds eligible for SCR coverage by the SCR. This indicator makes it possible to measure risk-weighted solvency: the higher the SCR coverage ratio, the more the insurer is able to absorb potential losses.

5.1.3 SUMMARY OF LA POSTE GROUPE'S CONSOLIDATED RESULTS

The financial information presented was taken from La Poste Groupe's consolidated financial statements as at 31 December 2021.

(in € million)	31/12/2021	31/12/2020	Change: Impact of the contribution of CNP Assurances shares	Change: *vs N-1* (excluding the impact of the contribution of CNP shares) (in €m)	Change: *vs N-1* (excluding the impact of the contribution of CNP shares) (in %)	Change at constant scope and exchange rates: *vs N-1* (in €m)	Change at constant scope and exchange rates: *vs N-1* (in %)
GROUP OPERATING PERFORMANCE							
Operating revenue	34,609	31,185		+3,424	+11.0	+2,959	+9.6
Operating profit after share of net profit of jointly controlled entities	3,431	3,149	(3,007)	+3,289	n.s.	+3,060	n.s.
Operating margin[a]	*9.9%*	*0.5%*		-		-	
Net profit/(loss), group share	2,069	2,084	(3,600)	+3,585	n.s.	+3,534	n.s.
Net margin[a]	*6.0%*	*(4.9%)*		-	*10.8 pts*	-	*10.8 pts*
Free cash flow[b]	248	(510)		+758	n.s.		
Adjusted EBITDA	*2,812*	*1,233*		*+1,579*	*n.s.*		
KEY FIGURES – LA BANQUE POSTALE							
Net banking income	8,017	7,724		+293	+3.8	-59	-0.8
Cost to income ratio[c]	*78.0%*	*74.4%*		-	*3.6 pts*		

(a) Excluding the impact of the contribution of CNP Assurances shares.
(b) Please see Section 5.1.6.1.1.
(c) La Banque Postale & CNP Assurances scope (incl. CNP Assurances PPA).

(in € million)	31/12/2021	31/12/2020	Change *vs N-1* (in €m)	Change *vs N-1* (in %)
KEY FINANCIAL INDICATORS				
Net debt[a]	10,233	8,802	+1,431	+16.3
Adjusted EBITDA[b]	2,812	1,233	+1,579	n.s.
Net debt/Adjusted EBITDA	*3.6*	*7.1*		-
Equity group share[c]	20,932	18,390	+2,543	+13.8
Net debt/Equity	*48.9%*	*47.9%*	-	*1.0 pt*
Net profit/Equity	*9.9%*	*11.3%*	-	*(1.4 pt)*
Common Equity Tier 1	19.1%	20.4%	-	(1.4 pt)
LCR	186%	179%	-	7 pts
Net stable funding ratio (NSFR)	143%	140%	-	3 pts
Loan to deposit ratio	82.1%	83.6%	-	(1.4 pt)
SCR coverage rate	217%	208%	-	9 pts

(a) Group net debt does not take into account La Banque Postale, for which this concept is not relevant.
(b) Please see Section 5.1.6.1.1.
(c) Please see Section 5.1.6.6.

5.1.3.1 Impacts of the health crisis on the group's activities

The health crisis continued in 2021 with a third lockdown in April and May followed by two new waves of health crisis during the second half of the year. These episodes, which were better absorbed over time, have nevertheless led to structural transformations in certain sectors of activity such as digital services companies (change in employment, reduced visibility on projects), international transport and small import packages whose flows are dwindling. The lack of recovery of the traditional activities was confirmed, with a structural impact still estimated by Mail at two traffic points, and a more marked drop in footfall in post offices. La Banque Postale suffers from the shadow of the level of activity in 2020, particularly in home loans but benefits from the dynamic of the financial markets. The strong acceleration of BtoC continues with a steady increase in parcel/express activities since the start of the health crisis, driven by the ever more regular use of online purchases, a veritable revolution in usage. BtoB returns to growth.

The net profit group share continued to be impacted by the health crisis in 2021 for an estimated amount of -€252 million. This impact on the banking and insurance segment consists of a revision of the cost of credit risk of -€68 million, following the health crisis in 2020 with a smaller inventory effect on loan and bank commission volumes and an increase in claims in Brazil, for a total estimated at -€291 million. The industrial sector still has to bear costs caused by the health crisis (virucides, international transport, structural loss of mail traffic), but has benefited from a favourable effect on parcels and express services driven by the rise of e-commerce, *i.e.* a positive net Covid impact estimated at €39 million.

5.1.3.2 Operating income

La Poste Groupe's operating income amounted to €34,609 million at the end of December 2021, up by €3,424 million compared to the end of December 2020, *i.e.* up by 11.0% due to the integration of new entities (in particular CNP Assurances in March 2020), a strong momentum in e-commerce benefiting GeoPost and Parcels since the start of the health crisis in 2020, the partial recovery of traditional activities, and the compensation for the universal service missions received from the French State for €520 million.

(in € million)	31/12/2021	31/12/2020 restated[a]	Change *vs N-1* (in €m)	Change *vs N-1* (in %)	Change at constant scope and exchange rates *vs N-1* (in €m)	Change at constant scope and exchange rates *vs N-1* (in %)
Services-Mail-Parcels	10,620	9,726	+894	+9.2	+862	+8.9
GeoPost	14,701	12,800	+1,901	+14.8	+1,869	+14.8
La Banque Postale	8,017	7,724	+293	+3.8	-59	-0.8
Retail Customers and Digital Services	6,723	6,251	+472	+7.6	+409	+6.5
Other segments and intercompany	(5,452)	(5,316)	-135	+2.5	-121	+2.3
OPERATING REVENUE	**34,609**	**31,185**	**+3,424**	**+11.0**	**+2,959**	**+9.6**

(a) Restated segment data, please see Section 5.1.4.2.

After restatement of scope effects, *i.e.* an increase of €494 million mainly driven by La Banque Postale (€405 million mainly from CNP Assurances, which joined the scope in March 2020), by the Retail Customers and Digital Services business unit (+€63 million), the Services-Mail-Parcels business unit (+€33 million) and GeoPost (+€7 million including the disposal of Tigers) and an unfavourable exchange rate effect of -€29 million, of which -€67 million on the Brazilian real, -€16 million on the Polish zloty and +€79 million on the pound sterling, the group's organic growth at the end of December 2021 was +€2,959 million, *i.e.* +9.6%.

The operating income for 2021 was characterised by the following:

- increase in the operating revenue of the Services-Mail-Parcels business unit to €10,620 million, up by €894 million representing an increase of 9.2% including a positive scope and exchange rate effect of €32 million. The Services-Mail-Parcels business unit posted organic growth of €862 million, up by 8.9%. The organic increase in Mail's operating revenue amounted to €431 million compared to the end of December 2020, an increase of 6.2%, due to the effect of €303 million in annual compensation for the universal postal service relating to Mail and the price increase carried out on 1st January 2021 (+€150 million[1]). The decrease in volumes (-1.2%[2]), less significant than the downward trend, was due to a partial recovery in activity, particularly in the first half of the year. Within the business unit, the Parcel business posted strong organic growth in operating revenue of €229 million, up by 11.3%,

(1) Based on traffic-generating operating revenue (excluding the Retail Customers and Digital Services scope).
(2) Based on traffic-generating operating revenue.

supported by high levels of e-commerce activity, with a favourable equivalent working-day traffic effect of 7.8%[1]. The Mail services subsidiaries recorded organic growth of €201 million (+25.7%), mainly driven by the Mediapost division (+€89 million) following the partial recovery in the printed advertising business (shutdown during the first lockdown in 2020) and by the strategy of conquering New Services (+€89 million);

- 14.8% increase in GeoPost operating revenue, which amounted to €14,701 million, up by €1,901 million, of which €32 million of positive scope and exchange rate effects. Within the business unit, DPDgroup's operating revenue reached €12,500 million, representing organic growth of €1,470 million (+13.6%), driven by the strong organic growth in the volumes processed (+12%). Over the period 2,131 million parcels were delivered, a record level boosted by the development of e-commerce worldwide. The share of BtoC continued to grow and represented 57.8% of volumes in 2021. The New Urban Services increased by €105 million. Also benefiting from the strong dynamism of e-commerce, Asendia generated operating revenue of €2,178 million, up by 22.0% organically, supported by the excellent performance of its subsidiary eShopWorld;
- La Banque Postale's net banking income (NBI) amounted to €8,017 million, up by €293 million, of which €352 million from scope and exchange rate effects, *i.e.* an organic decrease of €59 million including a -€229 million of CNP PPA reversals. Excluding the reversals of PPA, the NBI grew organically by €170 million. Despite a low interest rate environment, and after the decline observed during the 2020 health crisis, the NIM decreased by 12.7% impacted by an unfavourable base effect of €316 million. Excluding this base effect, the NIM was down by 0.9%, with financing activities and the good performance of the trading room partially offsetting the decline in margins on resources due to the low level of interest rates. Fees and commissions also increased, driven by the day-to-day banking and account maintenance activities as well as by the real estate banking and consulting activities;
- the operating revenue of the Retail Customers and Digital Services business unit amounted to €6,723 million, up by €472 million or 7.6%. Excluding the positive scope and exchange rate effect of €63 million, the organic growth amounted to €409 million (+6.5%). The Retail activities increased by €334 million. The operating revenue from the Mail and Retail Customers Parcels activities increased by €274 million (including €174 million in compensation for the universal postal service). The subsidiaries' revenue was up by €57 million due in particular to the development of Docaposte's digitisation and back office activities, as well as to the growth of Marketshot's activities. The operating revenue from the other commercial activities amounted to €14 million, up by €3 million (+25.3%) compared to 2020, thanks to the growth of Digiposte. The activities and services on behalf of third parties increased by €75 million due to the acceleration of the transformation projects and the partial recovery of the post office activity.

5.1.3.3 Operating profit/(loss)

The group's operating profit after the share of the net profit of jointly controlled entities at the end of December 2021 amounted to €3,431 million. Excluding the impact of the contribution of CNP Assurances shares, and excluding the positive impact of €229 million of changes in the scope of consolidation and exchange rates (mainly related to the integration of CNP Assurances), the organic growth in operating profit was up by €3,060 million.

(1) Based on the Services-Mail-Parcels scope (excluding activity transferred to the Retail Customers and Digital Services business unit).

(in € million)	31/12/2021	31/12/2020 restated[(a)]	Change			Change at constant scope and exchange rates	
			Impact of the contribution of CNP Assurances shares	*vs N-1* (excluding the impact of the contribution of CNP shares)		*vs N-1*	
				(in €m)	(in %)	(in €m)	(in %)
Services-Mail-Parcels	1,246	(1,034)	+0	+2,279	n.s.	+2,284	n.s.
GeoPost	1,057	848	+0	+209	+24.6	+187	+22.0
La Banque Postale	1,642	4,457	-3,007	+192	+13.2	-11	-0.8
Retail Customers and Digital Services	155	(244)	+0	+400	n.s.	+390	n.s.
Real estate	95	81	+0	+14	+16.8	+14	+16.8
Supports and Structures	(266)	(242)	+0	-23	+9.6	-23	+9.6
Unallocated and eliminations	(497)	(717)	+0	+220	-30.6	+220	-31
OPERATING PROFIT/(LOSS) AFTER SHARE OF NET PROFIT/(LOSS) OF JOINTLY CONTROLLED ENTITIES	**3,431**	**3,149**	**(3,007)**	**+3,289**	**N.S.**	**+3,060**	**N.S.**

(a) Restated segment data, please see Section 5.1.4.2.

Highlights of operating profit by business unit are as follows:

- Services-Mail-Parcels: the business unit's operating profit amounted to €1,246 million at the end of December 2021, an increase of €2,284 million at constant scope and exchange rates, of which €2,201 million in Mail due to the effect of the total reversal of the impairment of fixed assets (which had an impact of €900 million on Mail following the health crisis in 2020), in connection with the more favourable profitability outlook, and in particular the consideration of the annual allocation granted by the French State for the universal postal service, and a partial recovery of traditional activities severely affected by the very strict conditions of the first lockdown in 2020. The operating profit of Parcels increased by €52 million, driven by the strong growth in traffic in the first half of the year. The operating profit of the subsidiaries of the Services-Mail-Parcels business unit increased by €31 million (in particular Mediapost strongly impacted in 2020);
- the GeoPost business unit posted an operating profit of €1,057 million, up by €187 million organically (+22.0%), in line with the increase in operating revenue driven by BtoC growth, the health crisis having accelerated the use of e-commerce following the successive lockdowns, and by the absorption of the fixed costs induced by the volumes;
- the La Banque Postale business unit posted an operating profit of €1,642 million. Excluding the impact in 2020 of the transfer of CNP Assurances shares, the operating profit was up by €192 million compared to December 2020. Excluding the positive scope effect of €246 million and the negative exchange rate effect of €43 million and excluding the impact of the contribution of securities, the operating profit of the La Banque Postale business unit was down by €11 million, of which -€331 million for the reversal of the CNPA PPA and -€127 million related to the distribution agreements in Brazil;
- the operating profit of the Retail Customers and Digital Services business unit amounted to €155 million, up by €390 million after restatement of scope and exchange rate effects, due to the inclusion in 2021 of €174 million in annual compensation granted by the French State for the universal postal service due to the business unit and the increase in mail, parcel and digital activities;
- other business segments:
  - Real Estate posted operating profit of €95 million, up by €14 million, mainly due to the results of disposals,
  - the Supports and Structures segment, which represented a net expense of €266 million, was down by €23 million due in particular to the acceleration in the digital transformation of La Poste Groupe (Artificial Intelligence, Data, etc.),
  - the income and expenses of the "Unallocated" segment, which represented a total expense of €505 million, decreased by €203 million due to the allocation to Unallocated of €43 million of the annual compensation granted by the French State for the universal postal service, a settlement of arrears on the competitively fair rate which represented a favourable amount of €81 million in 2021 and a lower allocation of €64 million compared to 2020 in respect of HR provisions.

5.1.3.4 Financial profit/(loss)

The financial loss amounted to €202 million, an improvement of €41 million. Its change is characterised by an increase in the cost of net financial debt of €4 million and by a capital gain of €27 million in 2021 on the disposal of unconsolidated shares held by GeoPost.

5.1.3.5 Net profit/(loss)

The net profit group share, at €2,069 million, increased by €15 million overall compared to December 2020. Excluding the impact of the first consolidation of CNP Assurances in December 2020 (€3,600 million) and adjusted for scope and exchange rate effects, the net profit group share increased by €3,534 million.

This change was characterised by organic growth in operating profit of €3,060 million, a decrease at constant scope and exchange rates of the tax charge of €321 million following an impairment of deferred tax assets recorded in December 2020 for an amount of €298 million, and an organic decrease in the share of net profit attributable to non-controlling interests of €118 million

5.1.3.6 Change in net debt

The group's net debt in December 2021 stood at €10,233 million. It increased by €1,431 million during the year 2021.

The change in the group's debt is strongly correlated with the net balance of flows related to external growth and financial assets (€1,449 million), the change in finance lease liabilities, up by €251 million. The free cash flow generated (€248 million) and a perpetual financing in the amount of €198 million subscribed by Swiss Post as part of the acquisition of eShopWorld by Asendia, mitigate the effects of the external growth and the net debt finance lease liabilities.

5.1.4 OPERATING RESULTS BY BUSINESS SEGMENT

5.1.4.1 Summary of operating results by business segment

Segment reporting is presented in accordance with IFRS 8 – Operating segments.

A segment is a distinguishable component for which separate financial information is available and regularly reviewed by the group's Executive Management for the purpose of allocating resources and assessing performance.

The criteria used for defining operating segments specifically include: the nature of the products distributed, the customer type or category for whom they are intended, the production process, the distribution network and the regulatory environment. The definition of the operating segments is based on La Poste Groupe's current management structure.

Published 31/12/2021 *(in € million)*	**Services-Mail-Parcels**	**GeoPost**	**La Banque Postale**	**Retail Customers and Digital Services**	**Real estate**	**Supports and Structures**	**Unallocated**	**Elim.**	**TOTAL**
External revenue & NBI	8,353	14,598	7,992	3,510	36	4	117		34,609
Intersegment revenue & NBI	2,267	103	25	3,213	787	1,255	0	(7,651)	
Operating revenue	10,620	14,701	8,017	6,723	824	1,258	117	(7,651)	34,609
Operating profit/(loss) before share of net p/(l) of jointly controlled entities	1,246	1,054	1,553	161	95	(266)	(505)	7	3,344
Share in results of joint ventures	0	3	89	(5)	0	0	0	0	87
OPERATING PROFIT/(LOSS) AFTER SHARE OF NET P/(L) OF JOINTLY CONTROLLED ENTITIES	**1,246**	**1,057**	**1,642**	**155**	**95**	**(266)**	**(505)**	**7**	**3,431**

Restated segment data 31/12/2020 *(in € million)*	Services-Mail-Parcels	GeoPost	La Banque Postale	Retail Customers and Digital Services	Real estate	Supports and Structures	Unallocated	Elim.	Total
External revenue & NBI	7,625	12,707	7,707	3,118	24	4	0		31,185
Intersegment revenue & NBI	2,101	93	17	3,133	808	1,192	0	(7,345)	
Operating revenue	**9,726**	**12,800**	**7,724**	**6,251**	**833**	**1,196**	**0**	**(7,345)**	**31,185**
Operating profit/(loss) before share of net p/(l) of jointly controlled entities	**(1,034)**	**849**	**1,402**	**(237)**	**81**	**(243)**	**(708)**	**(9)**	**101**
Share in results of joint ventures	0	(0)	48	(7)	0	0	0	0	41
OPERATING PROFIT/(LOSS) AFTER SHARE OF NET P/(L) OF JOINTLY CONTROLLED ENTITIES	**(1,034)**	**848**	**1,451**	**(244)**	**81**	**(243)**	**(708)**	**(9)**	**142**
Impact of the CNP transaction	0	0	3,007	0	0	0	0	0	3,007
OPERATING PROFIT/(LOSS) AFTER SHARE OF NET P/(L) OF JOINTLY CONTROLLED ENTITIES INCLUDING IMPACT OF CNP TRANSACTION	**(1,034)**	**848**	**4,457**	**(244)**	**81**	**(243)**	**(708)**	**(9)**	**3,149**

5.1.4.2 Restated segment data for 2020

Transition table from segment data published in 2020 to restated segment data

2021 is the year of the launch of the new strategic plan whose ambitions and objectives, detailed in Section 1.3, lead to changes in scope within the group. With the creation of the Retail Customers and Digital Services business unit, and the transfer of Asendia's operational management from the Mail subsidiaries to GeoPost, with retroactive effect to 1st January 2021, group's segment information was transformed from five to four business units.

The impact of the segment restatements made on the financial statements published at 31 December 2020 is presented below:

Operating income

(in € million)	12/2020 published	Restatements of segment reporting	12/2020 Restated segment data
Services-Mail-Parcels	12,156	(2,430)	9,726
GeoPost	11,041	1,759	12,800
La Banque Postale	7,724	0	7,724
Digital services	799	(799)	
La Poste Network	3,733	(3,733)	
Retail Customers and Digital Services		6,251	6,251
Real estate	833	0	833
Supports and Structures	1,103	93	1,196
Elim.	(6,204)	(1,141)	(7,345)
OPERATING REVENUE	**31,185**	**0**	**31,185**

Operating profit/(loss)

(in € million)	12/2020 published	Restatements of segment reporting	12/2020 Restated segment data
Services-Mail-Parcels	(1,137)	104	(1,034)
GeoPost	793	56	848
La Banque Postale	1,457	(7)	1,451
Digital services	(48)	48	
La Poste Network	(70)	70	
Retail Customers and Digital Services		(244)	(244)
Real estate	81	0	81
Supports and Structures	(216)	(26)	(243)
Unallocated	(708)	0	(708)
Elim.	(9)	0	(9)
OPERATING PROFIT/(LOSS) BEFORE IMPACT OF THE CONTRIBUTION OF CNP ASSURANCES SHARES	**142**	**0**	**142**
Impact of the contribution of CNP Assurances shares	3,007	0	3,007
OPERATING PROFIT/(LOSS) AFTER SHARE OF NET PROFIT/(LOSS) OF JOINTLY CONTROLLED ENTITIES	**3,149**	**0**	**3,149**

EBITDA

(in € million)	12/2020 published	Restatements of segment reporting	12/2020 Restated segment data
Services-Mail-Parcels	88	71	159
GeoPost	1,373	86	1,459
GSF	7	(7)	0
Digital services	59	(59)	
La Poste Network	11	(11)	
Retail Customers and Digital Services		(77)	(77)
Real estate	518	0	518
Supports and Structures	(782)	(2)	(784)
EBITDA	**1,274**	**0**	**1,274**

Capex

(in € million)	12/2020 published	Restatements of segment reporting	12/2020 Restated segment data
Services-Mail-Parcels	318	(30)	287
GeoPost	347	19	366
Digital services	58	(58)	
La Poste Network	33	(33)	
Retail Customers and Digital Services		80	80
Real estate	213	3	216
Supports and Structures	114	19	134
CAPEX	**1,083**	**0**	**1,083**

5.1.4.3 Services-Mail-Parcels

The Services-Mail-Parcels business unit includes:

- La Poste SA's business mail activity (collection, sorting, delivery of correspondence, advertising and press), the e-PAQ activity (small parcel e-commerce import), as well as the new local services (local logistics, knowledge of the regions);
- La Poste SA's Parcel business, which specialises both in deferred delivery and in the delivery of parcels under 30 kg to individuals, BtoC in France and for export.

As a reminder, the activity of the Retail Customers business unit was transferred to the Retail Customers and Digital Services business unit on 1st July 2021, with retroactive effect from 1st January 2021;

- all activities of the subsidiaries operating in the diversification markets:
  - direct marketing and data-marketing (Mediapost),
  - logistics and e-logistics solutions (Viapost),
  - Silver economy and home healthcare services (Silver & Healthcare),
  - energy efficiency, circular economy (New Services).

(in € million)	31/12/2021	31/12/2020 restated	Change vs N-1 (in €m)	Change vs N-1 (in %)
Operating Revenue	10,620	9,726	894	+9.2
of which Parent Company Mail operating revenue	*7,349*	*6,918*	*431*	*+6.2*
of which Parcels operating revenue	*2,253*	*2,024*	*229*	*+11.3*
of which Services-Mail-Parcels subsidiaries operating revenue	*1,018*	*785*	*234*	*+29.8*
Operating expenses	(9,374)	(10,760)	1,385	-12.9
Operating profit/(loss) before share of net p/(l) of jointly controlled entities	**1,246**	**(1,034)**	**2,279**	**n.s.**
Share of net profit of jointly controlled entities	0	0	0	-
OPERATING PROFIT/(LOSS) AFTER SHARE OF NET PROFIT/(LOSS) OF JOINTLY CONTROLLED ENTITIES	**1,246**	**(1,034)**	**2,279**	**N.S.**

Mail business

The operating revenue of Mail at 31 December 2021 amounted to €7,349 million, up by €431 million (+6.2%) compared to 31 December 2020. This growth is largely attributable to the annual compensation for the universal service, including €303 million for Mail.

Mail traffic decreased by 1.2%[1] at equivalent working days, or a negative volume effect of €54 million excluding product mix. This decrease was less significant than the downward trend due to a partial recovery in activity, particularly in the first half, which had been strongly impacted by the strict lockdown restrictions related to the first lockdown in 2020.

On 1st January 2021, the prices increased by on average 3.4%[2], with an estimated positive effect on traffic-generating operating revenue of €150 million.

La Poste SA's New Services grew by €23 million, driven notably by its local logistics activities.

International business was down by €28 million, strongly impacted by the decrease in e-PAQ traffic, down by 31 million items compared to 31 December 2020.

Parcel business

The operating revenue at 31 December 2021 amounted to €2,253 million, representing organic growth of €229 million (+11.3%), benefiting from the exceptional momentum of e-commerce in the first half of the year.

The volume of parcels delivered was 455 million objects[3], up by 7.8% at equivalent working days across all segments:

- 441 million BtoC items, up by 7.7% at equivalent working days, under the effect of the growth of e-commerce, and in particular of National Entreprise of 34 million items (up by 8.5% at equivalent working days) compared to the end of December 2020. Home delivery recorded an increase of 21.5 million items (up by 5.9% at equivalent working days) and represented 81.6% of BtoC traffic;
- 14 million items in import products, a 10.2% increase at equivalent working days.

Business of the Services-Mail-Parcels business unit's subsidiaries

The operating revenue from the subsidiaries of the Services-Mail-Parcels business unit amounted to €1,018 million at 31 December 2021, representing organic growth of €201 million compared to 31 December 2020 excluding positive scope and exchange rate effects of €32 million mainly related to the integration of Time One, Budget Box, BEAC and Nouveal.

The dynamics of the subsidiaries' markets are as follows:

- the activities of the Mediapost division recorded organic growth of €89 million, mainly due to a partial recovery in the print advertising activity (shut down during the first lockdown in 2020);
- the subsidiaries of the New Services division posted organic growth of €89 million, mainly driven by EDE;
- La Poste Silver's subsidiaries withstood the health crisis, generating revenue of €203 million with organic growth of €9 million.

Operating profit/(loss)

The operating profit of the Services-Mail-Parcels business unit amounted to €1,246 million at the end of December 2021, up by €2,284 million organically compared to the end of December 2020. This increase was mainly due to the total reversal of the impairment of assets that had impacted Mail following the health crisis in 2020 in the amount of €900 million, taking into account the annual compensation granted by the French State in respect of the universal postal service and by the phenomenon of partial recovery (increased in the first half of the year by the severity of the first lockdown initiated in March 2020), for all entities. The operating profit of Parcels increased by €52 million, and the new sorting platforms rolled out as part of the industrial plan made it possible to capture the exceptional growth in volumes, particularly in the first half of 2021. The subsidiaries increased by €31 million, in particular Mediapost +€51 million.

5.1.4.4 GeoPost[4]

The GeoPost business unit includes:

- the fast and express parcel activities in France and abroad offered by DPDgroup;
- cross-border mail solutions provided by Asendia, for which the operational management is now carried out by GeoPost as part of the strategic plan to strengthen e-commerce synergies internationally;
- Urby, which offers a global urban logistics system based on the pooling and optimisation of deliveries in major cities;
- Alturing, which delivers its IS expertise in the parcel business to the group's entities.

(1) Based on traffic-generating operating revenue.
(2) In relation to the operating revenue base giving rise to traffic on the "Business" customer scope (excluding the Retail Customers and Digital Services scope).
(3) Services-Mail-Parcels scope (excluding activity transferred to the Retail Customers and Digital Services business unit).
(4) GeoPost business unit including URBY and Asendia.

(in € million)	31/12/2021	31/12/2020 restated	Change (vs N-1) (in €m)	Change (vs N-1) (in %)
Operating Revenue	14,701	12,800	+1,901	+14.8
of which DPDgroup operating revenue	*12,500*	*10,990*	*+1,511*	*+13.7*
of which Asendia operating revenue	*2,178*	*1,794*	*+384*	*+21.4*
of which Urby operating revenue	*15*	*8*	*+7*	*+91.5*
of which Alturing operating revenue	*8*	*8*	*-1*	*-9.1*
Operating expenses	(13,647)	(11,952)	-1,696	+14.2
Operating profit/(loss) before share of net p/(l) of jointly controlled entities	**1,054**	**849**	**+205**	**+24.1**
Share of net profit of jointly controlled entities	3	0	+4	n.s.
OPERATING PROFIT/(LOSS) AFTER SHARE OF NET PROFIT/(LOSS) OF JOINTLY CONTROLLED ENTITIES	**1,057**	**848**	**+209**	**+24.6**

Operating Revenue

DPDgroup offers its services under the following main trademarks: DPDgroup in European countries and internationally, Chronopost in France, BRT in Italy, Seur in Spain and Jadlog in Brazil. The subsidiaries of this division have traditionally been involved in the business to business (BtoB) segments, and increasingly, especially in 2021, in business to consumer (BtoC) which accounted for 57.8% of the outbound volumes at the end of December 2021 (55.2% at the end of December 2020). In addition to this express delivery activity, DPDgroup is developing new urban services around urban logistics *via* its subsidiaries Urby and Stuart.

GeoPost's operating revenue at the end of December 2021 amounted €14,701 million. It grew by €1,901 million, up by 14.8%, compared to the end of December 2020. After restatement of positive scope effects of €7 million (disposal of Tigers and consolidation of BK Logistics, Epicery, Cargonet, Fast & Furious, TIPSA, Fermopoint and Speedy) and positive currency effects of €25.1 million (of which -€11.4 million on the rouble, -€14.4 million on the Brazilian real, -€15.9 million on the zloty and €79.4 million on the pound), the organic growth amounted to €1,869 million (+14.8%).

By the end of December 2021, DPDgroup had delivered 2,131 million parcels, representing organic growth of 12% compared to the end of December 2020. This strong increase was driven by growth in the BtoC segment (+52.1%) thanks to the Covid-19 health crisis and the resulting changes in consumption habits. The growth in volumes resulted in organic operating revenue growth of €956 million (+8.8%), including an unfavourable impact of €2 million in working days.

- The operating revenue in the United Kingdom amounted to €2,343 million, an organic increase of 11.5% driven by the domestic market. This growth represents 16% of DPDgroup's organic growth despite the implementation of the Brexit agreements on 1 January, which resulted in a decrease in cross-border flows;
- In France, organic operating revenue grew by 13.4% for Chronopost with strong growth in key accounts and by 14.9% for DPD France driven by the growth in BtoC compared to the end of December 2020;
- With operating revenue of €2,285 million, Germany recorded organic growth of 9.6%;
- Spain generated operating revenue of €648 million, an organic increase of 8.4%;
- Benelux recorded strong organic growth of 9.3%, bringing its operating revenue to €719 million, driven in particular by cross-border flows;
- In Poland, the operating revenue of €694 million represented organic growth of €109 million due to international and domestic BtoC;
- The operating revenue from New Urban Services amounted to €180 million, up €105 million organically, mainly reflecting the growth of Stuart, whose revenue more than tripled between 2020 (€59 million) and 2021 (€168.1 million);
- Urby achieved organic operating revenue growth of €7 million.

Asendia generated operating revenue of €2,178 million, up by €393 million organically, driven by strong growth in e-commerce since the start of the health crisis. Its subsidiary eShopWorld achieved excellent performance with operating revenue up by €242 million compared to the end of December 2020.

Operating profit/(loss)

GeoPost's operating profit amounted to €1,057 million at the end of December 2021. Adjusted for the scope and exchange rate effects of €22 million, the operating profit was up by €187 million organically compared to the end of December 2020 (+22.0%), mainly attributable to DPDgroup (+€183 million) and Asendia (+€12 million). This result largely reflects the growth in post-health crisis activity, driven by the increase in e-commerce following the successive lockdowns implemented impacting changes in use and the optimisation of costs resulting from these volumes.

GeoPost's net profit group share increased by €187 million, representing organic growth of 37.6%, mainly reflecting the performance of the operating profit.

5.1.4.5 La Banque Postale

This business segment includes La Banque Postale, its subsidiaries, and the Shared Resources division formed between La Poste and La Banque Postale that is governed by a cost-sharing agreement. All expenses relating to the Shared Resources division, which mainly consist of the costs of La Poste staff working exclusively for La Banque Postale, are re-billed at cost to La Banque Postale.

Since 4 March 2020, as part of the creation of a large public financial group, as provided for in the binding memorandum of understanding signed on 31 July 2019 between the French State, Caisse des Dépôts, La Poste and La Banque Postale, La Banque Postale has become the majority shareholder of CNP Assurances.

The change in La Banque Postale's governance and the implementation of its Strategic Plan for 2030, presented on 2 March 2021, have led to changes in the segment reporting, notably with a new segmentation based on four business lines and a Non-division segment.

Commercial activities

In a context of gradual recovery from the crisis, customer savings and loan outstandings increased by 2.1% and 4.0%, respectively, compared to the end of December 2020.

(savings outstandings in € billion)	31/12/2021	31/12/2020	Change (in € billion)	Change (in %)
CUSTOMER SAVINGS	**346.2**	**339.2**	**+7.0**	**+2.1**
Sight deposits	85.4	82.0	+3.5	+4.2
Ordinary savings	89.4	87.4	+2.0	+2.3
Home savings	30.6	31.3	-0.7	-2.2
UCITS [(a)]	13.0	12.2	+0.8	+6.5
Life insurance [(a)]	126.8	125.4	+1.4	+1.1
Other [(b)]	1.0	0.9	+0.1	+6.6
CUSTOMER LOANS	**112.5**	**108.2**	**+4.3**	**+4.0**
Home loans [(c)]	67.9	64.9	+3.0	+4.6
Consumer loans	5.2	5.1	+0.1	+2.1
Other loans [(d)]	0.6	0.5	+0.1	+19.8
Loans to legal entities [(e)]	38.7	37.6	+1.1	+2.9

(a) Products distributed by the network of La Banque Postale and its subsidiaries.
(b) Term deposits and PEP savings plans.
(c) Excluding repurchases of Dutch loan portfolios.
(d) Overdrawn sight deposits and amounts owed on bank cards; pro forma data as of 30/06/2019 following the exclusion of securities given under repurchase agreements not deemed to be customer transactions.
(e) Companies, social housing associations, non-profits and local authorities.

Bancassurance France

Demand deposits remained strong, with outstandings growing by €3.0 billion year-on-year (+4.4%), reflecting the confidence of the French in La Banque Postale). Ordinary savings also contributed to this increase with a year-on-year increase of €1.5 billion (+1.8%), despite the low yields offered. The rate of return on the Livret A savings account, the rate of which has been 0.50% since 1st February 2020, continues to play its precautionary savings role with outstandings up by 0.3% to reach €60.8 billion.

La Banque Postale's life insurance outstandings amounted to €122.8 billion, up by €0.6 billion (+0.5%) compared to the end of December 2020. The share of unit-linked outstandings increased by 2 points and reached 15%.

In 2021, La Banque Postale (excluding its BPE subsidiary) issued home loans for €11.7 billion, up by 23.8% compared to the end of December 2020, in a context of recovery following the hard lockdown in the first half of 2020. Despite persistently low interest rates and the tightening of loan granting criteria, outstanding home loans increased by 4.3% year-on-year to €63.7 billion.

Driven by the recovery in household consumption following the lifting of the lockdown, the production of consumer loans, managed by La Banque Postale Consumer Finance, increased by 6.3%, bringing outstandings to €5.3 billion (up by 2.4% compared to the end of December 2020). Sales *via* the Internet or the remote platform remained high and represented 37% of the production of personal loans at the end of December 2021.

Bancassurance International

Good sales momentum in Europe and Latin America:

In Europe excluding France, operating revenue was up by 4.2%, driven by the increase in the Luxembourg wealth management activity and that of CNP Partners, whose unit-linked inflows are increasing. The UL rate was down by 2.5 points to 74.2%, due to a base effect on CNP Luxembourg, whose UL rate was 55.1% (down by 18.3 points compared to 2020).

In Latin America, Caixa Vida e Previdencia confirmed its leadership by maintaining its No. 2 position in the Brazilian pension market, with a market share of 23% at the end of November. The activity posted very good growth of 18.7% (up by 28.5% at constant scope and exchange rates), driven by the very good performance of the Pension segment over the year. The share of unit-linked products reached 99.6% (+0.5 point).

Wealth and Asset Management

BPE

The commercial activity of BPE posted a very good momentum over the period, as shown by the rise in net inflows (+28.6%) and home loan production (+8.5%). Savings outstandings (excluding discretionary management) rose by 24.2% to reach €5.9 billion, with an increase of 24.8% in life insurance savings to €4.0 billion in outstandings, under the effect of PACTE Act transfers. Loan outstandings grew by 12.4% to €4.4 billion.

Asset Management

The assets under management, which consist of those of La Banque Postale Asset Management (restated for the transfer of assets under management to JV Ostrum following the merger with CNP Assurances) and Tocqueville Finance, and the distributed outstandings amounted to €60.2 billion at 31 December 2021, up by 17% compared to 31 December 2020, linked to a positive market effect of €5.9 billion and a collection effect of €2.9 billion.

La Banque Postale Asset Management holds a 45% stake in Ostrum, whose outstandings reach €442 billion.

Corporate and Investment Banking

Committed to supporting regional development and the real economy, La Banque Postale finances the local public sector and companies. This business activity has experienced strong growth since its launch and this was confirmed in the first half of 2021 with the amount outstanding increasing by 2.9% year-on-year to reach €38.7 billion. These outstandings include €4.3 billion from factoring, with La Banque Postale actively expanding its range of specialised business loans. Lastly, it should be noted that the growth in outstandings was reduced by the sale of €4.4 billion in outstanding loans to Caisse Française de Financement Local over the period, in line with the growth model adopted when La Banque Postale entered the local public sector market.

Operating performance

Rising net banking income (NBI) in a context of exit from the crisis.

La Banque Postale's net banking income amounted to €8,017 million at the end of December 2021, up by €293 million (reported). After restatement of the home savings provision, reversals of PPA, and scope and exchange rate effects, the NBI amounted to €8,218 million in a context of persistently low interest rates.

The net interest margin (NIM), restated for ALM capital gains realised in the first half of 2020 and the home savings provision, decreased by 2.5% to reach €2,289 million, due to the continuation of the erosion of the margins on resources in connection with the maintenance of low rates (-€226 million) offset by the good performance of the financing activities (margin on loans +€125 million) and the good performance of trading floor activities (+€80 million).

Commissions increased by 4.9%, in particular for the equipment and account management activities, as well as the portfolio and real estate consulting activities.

The management expenses of the La Banque Postale business unit increased by 8.2%, compared to the end of December 2020, to €6,200 million. Excluding the scope and exchange rate effect (-€186 million) and excluding the reversal of PPA linked to the consolidation of CNP Assurances, the management expenses were up by €158 million as a result of additional taxes and duties related to the SRF and the DGF, the increase in distribution expenses related to a base effect in 2020, the support and implementation of the strategic plan, the continuation of the transformation programme, the digitisation of processes and the offer, and the development of the business lines.

The business unit's gross operating profit amounted to €1,818 million, down by 8.9%. La Banque Postale's cost to income ratio stood at 78.0%.

The cost of risk, at €268 million, was €406 million lower than at the end of December 2020, including €387 million related to a positive baseline effect in 2020 of the provisions related to the health crisis. This decrease reflects the quality of La Banque Postale's asset portfolio and its limited exposure to the sectors most affected by the economic and health crisis (1% of exposures in default). As a proportion of outstanding loans, it was at a low level of 16 basis points.[1]

The net profit group share amounted to €574 million, including a negative PPA reversal of €369 million.

(in € million)	31/12/2021	31/12/2020 restated	Change (in €m)	Change (in %)
Net banking income	**8,017**	**7,724**	**293**	**3.8**
Management expenses(a)	**(6,200)**	**(5,730)**	**-470**	**8.2**
Gross operating profit/(loss)	**1,818**	**1,995**	**-177**	**-8.9**
Cost of risk	(268)	(674)	406	-60.2
Gains and losses on other assets	4	81	-77	-95.3
Impact of the contribution of CNP Assurances shares	0	3,007	-3,007	-100
Operating profit/(loss) before share of net p/(l) of jointly controlled entities	**1,553**	**4,409**	**-2,855**	**-64.8**
LBP cost income ratio	78.0%	74.4%		
Share of net profit/(loss) of jointly controlled entities	88.7	48	40	83.1
Operating profit/(loss) before share of net p/(l) of jointly controlled entities	**1,642**	**4,457**	**-2,815**	**-63.2**
Corporate tax	(593)	(465)	-128	+27.5
Share of net profit/(loss) of equity associates	10	641	-631	-98.4
Non-controlling interests	(485)	(533)	47	-8.9
NET PROFIT/(LOSS), GROUP SHARE	**574**	**4,101**	**-3,527**	**-86.0**
of which Bancassurance France	*686*	*498*	*188*	*37.7*
of which International Bancassurance	*163*	*183*	*-20*	*-11.0*
of which Private Banking & Asset Management	*74*	*63*	*11*	*17.5*
of which Corporate & Investment Banking	*227*	*(94)*	*321*	*n.s.*
of which Corporate Centre	*(576)*	*3,451*	*-4,027*	*n.s.*

(a) The amount of the management expenses includes a positive effect of the pooling of resources for €15.4 million at 31/12/2021 and a negative effect of €18.8 million at 31/12/2020 (restated data, see Section 5.1.4.2).

Bancassurance France

The net banking income increased by 11.9% (up by 5.6% at constant scope) to €6,222 million, driven by a strong contribution from the insurance activities (+20%). The net interest margin on retail banking, impacted by interest rates, declined (-13%), partially offset by growth in commissions (+5%), notably linked to day-to-day banking and account maintenance.

The net profit group share, at €686 million, was up by 22.4% at constant scope and exchange rates.

Bancassurance International

The net banking income, at €1,215 million, was up by 13.3% (up by 1.0% at constant scope and exchange rates) compared to the end of December 2020.

Growth in Europe (up by 27% at constant scope and exchange rates), driven by growth in inflows and unit-linked outstandings as well as the release of bonuses on CNP Santander.

Lower income in Latin America (down by 7% at constant scope and exchange rates), with an increase in claims (Covid-19 effect) partially offset by a high volume of activity (effect of the CAIXA agreements) and reversals of provisions.

The management expenses increased by 65.1% (up by 43.4% at constant scope and exchange rates) over the year and amounted to €465 million, in line with the impact of the distribution agreements (€141 million).

(1) The commercial bank's cost of credit risk in relation to outstanding amounts at the beginning of the period.

The net profit group share decreased by 11.0% (down by 28.8% at constant scope and exchange rates) to €163 million, related to the impact of the health context in Latin America partially offset by the profit generated by the finalisation of the acquisition of Aviva's life insurance business in Italy (+€22 million).

Wealth and Asset Management

The net banking income, at €296 million, was up by 2.3% compared to the end of December 2020. In Wealth Management, the NBI was driven by a very strong momentum in financial savings, discretionary management and housing loans. Asset Management also achieved good results driven by net inflows of more than €2.9 million, focused on institutional investors and diversified and fixed income asset classes, and a buoyant market effect.

The net profit group share rose sharply, by 17.5% overall, both for Wealth Management (+16%) and Asset Management (+19%).

Corporate and Investment Banking

The net banking income increased by 17.1% to €1,066 million, driven by a contribution from all customer segments: growth in financing activities, good account management activity, as well as a good trading room performance driven by a favourable context.

The net profit group share amounted to €227 million (vs a loss of €94 million in 2020), supported by sustained growth in the net banking income and a cost of risk much lower than in the first half of 2020.

Corporate Centre

The division's results are characterised by the following:

- the first-time consolidation entries of CNP Assurances recorded in the first half of 2020 for an amount of €3,600 million;
- an unfavourable change in the PPA reversal of €193 million in net profit group share of which -€358 million on the NBI and -€126 million on the management expenses partially offset at the level of tax and non-controlling interests;
- an increase in the SRF and DGF contribution, which rose from €72 million at the end of December 2020 to €96 million at the end of December 2021, to the management expenses;
- an unfavourable base effect of capital gains or losses on the ALM portfolio for €316 million.

Financial structure

	31/12/2021	31/12/2020	Change
Balance sheet (in €bn)	**772**	**737**	**4.8%**
Solvency			
Prudential capital	21.6	21.0	3.0%
Common Equity Tier 1 ratio [(a)]	19.1%	20.4%	-1.4 pt
Solvency ratio	23.7%	24.5%	-0.8 pt
Leverage ratio [(b)]	7.2%	6.9%	0.3 pt
MREL ratio (LRE)	9.5%	8.0%	1.5 pt
MREL ratio (RWA)	27.6%	27.7%	-0.1 pt
SCR coverage rate	217%	208%	9 pts
Liquidity			
Liquidity coverage ratio	186%	179%	7 pts
NSFR ratio	143%	140%	3 pts
Loan to deposit ratio	82.1%	83.6%	-1.4 pt

(a) The CET1 ratio at 31/12/2020 included provisioning for dividends of €180 million.
(b) 6.9% leverage ratio at 31/12/2020 taking into account a 100% exclusion of centralised savings compared to 6.1% declared taking into account the ECB authorisation of exclusion at 50%.
NB: CRR2 (entered into force in 2021) authorises 100% exclusion.

La Banque Postale has a solid financial structure with a Common Equity Tier 1 ratio estimated at 19.1% at 31 December 2021 (-1.4 point compared to the data published on 31 December 2020), well above the overall CET1 capital (OCR) of 8.38% set by the European Central Bank and applicable as of 2 April 2020. This change was mainly due to the impact of the entry into force of the

CRR2 regulation[1] (-0.3 point) and the non-recurring impact of the resumption of dividend payments (1.4 point).

The total capital ratio stood at 23.7%, down by 0.8 point compared with the end of December 2020.

The SCR coverage rate was 217% at 31 December 2021 (up by 9 points compared to the data reported on 31 December 2020). This change was mainly due to the favourable market trend (rise in interest rates and rise in equity markets), reduced by the impact of the acquisition of Aviva's life insurance business in Italy.

At the end of December 2021, the calculation of the leverage ratio changed in accordance with the provisions of the CRR2 Regulation, and now excludes 100% of the outstanding savings centralised with Caisse des Dépôts, thus amounting to 7.2%.

The liquidity position of the balance sheet remains above the regulatory requirements and translates into a loan to deposit ratio of 82.1%, down by 1.4 point, and an LCR estimated at 186% (short-term liquidity) compared to 179% at 31 December 2020.

The issue of several debts ("Additional Tier 1" subordinated debt of €750 million and "Tier 2" debt of €750 million and "Senior Non-Preferred" debt of €750 million) strengthen the total equity and resources eligible for the MREL.

5.1.4.6 Retail Customers and Digital Services business unit

The Retail Customers and Digital Services business unit was created on 1st July 2021 in order to create a powerful omnichannel retailer serving individual customers, professionals and small communities, by combining human proximity, digital assets and marketing skills.

The Retail Customers and Digital Services business unit is responsible for marketing La Poste's mail, services and parcels solutions to individual and professional customers, for the group's transformation and for the development of digital business through its subsidiaries.

It brings together under its direct responsibility:

- the La Poste Network, a powerful multi-activity distribution network with a banking priority, with a strong presence throughout the country, which markets the group's offers. The network is used by all business units (La Banque Postale, Services-Mail-Parcels, GeoPost) and La Poste Mobile to carry out commercial operations and customer management transactions. In this context, the Retail Customers and Digital Services business unit invoices the other business units for access to the network. This re-invoicing is governed by service agreements;
- the La Poste Retail Customers business unit is responsible for marketing services to individual and professional customers, meeting commercial responsibilities towards individual customers, professionals and small authorities, improving the customer experience of offers and paths, and increasing customer knowledge;
- the Digital Department, in charge of La Poste Groupe's digital transformation through its projects.
- the subsidiaries operating in the markets of:
  - the digital transformation of companies operated by Docaposte, which is now organised around four divisions: trusted digital services, digital service companies (DSC), back office digital technology, and industrial activities,
  - the Internet and Artificial Intelligence operated by LP11,
  - personal services (*Veiller sur mes Parents* - Watch Over My Parents) operated by La Poste Services à la Personne.

The Retail Customers and Digital Services business unit is organised into two divisions:

- a division comprising the business unit's commercial activities, mainly Mail, Services and Parcels as well as the digital subsidiaries;
- a division comprising the activities and services on behalf of third parties with the network re-invoicing and cross-functional projects of the Digital Department.

(in € million)	31/12/2021	31/12/2020 restated	Change vs N-1 (in €m)	Change vs N-1 (in %)
Operating Revenue	6,723	6,251	+472	+7.6
of which commercial activities	*3,531*	*3,134*	*+397*	*+12.7*
of which activities and services on behalf of third parties	*3,192*	*3,117*	*+75*	*+2.4*
Operating expenses	(6,562)	(6,488)	-74	+1.1
Operating profit/(loss) before share of net p/(l) of jointly controlled entities	161	(237)	398	n.s.
Share of net profit of jointly controlled entities	(5)	(7)	2	-26.6
OPERATING PROFIT/(LOSS) AFTER SHARE OF NET PROFIT/(LOSS) OF JOINTLY CONTROLLED ENTITIES	**155**	**(244)**	**400**	**N.S.**

(1) *Regulation (EU) No. 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No. 575/2013 as regards the leverage ratio, net stable funding ratio, capital requirements and eligible liabilities, counterparty credit risk, market risk, central counterparty exposures, collective investment scheme exposures, large exposures and reporting and disclosure requirements.*

Operating Revenue

The operating revenue at the end of December 2021 was up by €472 million compared to the end of 2020 (+7.6%) and amounted to €6,723 million, of which €3,531 million on commercial activities and €3,192 million on activities and services on behalf of third parties. On an organic basis, and adjusted for positive scope and exchange rate effects of €63 million, the operating revenue increased by €409 million.

Commercial activities division

The operating revenue from retail activities amounted to €3,531 million, up by €397 million, of which +€63 million from scope effects, *i.e.* organic growth of €334 million (+10.7%):

- the operating revenue from the Mail and Parcels activities amounted to €2,732 million, up by €274 million:
  - the operating revenue from Mail and Retail Customer Services amounted to €2,149 million, up by €244 million compared to 31 December 2020. This increase is mainly attributable to the annual compensation for the universal postal service (+€174 million) and the recovery in activity (+€70 million),
  - the operating revenue from Retail Customer Parcels amounted to €583 million, an increase of €30 million, of which €10 million due to the growth of the platform business (Vinted and leboncoin) and €20 million related to the development of contracts with small e-merchants;
- the operating revenue of the subsidiaries amounted to €785 million, up by €120 million compared to 31 December 2020. Excluding the scope and exchange rate effects, the organic growth amounted to €57 million:
  - Docaposte, up by €72 million, reached €693 million at the end of December 2021 (+11.7%). Excluding the positive scope and exchange rate effect of €30 million (related to the integration of Index éducation, AR24 and Prosofteam), Docaposte's activity increased by €42 million. This growth is mainly driven by the development of digitisation activities accelerated by the health crisis (+€17 million on digital trust services) and by the development of the digital back office activities (+€26 million mainly related to business growth with the French National Housing Agency (*Agence nationale de l'habitat* – ANAH),
  - the operating revenue of LP11 amounted to €90 million, after consolidation of positive scope and exchange rate effects for €33 million corresponding to the acquisitions of Boxtal and OpenValue, *i.e.* an organic increase of €14 million, up by 32.3%, compared to 31 December 2020 thanks to the performance of Marketshot's activities in the services sector,
  - the operating revenue of La Poste Services à la Personne amounted to €2 million, up by 87.2% or €1 million compared to 31 December 2020;
- the operating revenue from other commercial activities[1] amounted to €14 million, an increase of €3 million (+25.3%) compared to 2020, thanks to the growth of Digiposte.

Re-invoicing on behalf of third parties

Despite the decrease in network expenses, the operating revenue from activities and services on behalf of third parties increased by €75 million under the combined effect of the acceleration of transformation projects and the partial recovery of the post office activity.

Operating profit/(loss)

The operating profit of the Retail Customers and Digital Services business unit amounted to €155 million, up by €400 million compared to December 2020, of which €10 million of scope effect.

This increase is explained by the inclusion of the compensation of the universal postal service, by the recovery of activities (network, mail, parcels and digital subsidiaries) and to a lesser extent by the growth of digital activities and transformation projects.

(1) External operating revenue of Digiposte, Digital Identity and commissions on external customers of the network.

5.1.4.7 Other segments

Real Estate

The Real Estate segment includes the Poste Immo subsidiary and the Real Estate Department of the La Poste parent company.

(in € million)	31/12/2021	31/12/2020 restated	Change vs N-1 (in €m)	Change vs N-1 (in %)
Operating Revenue	824	833	-9	-1.0
Current operating expenses	(765)	(767)	+2	-0.2
Gains/(losses) on disposals	36	15	+21	n.s.
Net of jointly controlled entities	95	81	+14	+17.1
Share of net profit of jointly controlled entities	0	0	-0	-62.8
NET OF JOINTLY CONTROLLED ENTITIES	**95**	**81**	**+14**	**+16.8**

The operating revenue of the Real Estate division amounted to €824 million, a decrease of €9 million (-1.0%) compared to the end of December 2020. This difference was mainly due to a decrease in development services of €10 million, due to major development programmes having taken place ten years earlier on behalf of the business units.

The operating profit, after the share of the net profit of jointly controlled entities, amounted to €95 million, up by €14 million compared to the end of December 2020. The decrease in the operating revenue from the Real Estate division was offset by the increase in gains on disposal of €21 million (in particular related to the disposal of Renaudes) and by a contraction in its overheads.

Supports and Structures

The "Supports and Structures" segment corresponds to the costs of the head office, the departments and shared services, the vehicle fleet management subsidiary, and the Support and Maintenance Department (formerly attached to the Network). These costs are mainly re-invoiced to the business units.

(in € million)	31/12/2021	31/12/2020 restated	Change vs N-1 (in €m)	Change vs N-1 (in %)
Revenue	1,258	1,196	+62	+5.2
Operating expenses	(1,524)	(1,439)	-86	+6.0
Operating profit/(loss) before share of net p/(l) of jointly controlled entities	(266)	(243)	-23	+10
Share of net profit of jointly controlled entities	0	0	+0	+0.0
OPERATING PROFIT/(LOSS) AFTER SHARE OF NET PROFIT/(LOSS) OF JOINTLY CONTROLLED ENTITIES	**(266)**	**(243)**	**-23**	**+9.5**

The operating income amounted to €1,258 million at the end of December 2021, of which €1,160 million for intragroup income resulting from the invoicing of services provided to other business units. In addition to these services, €85 million of Group head office expenses were re-invoiced as management expenses, up by €42 million due to re-invoicing of all La Poste Groupe entities and no longer only of its subsidiaries as previously. Lastly, the vehicle fleet management subsidiary saw its re-invoicing increase by nearly €11 million, mainly due to the postponement of part of the peak period from 2020 to 2021 and a recovery effect of maintenance costs related to the hard lockdown in 2020.

The €86 million increase in operating expenses was mainly due to La Poste Groupe's commitment to the digital transformation (Artificial Intelligence, Data, etc.) for €48 million compared to last year. In addition, the head office continued to pool cross-functional activities by absorbing additional IS expenses and new activities compared with 2020.

Unallocated segment

(in € million)	31/12/2021	31/12/2020	Change vs N-1 (in €m)	Change vs N-1 (in %)
Net cost of regional postal presence	(584)	(525)	-59	+11.2
Other operating income and expenses	79	(183)	+262	n.s.
OPERATING PROFIT/(LOSS)	**(505)**	**(708)**	**+203**	**-28.7**

The "Unallocated" segment includes the costs of the universal postal service accessibility mission, the costs of the regional planning mission, the corresponding local tax allowance, and the costs associated with end-of-career benefits considered to be group cross-entity costs and which are therefore not allocated to the business units, as well as the non-allocated share of the compensation for the universal postal service.

The €203 million increase in net profit stems from the allocation to Unallocated of €43 million of the annual compensation granted by the French State for the universal postal service, a settlement of arrears on the competitively fair rate which represents a favourable amount of €81 million in 2021, and a lower allocation of €64 million compared to 2020 in respect of HR provisions.

5.1.5 OTHER KEY AGGREGATES OF THE INCOME STATEMENT

5.1.5.1 Financial profit/(loss)

(in € million)	31/12/2021	31/12/2020	Change vs N-1 (in €m)	Change vs N-1 (in %)
Net interest expense	(236)	(234)	-2	+0.8
Change in "fair value" including debt credit spread	3	5	-2	-40.4
Cost of net financial debt	(233)	(229)	-4	+1.7
Other financial items	31	(14)	+45	n.s.
FINANCIAL PROFIT/(LOSS)	**(202)**	**(243)**	**+41**	**-16.9**

The financial loss improved by €41 million. It represented a total expense of €202 million, with an increase in the net borrowing cost of €4 million and a decrease of €45 million in expenses related to other financial items.

The net interest expense, at €236 million, increased by €2 million compared to December 2020. The change in fair value of the fair value option debt and the derivatives backed by this debt, which corresponded to an income of €3 million in December 2021, decreased by €2 million compared to December 2020.

The other items of financial profit (income of €31 million in December 2021) improved by €45 million compared to 2020. This improvement was mainly due to a capital gain of €27 million on non-consolidated shares held within the GeoPost business unit, supplemented by a favourable difference in the impact of foreign exchange losses for €6 million and an increase in the income from equity investments for €6 million.

5.1.5.2 Net profit/(loss) group share

(in € million)	31/12/2021	31/12/2020	Change			Change at constant scope and exchange rates	
			Impact of the contribution of CNP Assurances shares	*vs N-1* (excluding the impact of the contribution of CNP shares)		*vs N-1*	
				(in €m)	(in %)	(in €m)	(in %)
Operating revenue	34,609	31,185		+3,424	+11.0	+2,959	+9.6
Operating expenses	(31,265)	(28,077)	(3,007)	-181	+0.6	+93	-0.3
Operating profit/(loss)	3,344	3,108	(3,007)	+3,243	n.s.	+3,052	n.s.
Share in results of joint ventures	87	41		+46	n.s.	+8	+19.7
Operating profit after share of net profit/(loss) of jointly controlled entities	3,431	3,149	(3,007)	+3,289	n.s.	+3,060	n.s.
Financial profit/(loss)	(202)	(243)		+41	-16.9	+41	-16.8
Profit/(loss) before tax	3,229	2,905	(3,007)	+3,330	n.s.	+3,101	n.s.
Income tax	(620)	(880)		+260	-29.5	+321	-37.0
Share in profits of associates	(12)	635	(594)	-53	n.s.	(6)	-15.7
CONSOLIDATED NET PROFIT/(LOSS)	**2,597**	**2,660**	**(3,600)**	**+3,537**	**N.S.**	**+3,416**	**N.S.**
Net profit/(loss), group share	2,069	2,084	(3,600)	+3,585	n.s.	+3,534	n.s.
Non-controlling interests	528	576		-48	-8.3	-118	-21.1

The net profit group share amounted to €2,069 million at the end of December 2021. Excluding the impact of the first consolidation of CNP Assurances recorded in 2020, it increased by €3,585 million, of which €51 million from scope and exchange rates effects and €3,534 million from organic growth.

The main component of this increase was driven by the operating profit after share of the net profit of jointly controlled companies, which was up by €3,060 million in organic terms under the combined effects of the reversal of the impairment of parent company mail assets recorded in 2020 in the amount of €900 million, the recording in 2021 of an annual allocation granted by the French State of €520 million for the universal postal service, the recovery of the traditional mail activities, and, lastly, the strong growth in the volumes of Parcels and GeoPost whose activity was supported by the increased use of e-commerce in the context of the health crisis.

The decrease in the income tax expense also contributed to an increase in net profit group share of €321 million at constant scope and exchange rates. This decrease was due to the impairment of deferred tax assets of the consolidated tax consolidation scope recorded in 2020 for an amount of €298 million.

The net financial expense also contributed to a lesser extent to the organic increase in the net profit group share in the amount of €41 million, mainly due to the recognition of a capital gain of €27 million on the disposal of unconsolidated shares held within the GeoPost business unit.

Lastly, the share of net profit attributable to non-controlling interests, restated for scope and exchange rate effects, decreased by €118 million. This decrease was mainly due to the investments held directly by CNP Assurances and La Banque Postale.

5.1.6 DEBT AND FINANCIAL STRENGTH

The tables below are set out so as to present both the banking activities and the industrial and commercial activities within the same group, while providing a more economic view of their respective contribution to group cash flows.

As group parent company, La Poste provides funding for industrial and commercial operations and equity for La Banque Postale. As such, La Banque Postale, although fully consolidated, is considered based on the dividends it distributes to its parent company, which are considered as group cash flows, once all minimum regulatory equity requirements are met.

Consequently, group net debt does not directly take into account La Banque Postale, for which this concept is not relevant. Group net debt thus varies largely according to the following:

- the ability of the industrial and commercial activities to generate surplus net free cash flows (EBITDA, change in working capital, capital expenditure and potential external growth);
- dividends paid by La Banque Postale to La Poste (including coupons for AT1 hybrid securities) or from equity associates and, in return, potential capital increases in these entities;
- the corporate tax expense resulting from the tax group set up between La Poste and its subsidiaries;
- La Poste's cost of capital employed, based on interest paid on net debt and dividends paid out to its shareholders.

5.1.6.1 Free cash flow

The group generated €248 million in free cash flow as at the end of December 2021. It was up by €758 million compared to December 2020.

(in € million)	31/12/2021	31/12/2020	Change *vs N-1* (in €m)	Change *vs N-1* (in %)
EBITDA	2,602	1,274	+1,329	n.s.
Dividends received from equity associates	190	6	+184	n.s.
HR provisions excluding end-of-career benefits	19	(47)	+66	n.s.
Adjusted EBITDA	**2,812**	**1,233**	**+1,579**	**n.s.**
Change in WCR	(328)	206	-534	n.s.
Purchase of property, plant and equipment and intangible assets	(1,302)	(1,083)	-219	+20.2
Disposals of property, plant and equipment and intangible assets	119	106	+13	+12.1
Net interest paid (excluding IFRS 16)	(165)	(144)	-21	+14.9
Income tax	(62)	(76)	+14	-18.2
CICE deducted/generated	0	1	-1	n.s.
Repayment of lease liabilities	(751)	(679)	-73	+10.7
Interest expense on lease liabilities	(75)	(75)	-0	+0.3
FREE CASH FLOW	**248**	**(510)**	**+758**	**N.S.**

Adjusted EBITDA

Adjusted EBITDA, at €2,812 million at the end of December 2021, increased by €1,579 million mainly due to a €1,329 million increase in EBITDA reinforced by a favourable spread on the dividends received from equity associates of €184 million and on HR provisions, excluding the end-of-career benefits, of €66 million.

EBITDA excluding banking activities amounted to €2,602 million, up by €1,329 million compared to December 2020, year during which the decrease in volumes following the health crisis led to a loss of EBITDA of €256 million (of which €422 million for the Services-Mail-Parcels business unit). The increase in EBITDA was driven by the Services-Mail-Parcels business unit for €453 million, the Retail Customers and Digital Services business unit for €352 million, and the GeoPost business unit for €322 million. It was also characterised by an increase in the first half of €859 million and a more moderate increase in the second half of €469 million, including an allocation of €520 million related to the compensation of the universal postal service, but which reflects the group's ability to support the increase in demand for express parcels. The second halves of 2020 and 2021 having taken place in more comparable health contexts.

The expenses on HR provisions, excluding end-of-career benefits saw a favourable impact of €66 million in particular due to an allocation in the first half of 2020 of €20 million in respect of the provision for unemployment benefits of La Poste SA and a reversal of €29 million in the first half of 2021. These movements were largely due to the effects of the health crisis.

The dividends received from equity associates amounted to €190 million. They mainly come from La Banque Postale, which was able to pay a dividend of €171 million in 2021, in compliance with the regulatory provisions applicable to credit institutions. La Banque Postale was not authorised to pay dividends in 2020.

Purchase of property, plant and equipment and intangible assets

The cash outflows for property, plant and equipment and intangible assets increased by €219 million in 2021 to €1,302 million. This increase consisted of an increase in investments of €177 million and of a positive impact on payables to suppliers of non-current assets of €42 million.

(in € million)	31/12/2021	31/12/2020 restated[(a)]	Change vs N-1 (in €m)	Change vs N-1 (in %)
Services-Mail-Parcels	(249)	(287)	+38	-13.4
GeoPost	(562)	(366)	-196	+53.6
Retail Customers and Digital Services	(102)	(80)	-22	+27.3
Real estate	(212)	(216)	+3	-1.5
Supports & Other	(176)	(134)	-42	+31.5
Purchase of property, plant and equipment and intangible assets	(1,302)	(1,083)	-219	+20.2
Change in non-current asset accounts payable	17	(25)	+42	n.s.
INVESTING ACTIVITIES EXCLUDING BANKING ACTIVITIES	**(1,284)**	**(1,107)**	**-177**	**+16.0**

(a) Restated segment data, please see Section 5.1.4.2.

Purchases of property, plant and equipment and intangible assets include:

- Services-Mail-Parcels business unit: the total purchases of property, plant and equipment and intangible assets amounted to €249 million, down by €38 million, of which €2 million on the Mail subsidiaries, €21 million on the Mail business, increases partially offset by a decrease of €61 million on Parcels mainly due to the slowdown in spending on its industrial and IT master plan compared to the end of December 2020;
- GeoPost: €562 million, up by €196 million. The projects for the first part of the year 2021 focus on the development of express delivery and the constantly increasing capacity to process the delivery of BtoC. The most important projects are focused on the construction of Hubs (Benelux, DPD France and Chronopost) and depots (Germany, UK, DPD France and Chronopost), and the development of the distribution network (Italy, Poland, the Baltic States);
- Retail Customers and Digital Services business unit: €102 million, up by €22 million compared to 2020. The investments in 2021 focused on the group's digitisation in France;
- Real Estate division: €212 million, down by €3 million. The investments support the business units and projects carried out by the group, such as the industrial master plan for the Services-Mail-Parcels business unit and VLP region;
- Supports and other: €176 million, up by €42 million, including a €41 million increase on the acquisition of vehicles for the group, catch-up effect of delivery delays in 2020 following the closure of manufacturing plants during the health crisis, and despite a year 2021 marked by supply difficulties.

Disposals of property, plant and equipment and intangible assets

The disposals of property, plant and equipment and intangible assets totalled €119 million, up by €13 million compared to 2020. The main impact, namely project delays, is related to the first Covid lockdown in 2020 and the postponement of disposal operations.

The disposals of assets mainly cover the disposals of the Real Estate division, which amounted to €84 million, an increase of €9 million compared to the end of December 2020.

The disposals made by GeoPost in 2021 amounted to €8 million, down by €6 million.

The disposals of vehicles, totalling €25 million at the end of December 2021, were up by €9 million.

Other items of free cash flow

The change in working capital, which in 2021 generated a negative cash flow of €328 million, presented an unfavourable impact of €534 million compared to 2020. The year 2020 had benefited from favourable tax measures (deferred payment of VAT in the United Kingdom) combined with a decrease in trade receivables following lower activity. The negative flow in 2021 was due to the delay in the settlement of the universal service compensation in 2022 and to good commercial activity at the end of the year.

The cash flow generated by taxes, which represented a cash outflow of €62 million, presented a favourable difference of €14 million compared to 2020.

The increase in lease liability repayments (€73 million) was due in particular to an increase in finance lease liabilities of €252 million mainly driven by GeoPost.

5.1.6.2 Change in net debt

The group's net debt increased by €1,431 million in 2021. It now stands at €10,233 million, including €3,760 million in lease liabilities.

The change in the group's debt is strongly correlated with the net balance of flows related to external growth and financial assets (€1,449 million), the increase in finance lease liabilities of €251 million and a perpetual financing (classified as non-controlling interests in equity) for an amount of €198 million. To a lesser extent, the positive free cash flow mitigated the increase in net debt (€248 million).

(in € million)	31/12/2021	31/12/2020	Change *vs N-1* (in €m)	Change *vs N-1* (in %)
Free cash flow	248	(510)	+758	n.s.
Dividends paid	(33)	(43)	+10	-22.9
External growth and net financial assets	(1,449)	(836)	-613	+73.3
Change in finance lease liabilities	(251)	(884)	+633	-71.6
Change in interest accrued not yet due	(1)	(12)	+12	-94.0
Incr./Decr. Capital	0	20	-20	-98.2
Perpetual loans	198	0	+198	-
Impact of changes in scope and exchange rates on debt	(96)	(88)	-9	+9.7
Elimination HR Prov excl. DFC	(19)	47	-66	n.s.
Other funds from operations	(29)	(57)	+29	-50.1
Other changes in net debt	1	24	-23	-94.2
Change net debt	(1,431)	(2,340)	+909	-38.9
Net debt at the beginning of the period	8,802	6,462	+2,340	+36.2
CLOSING NET DEBT (REPORTED)	**10,233**	**8,802**	**+1,431**	**+16.3**

Impact of external growth transactions and purchases of financial assets on the group's net debt

The net flows from external growth and changes in financial assets totalled €1,449 million, up by €613 million compared to 2020, comprising the following:

- acquisitions of subsidiaries minus cash acquired for €197 million, down by €544 million;
- acquisitions of financial assets for €829 million, up by €727 million;
- purchases of non-controlling interests for an amount of €555 million, up by €536 million;
- disposals of subsidiaries for an amount of €10 million, with a favourable difference of €8 million;
- disposals of financial assets for an amount of €123 million, with a favourable difference of €99 million.

Flows relating to external growth transactions broke down by segment as follows:

- the Services-Mail-Parcels business unit carried out external growth transactions for a total amount of €70 million. In particular, the Services-Mail-Parcels business unit carried out the following acquisitions: non-controlling interests in EDE Next, bringing the group's stake to 97.65%, 100% of TimeOne *via* the intermediary of the Isoskèle subsidiary, Âge d'Or and Nutrimedical, non-consolidated CyberCité shares, and non-controlling interests of Axeo;

- the GeoPost business unit with a net amount of €1,288 million in 2021 acquired a majority stake (69.81%) in Speedy AD, which operates in Romania and Bulgaria, and acquired (100%) BK Logistics, BK Sneltransport, and Epicery. GeoPost also sold Tigers Ltd during the first half of 2021. During the second half of the year, GeoPost carried out two major transactions with the strengthening of its stake in Ninja Van, which now stands at 43.3%, and the acquisition of a 24.9% stake in Aramex, a multinational Emirati logistics, courier and parcel delivery company based in Dubai. Asendia, which is now under the operational management of GeoPost, has become a 100% shareholder of eShopWorld. During this transaction, Asendia obtained a perpetual loan from Swiss Post for an amount of €198 million;
- the Retail Customers and Digital Services business unit also carried out external growth transactions for a total amount of €71 million relating in particular to the acquisition of Boxtal and OpenValue during the first half of 2021. During the second half of the year, the Retail Customers and Digital Services business unit acquired the electronic signature activities of Idémia, a leader in augmented identity.

Dividends paid by the group in 2021

The group paid out €33 million in dividends in 2021. This sum broke down as follows:

- €10 million paid to the group's non-controlling interests;
- €23 million recognised as dividends paid and corresponding to the remuneration of undated hybrid subordinated notes subscribed in 2018 and recorded in group equity.

5.1.6.3 Change in cash and cash equivalents

The group's cash and cash equivalents had risen by €132 million at the end of December 2021. It thus stood at €2,895 million, as against an opening balance of €2,763 million.

(in € million)	31/12/2021	31/12/2020	Change *vs N-1* (in €m)	Change *vs N-1* (in %)
Free cash flow	248	(510)	+758	n.s.
Dividends paid	(33)	(43)	+10	-22.9
External growth and net financial assets	(1,449)	(836)	-613	+73.3
Proceeds from new borrowings	2,956	2,844	+112	+3.9
Repayment of borrowings (Excluding lease liabilities)	(1,789)	(1,075)	-713	+66.3
Incr./Decr. Capital	0	20	-20	-98.2
Perpetual loans	198	0	+198	-
Change in financial assets used in cash management	(51)	25	-76	n.s.
Other cash flows from financing activities	6	(72)	+78	n.s.
Exchange rate effect and change in method	16	(30)	+46	n.s.
Intercompany cash flow	76	(3)	+79	n.s.
Elimination HR Prov excl. DFC	(19)	47	-66	n.s.
Other funds from operations	(28)	(57)	+29	-50.5
Change in cash and cash equivalents	132	308	-177	-57.3
Opening cash and cash equivalents	2,763	2,456	+308	+12.5
CLOSING CASH AND CASH EQUIVALENTS	**2,895**	**2,763**	**+132**	**+4.8**

This change in cash and cash equivalents was mainly due to the following:

- cash outflows of €1,235 million resulting from the net amount of free cash flow generated, dividends paid and cash outflow relating to external growth transactions and purchases of financial assets;
- a net increase in cash and cash equivalents of €1,365 million from the proceeds of new borrowings and the repayment of borrowings excluding IFRS 16:
  - Issuance of a bond, in the form of fixed-rate senior unsecured bonds, for a total amount of €1,750 million. The two tranches, with maturities of 8.5 years (2029) and 15 years (2036), are for €750 million and €1,000 million, respectively. This issue was supplemented during the second half by three tap issues for a total amount of €475 million carried out on bond issues maturing in 2029 (tap of €200 million), 2034 (tap of €200 million) and 2026 (tap of €75 million). Including the tap issues, the group issued €2,225 million in bonds during 2021,
  - repayment of a bond issue that reached maturity for an amount of €1,000 million,
  - secured perpetual financing from Swiss Post as part of the acquisition of eShopWorld by Asendia for an amount of €198 million,
  - outstanding commercial paper stable at €300 million with commercial paper payments of €725 million offset by issues for the same amount;
- intra-group cash flow of €76 million corresponding to the change in the net financial position with La Banque Postale and mainly due to the change in the balance of La Poste SA's current accounts at La Banque Postale to €447 million at the end of December 2021, compared to €589 million at the end of 2020, to which must be added a change in the debt vis-à-vis La Banque Postale under the overall intra-group "debt/receivables" position of +€37 million and a change in borrowings from La Banque Postale for an amount of +€33 million;
- a decrease in cash and cash equivalents from movements in financial assets used in cash management of €51 million, relating to the reimbursement at maturity of various deposits over three months partly replaced;
- a decrease in other cash flows from financing activities of €6 million due mainly to an increase in current bank facilities.

5.1.6.4 Gross debt

The group's gross debt increased by €1,509 million in 2021. It now stands at €13,909 million.

Gross debt breaks down as follows:

(in € million)	31/12/2021	31/12/2020	Change *vs N-1* (in €m)	Change *vs N-1* (in %)
Bonds	**8,991**	**7,797**	**+1,194**	**+15.3**
Short-term bonds	0	999	-999	-100.0
Medium- and long-term bonds	8,991	6,797	+2,194	+32.3
La Poste savings bonds	**52**	**53**	**-1**	**-1.8**
Short-term La Poste savings bonds	52	53	-1	-1.8
Medium- and long-term La Poste savings bonds	0	0	+0	-
Commercial paper	**300**	**300**	**+0**	**+0.0**
Short-term commercial paper	300	300	+0	+0.0
Medium- and long-term commercial paper	0	0	+0	-
Deposits and guarantees received	**78**	**63**	**+15**	**+23.4**
Short-term deposits and guarantees received	34	36	-1	-3.9
Medium- and long-term deposits and guarantees received	44	28	+16	+58.4
Accrued interest	**77**	**75**	**+2**	**+2.6**
Accrued interest	77	75	+2	+2.6
Subordinated debt	**440**	**406**	**+34**	**+8.4**

(in € million)	31/12/2021	31/12/2020	Change vs N-1 (in €m)	Change vs N-1 (in %)
Lease liabilities	3,760	3,509	+251	+7.1
Short-term lease liabilities	741	633	+108	+17.1
Medium- and long-term lease liabilities	3,019	2,876	+143	+5.0
Other items excluding lease liabilities	211	197	+14	+7.2
Other short-term items	79	72	+6	+9.0
Other medium- and long-term items	132	125	+7	+5.7
GROSS DEBT	**13,909**	**12,400**	**+1,509**	**+12.2**
Short-term gross debt	1,282	2,168	-885	-40.8
Medium- and long-term gross debt	12,626	10,232	+2,394	+23.4

The group's bond debt at the end of December 2021 (€8,991 million, excluding hybrid bonds and including green bonds) comprised ten bond issues originally with fixed rates, some of which were switched to floating rates, then converted back to fixed rates according to whether interest rates were forecast to rise.

The main movements recorded during 2021 related to bond debt, which increased by €1,194 million following the issuance in January 2021 of a bond in the form of senior unsecured bonds at a fixed interest rate, for a total amount of €1,750 million and supplemented in November 2021 by three tap issues (€475 million) bringing the total bond issues for the year 2021 to €2,225 million. The group also redeemed a bond maturity in the amount of €1,000 million during the second half of the year.

The subordinated debt, valued at €440 million at the end of December 2021 (for a nominal value of $500 million swapped for euros), increased by €34 million as a consequence of changes in the euro/US dollar exchange rate.

Lease liabilities (€3,760 million) increased by €252 million in 2021, in particular with an increase of €311 million for DPDgroup in connection with the strong development of its operating activities.

Commercial paper outstandings remained stable at €300 million. Note also that accrued interest not due increased by €2 million while deposits and guarantees received increased by €15 million.

The cost of debt at one year was 1.25% at the end of December 2021 (1.89% at the end of December 2020). When projected over the next few years, the average cost of debt at three years was 1.29% at the end of December 2021 (1.64% at the end of December 2020).

5.1.6.5 Net debt

(in € million)	31/12/2021	31/12/2020	Change vs N-1 (in €m)	Change vs N-1 (in %)
Gross debt at the end of the period	13,909	12,400	+1,509	+12.2
Cash and cash equivalents	(2,895)	(2,763)	-132	+4.8
Other assets	(780)	(834)	+54	-6.4
NET DEBT AT THE END OF THE PERIOD	**10,233**	**8,802**	**+1,431**	**+16.3**

The group's net debt stood at €10,233 million at the end of 2021. It was up by €1,431 million compared to December 2020.

The other assets, amounting to -€780 million, comprised the following:

- debt-related derivative assets with a fair value of €58 million, down by €31 million;
- investments maturing in over three months at inception, which amounted to €351 million, were down by €51 million compared to December 2020;
- the net financial position with La Banque Postale was a credit position of €369 million, compared to a credit position of €446 million at the end of December 2020.

5.1.6.6 Equity and financial structure

(in € million)	31/12/2021	31/12/2020 restated[(a)]	Change vs N-1 (in €m)	Change vs N-1 (in %)
Equity group share (opening)	18,390	12,624	5,765	+45.7
Transfer of equity investments in CNP Assurances		1,968	-1,968	-100.0
Net profit/(loss), group share	2,069	2,084	-15	-0.7
Translation reserve	4	(358)	363	n.s.
Recyclable reserves on financial instruments	537	(64)	601	n.s.
Undated hybrid subordinated notes	0	0	0	-
Other	(68)	2,135	-2,203	n.s.
Equity group share (closing)	20,932	18,390	2,543	+13.8
Non-controlling interests	11,718	13,712	-1,994	-14.5
CONSOLIDATED EQUITY (CLOSING)	**32,650**	**32,102**	**+548**	**+1.7**

(a) Year 2020 restated following changes in the calculation of certain post-employment benefits following the IFRS IC position of May 2021 - Impact of +€143 million at 31/12/2020.

Equity group share amounted to €20,932 million at the end of December 2021. It increased by €2,543 million under the effect of the net profit group share (+€2,069 million) and mainly from unrealised income on financial instruments (+€523 million) as well as actuarial gains and losses (+€88 million).

The non-controlling interests amounted to €11,718 million, a decrease of €1,994 million. Mainly, the decrease corresponds to the non-controlling interests in the CNP Assurances group: a decrease of €2,974 million following the acquisition of BPCE's minority interests in CNP Assurances in December 2021 and an increase of €436 million following the acquisition of the life insurance business of Aviva. Excluding these transactions involving the CNP Assurances Group: on 29 September 2021, La Banque Postale issued a new Additional Tier 1 bond for an amount of €744 million after deduction of issue costs. As part of the acquisition of non-controlling interests in eShopWorld, the non-controlling interests decreased by €278 million. At the same time, Asendia issued a perpetual loan fully subscribed by Swiss Post in the amount of €198 million.

5.1.6.7 Credit rating

In December 2021, Fitch confirmed the long-term and short-term ratings of La Poste at A+ and F1+, and revised La Poste's outlook to Stable from Negative previously. Fitch also confirmed CNP Assurances' A+ financial strength rating with a stable outlook. In March 2021, Fitch upgraded La Banque Postale's long-term rating from A- to A, and its short-term rating from F1 to F1+. Fitch reaffirmed these ratings in January 2022.

In November 2021, the Standard and Poor's agency revised upwards the long-term ratings of La Poste, La Banque Postale and CNP Assurances, from A to A+.

In March 2021, Moody's confirmed its rating of CNP Assurances.

LA POSTE RATING

Company	AGENCY	Long-term rating	Short-term rating	Outlook	Last revised
	Fitch Ratings	A+	F1+	Stable	7 December 2021
La Poste	Standard and Poor's	A+	A-1	Stable	4 November 2021

LA BANQUE POSTALE RATING

Company	AGENCY	Long-term rating	Short-term rating	Outlook	Last revised
	Fitch Ratings	A	F1+	Stable	11 January 2022
La Banque Postale	Standard and Poor's	A+	A-1	Stable	4 November 2021

CNP ASSURANCES RATING

Company	AGENCY	Long-term rating	Outlook	Last revised
	Fitch Ratings	A+	Stable	14 December 2021
	Moody's	A1	Stable	26 March 2021
CNP Assurances	Standard and Poor's	A+	Stable	4 November 2021

5.1.7 LEGAL AND ARBITRATION PROCEEDINGS

La Poste Groupe is involved in a certain number of arbitrations, legal or administrative proceedings during the normal course of its business activities. The nature of these disputes is varied, and may occur in the group's various subsidiaries.

A provision is only recorded for the expenses that may result from these proceedings where they are likely and their amount may be either quantified or estimated within a reasonable range. In the latter case, the amount of the provision corresponds to the Management's best estimate. The provisions for contingencies recorded for all the disputes in which the group is involved amounted to €363 million at 31 December 2021 (€439 million at 31 December 2020).

The significant litigation in which the Company is involved are as follows:

Competition law

- Within the framework of an inquiry opened by the French Competition Authority (*Autorité de la concurrence*) in 2010 concerning the transport and courier sector in France, implicating several express delivery companies including Chronopost and Exapaq (now DPD France), a statement of objections was sent on 30 June 2014. In a ruling dated 15 December 2015, the French Competition Authority fined Chronopost, jointly with La Poste, €99,182,000 and fined DPD France €44,767,000, of which €43,315,000 jointly with La Poste. The three companies appealed against this ruling before the Paris Court of Appeal and the hearings took place in March 2017. On 19 July 2018 the Paris Court of Appeal granted an overall reduction of €7,838,000, bringing the fine to an amount of €92,276,000 for Chronopost and €43,675,000 for DPD France. This reduction was related to a greater valuation by the Court of Appeal of the competition compliance programme implemented by La Poste Groupe in addition to taking into account a slightly reduced basis for the value of sales. Chronopost, DPD France and La Poste lodged an appeal against this judgement on 16 August 2018. The appeal by DPD, Chronopost and La Poste was dismissed by a judgement of 22 September 2021, which ended the proceedings.
- In the EIC case initiated in 2005, the Paris Court of Appeal ruled in a judgment of 2 December 2021 that the agreement signed between the banks and relating to Check Image Exchanges had no anti-competitive purpose or effect. As a result, La Banque Postale will receive the reimbursement of the sums it had previously paid, i.e. €32.8 million. The Competition Authority nevertheless lodged an appeal on 31 December 2021, which has no suspensive effect.
- In a registered letter sent on 21 November 2018, the French Competition Authority was informed of practices in the postal service sector. In its Decision No. 21-D-22 of 15 September 2021, the French Competition Authority ruled that the referral was inadmissible. An appeal was filed against this decision with the Paris Court of Appeal.
- By email of 19 January 2021 from the French Competition Authority, La Poste was informed of a referral pertaining to the postal stamp distribution sector. The case is currently being investigated by the Competition Authority's services.

Employment law

- Since the beginning of the health crisis, La Poste has been involved in more than 100 disputes initiated by health, safety and working conditions committees (CHSCT) and/or by trade unions. These disputes mainly concerned organisational changes made necessary by the health crisis. Although La Poste has obtained favourable decisions in the vast majority of cases, appeals in cassation are under way in certain cases.

To date, there are no other government, legal or arbitration proceedings, of which the Company is aware, that could have a material effect on the group's financial position or profitability, or have had such an effect over the last 12 months.

5.1.8 OUTLOOK AND POST BALANCE SHEET EVENTS

5.1.8.1 Outlook

In 2022, the group will continue to implement its strategic plan, "La Poste 2030, committed for you" in order to progress towards its objective of being a profitable growth company, which succeeds in its transformation towards a sustainable business model.

La Poste will thus conduct an ambitious growth and investment programme with the consolidation of the traditional business model and the deployment of growth drivers through the growth of activities favoured by the exit from the crisis and through targeted acquisitions. It will also continue the Concorde transaction with the public tender offer on the shares constituting the residual free float of the share capital of CNP Assurances, which could be followed, if the conditions are met, by a delisting of all shares. 2022 will also be the year of the launch of the new industrial Parcels programme of €450 million over four years to process the growing volumes in support of e-commerce.

In the area of energy transition, the group will continue the deployment of Urby and soft mode delivery in new cities in France and Europe as well as the electrification of its vehicle fleet.

These actions will be carried out in a macroeconomic context with contrasting prospects with the continued growth of e-commerce, favoured by a structural change in uses and the economic recovery, with a upturn in inflation and a risk of higher commodity prices entailing a need to monitor the risks of shortages, and with the prospects of increasing long-term interest rates and changing exchange rates in a context of geographical expansion of the group's activities.

5.1.8.2 Post balance sheet events

None.

5.2 CONSOLIDATED FINANCIAL STATEMENTS 2021

The amounts shown in the tables are generally provided in millions of euros. Rounding may on occasion result in slight differences in totals or changes.

Consolidated income statement

(in € million)	Note	2021	2020
Revenues from commercial activities	6	26,617	23,478
Net banking income	7	7,992	7,707
Operating revenue	5.2	34,609	31,185
Purchases and other expenses	8	(15,490)	(13,686)
Personnel expenses	9	(14,154)	(13,841)
Taxes and levies	10	(449)	(439)
Depreciation, amortisation, provisions and impairment	11	(1,772)	(3,736)
Other operating expenses and income	12	577	535
Proceeds from asset disposals		23	84
Net operating expenses		(31,265)	(31,084)
Share in profit of joint ventures	19	87	41
Current operating profit/(loss) after share in results oj joint ventures		3,431	142
Impact of the takeover of CNP Assurances	12		3,007
Operating profit/(loss)		3,431	3,149
Cost of net financial debt		(233)	(229)
Other financial items		31	(14)
Financial profit/(loss)	13	(202)	(243)
Share in profits of associates	19	(12)	635
Profit before tax		3,217	3,540
Income tax	14	(620)	(880)
CONSOLIDATED NET PROFIT/(LOSS)		**2,597**	**2,660**
Attributable to non-controlling interests		528	576
Net profit/(loss), group share		2,069	2,084

Consolidated comprehensive income statement

Amounts after tax

(in € million)	2021	2020
CONSOLIDATED NET PROFIT/(LOSS)	2,597	2,660
OTHER COMPREHENSIVE INCOME RECOGNISED IN EQUITY		
Recyclable items	513	(515)
Change in unrealised gains and losses on financial instruments	(643)	646
Reclassification under net income	1,250	225
Translation adjustments	108	(939)
Reclassification under net income	(3)	153
Impact of the overlay approach	1,024	460
Share in other comprehensive income of associates and joint ventures	24	(682)
Of which:		
● *reclassification under net income of CNP Assurances during takeover (financial instruments and translation reserve)*		*(594)*
● *change in unrealised gains and losses on financial instruments of CNP Assurances, before takeover*		*(39)*
● *change in translation reserves of CNP Assurances before takeover*		*(32)*
● *other*	24	*(17)*
Non-recyclable items	70	(91)
Actuarial adjustments on employee benefits	84	(52)
Change in credit risk of liabilities designated as at fair value through profit or loss	(8)	(9)
Revaluation of equity instruments recognized at fair value through equity (excluding securities sold during the year)	(6)	(30)
Total other comprehensive income recognised in equity (after tax)	583	(606)
Total comprehensive income/(loss)	3,180	2,054
Total comprehensive income/(loss) attributable to non-controlling interests	668	478
TOTAL COMPREHENSIVE INCOME/(LOSS), GROUP SHARE	**2,512**	**1,576**

Consolidated balance sheet

Assets

(in € million)	Note	31/12/2021	31/12/2020
Goodwill	15	4,464	4,175
Intangible assets	16	6,133	5,866
Property, plant and equipment	17	6,792	5,983
Right of use assets	18	3,700	3,017
Investments in joint ventures and associates	19	1,900	935
Other non-current financial assets	21	500	502
Deferred tax assets	14	205	141
Non-current assets		23,694	20,619
Inventories and work-in-progress	23.1	190	220
Trade and other accounts receivable	23.2	5,554	5,100
Other current financial assets	21	436	382
Income tax credit		651	852
Other accrual accounts – Assets		118	99
Cash and cash equivalents	24.1	2,895	2,763
Assets held for sale	25	200	168
Current assets		10,044	9,584
Cash and central bank deposits	24.2	50,812	1,783
Financial assets at fair value through profit or loss	22.1	231,420	195,629
Financial hedging derivatives	22.2	1,022	1,443
Financial assets at fair value through OCI	22.3	228,310	230,559
Securities classified at amortised cost	22.4	23,480	24,018
Credit institutions loans and receivables at amortised cost	22.5	67,823	114,434
Customer loans and receivables at amortised cost	22.6	123,117	125,222
Revaluation adjustment on hedged portfolios -fair value hedges	22.7	101	220
Other financial assets and accrual accounts	22.8	33,149	31,538
Investment property	22.9	3,393	3,083
Specific assets of banking and insurance activities		**762,627**	**727,929**
TOTAL ASSETS		**796,365**	**758,132**

Liabilities

(in € million)	Note	31/12/2021	31/12/2020 restated[2]
Share capital and issue premium		6,668	6,668
Reserves		10,648	8,632
Recyclable reserves on financial instruments		1,373	836
Translation reserve		(570)	(574)
Undated hybrid subordinated notes		744	744
Net profit/(loss), group share		2,069	2,084
Equity, Group share[2]		**20,932**	**18,390**
Non-controlling interests		11,718	13,712
Consolidated equity		**32,650**	**32,102**
Bonds and financial debt[1]	28.1	10,149	8,891
Lease liabilities[1]	28.1	3,760	3,509
Provisions for contingencies and losses[1]	27	816	876
Employee benefits[1][2]	30	3,157	3,222
Deferred tax liabilities (no current)	14.5	1,217	1,497
Trade and other payables[1]	32	9,140	8,749
Government – Income tax		199	127
Other accrual accounts – Liabilities (current)		233	245
Liabilities held for sale (current)	25		127
No-current liabilities		**16,411**	**14,375**
Current liabilities		**12,260**	**12,868**
Financial liabilities at fair value through profit or loss	31.1	4,253	3,279
Financial hedging derivatives	31.2	333	763
Liabilities to credit institutions and similar transactions	31.3	30,393	33,533
Liabilities to customers	31.4	234,582	229,793
Debt evidenced by a certificate	31.5	21,693	21,639
Revaluation adjustment on hedged portfolios -fair value hedges	31.6	422	726
Other financial liabilities and accrual accounts	31.7	18,674	18,834
Specific provisions for the insurance and Banking activities and shadow accounting	31.8	414,584	380,035
Subordinated debt	31.9	10,110	10,187
Specific liabilities of banking and insurance activities		**735,044**	**698,788**
TOTAL LIABILITIES		**796,365**	**758,132**
(1) Of which current share:			
Bonds and financial debt		*541*	*1,534*
Lease liabilities		*741*	*633*
Provisions for contingencies and losses		*678*	*759*
Employee benefits		*754*	*718*
Trade and other payables		*9,114*	*8,724*

(2) The lines "Equity, Group share" and "Employee benefits" has been restated as at 31 December 2020 due to the IFRS IC decision of May 2021 (see Notes 1.5 et 2.1.1 c).

Changes in consolidated equity 2021

Amounts after tax

(in € million)	Share capital and issue premium	Unallocated profit/(loss)	Translation reserve	Recyclable reserves on financial instruments	Undated hybrid subordinated notes	Other reserves	TOTAL, GROUP SHARE	Non-controlling interests	TOTAL
Consolidated equity as at 31/12/2020 published	**6,668**	**2,084**	**(574)**	**836**	**744**	**8,489**	**18,247**	**13,712**	**31,959**
Change in the calculation of certain post-employment benefits following the IFRS IC position of May 2021 (see Note 2.1.1.c)						143	143	0	143
Consolidated equity as at 31/12/2020 restated	**6,668**	**2,084**	**(574)**	**836**	**744**	**8,632**	**18,390**	**13,712**	**32,102**
Issue of perpetual loan (see Note 1.2)	0	0	0	0	0	0	0	942	942
Dividend payments	0	0	0	0	0	0	0	(655)	(655)
Remuneration of undated hybrid subordinated notes[(a)]	0	0	0	0	0	(91)	(91)	(23)	(114)
Call options on non-controlling interests	0	0	0	0	0	(26)	(26)	(14)	(40)
Transactions with non-controlling interests	0	0	(98)	270	0	(30)	142	(3,368)	(3,226)
Appropriation of 2020 net profit/(loss)	0	(2,084)	0	0	0	2,084			
Comprehensive income for the year		2,069	102	267		74	2,512	668	3,180
Of which:									
● *Net profit*		*2,069*					*2,069*	*528*	*2,597*
● *Recyclable reserves*			*102*	*267*			*369*	*144*	*513*
● *Non-recyclable reserves on financial instruments*						*(14)*	*(14)*		*(14)*
● *Acturial adjustments items*						*88*	*88*	*(4)*	*84*
Other[(b)]			*0*	*0*		*5*	*5*	*456*	*461*
CONSOLIDATED EQUITY AS AT 31/12/2021	**6,668**	**2,069**	**(570)**	**1,373**	**744**	**10,648**	**20,932**	**11,718**	**32,650**

(a) Remuneration of undated hybrid subordinated notes from La Poste (€23 million), La Banque Postale (€29 million) and CNP Assurances (€62 million).
(b) Of which the increase of the non-controlling interests following the takeover of life insurance activities of Aviva in Italy (see Note 4.1).

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Changes in consolidated equity 2020

Amounts after tax

(in € million)	Share capital and issue premium	Unallocated profit/(loss)	Translation reserve	Recyclable reserves on financial instruments	Undated hybrid subordinated notes[a]	Other reserves	TOTAL, GROUP SHARE	Non-controlling interests	TOTAL
Consolidated equity as at 31/12/2019 published	4,700	822	(215)	919	744	5,655	12,624	907	13,531
Change in the calculation of certain post-employment benefits following the IFRS IC position of May 2021 (see Note 2.1)						120	120		120
Consolidated equity as at 31/12/2019 restated	4,700	822	(215)	919	744	5,775	12,744	907	13,651
Transfer of equity investments in CNP Assurances[a]	1,968		0	0		2,059	4,027	10,997	15,024
Dividend payments								(571)	(571)
Remuneration of undated hybrid subordinated notes[b]						(91)	(91)	(23)	(114)
Call options on non-controlling interests		0				174	174	26	199
Transactions with non-controlling interests						(53)	(53)	1,894	1,840
Appropriation of 2019 net profit/(loss)		(822)				822		0	0
Comprehensive income for the year		2,084	(359)	(63)		(86)	1,576	478	2,054
Of which:									
● *Net profit*		*2,084*		*0*			*2,084*	*576*	*2,660*
● *Recyclable reserves*		*0*	*(508)*	*680*			*172*	*(93)*	*79*
● *Reclassification under net income of recyclable reserves following the takeover of CNP Assurances*		*0*	*149*	*(743)*			*(594)*	*0*	*(594)*
● *Non-recyclable reserves on financial instruments*		*0*		*0*		*(35)*	*(35)*	*(4)*	*(40)*
● *Acturial adjustments*		*0*		*0*		*(51)*	*(51)*	*(1)*	*(52)*
Other				(20)		33	13	4	17
CONSOLIDATED EQUITY AS AT 31/12/2020	**6,668**	**2,084**	**(574)**	**836**	**744**	**8,632**	**18,390**	**13,712**	**32,102**

(a) See description of the transaction in Note 26.1.
(b) Remuneration of undated hybrid subordinated notes from La Poste (€23 million), La Banque Postale (€29 million) and CNP Assurances (€62 million).

Consolidated cash flow statement

(in € million)	Note	2021 GROUP	2021 NON-BANKING ACTIVITIES	2021 BANKING AND ASSURANCE ACTIVITIES	2020 Group	2020 Non-banking activities	2020 Banking and assurance activities
EBITDA	40.10	5,422	2,602	2,820	4,226	1,274	2,953
Change in provisions for current assets and irrecoverable receivables		(28)	(28)	0	(52)	(52)	0
Miscellaneous financial income and expenses		0	0	0	(11)	(5)	(6)
Cash flows from operating activities before cost of net debt and taxes	40.1	5,394	2,574	2,820	4,163	1,217	2,947
Change in working capital requirement	40.3	(445)	(361)	(84)	450	205	244
Change in balance of banking and insurance resources and uses	40.4	8,911	32	8,879	23,033	0	23,033
Taxes paid		(446)	(62)	(384)	(817)	(74)	(743)
Dividends paid by La Banque Postale to La Poste		0	171	(171)	0	0	0
Dividends received from equity associates		67	19	48	49	6	43
Cash flows from operating activities		13,481	2,373	11,108	26,878	1,354	25,524
Purchase of property, plant and equipment and intangible assets	40.5	(1,747)	(1,301)	(446)	(4,649)	(1,083)	(3,566)
Purchase of financial assets		(1,267)	(829)	(438)	(178)	(102)	(76)
Proceeds from the disposals of property, plant and equipment and intangible assets		120	119	1	107	106	1
Proceeds from disposals of financial assets		123	122	1	45	24	21
Impact of changes in consolidation scope		(495)	(187)	(308)	(739)	(739)	0
Change in financial assets held for cash investment purposes		(51)	(51)	0	25	25	0
Cash flows from investing activities		(3,317)	(2,127)	(1,190)	(5,388)	(1,769)	(3,620)
Capital increase		0	0	0	23	20	3
Perpetual loans		942	198	744	0	0	0
Dividends paid and remuneration of hybrid subordinated notes		(769)	(33)	(736)	(686)	(43)	(643)
Purchase of non-controlling interests		(3,018)	(556)	(2,462)	(228)	(19)	(209)
Interest paid		(240)	(240)	0	(218)	(218)	(0)
Proceeds from new borrowings	40.6	4,826	2,957	1,869	4,594	2,844	1,750
Repayment of borrowings	40.7	(3,540)	(1,789)	(1,751)	(2,641)	(1,075)	(1,566)
Repayment of lease liabilities		(802)	(751)	(51)	(713)	(679)	(34)

(in € million)	Note	2021 GROUP	2021 NON-BANKING ACTIVITIES	2021 BANKING AND ASSURANCE ACTIVITIES	2020 Group	2020 Non-banking activities	2020 Banking and assurance activities
Other cash flows from financing activities	40.8	6	6	0	(72)	(72)	0
Intra-group flows			76	(76)		(3)	3
Cash flows from financing activities		**(2,595)**	**(132)**	**(2,463)**	**57**	**754**	**(696)**
Decrease (increase) in cash and cash equivalents from banking activities before impact of changes in consolidation scope	40.9	(7,455)		(7,455)	(21,208)	0	(21,208)
Impact of subsidiaries held for sale					(7)	(7)	
Impact of changes in exchange rates		**18**	**18**		**(23)**	**(23)**	
Change in cash and cash equivalents		**132**	**132**		**308**	**308**	
Opening cash and cash equivalents		**2,763**	**2,763**	**0**	**2,456**	**2,456**	**0**
Closing cash and cash equivalents		**2,895**	**2,895**	**0**	**2,763**	**2,763**	**0**

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GENERAL ITEMS

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Main changes in the consolidation scope are detailed in Note 4.

1.1 Bond issuances

During the year of 2021, La Poste Groupe carried out several bond issuances, as detailed below. These issuances meet the criteria for classification as debt instruments under IFRS 9.

La Poste bond issuances

On 11 January 2021, La Poste carried out two bond issuances for a total amount of €1,750 million:

- a €1,000 million issue maturing in January 2036 and carrying a rate of 0.625%;
- a €750 million issue maturing in July 2029 and carrying a rate of 0%.

On 9 November 2021, La Poste increased two existing bond issues for a total of €400 million:

- an increase of €200 million to the bond issue maturing in July 2029 at a rate of 0%;
- an increase of €200 million to the bond issue maturing in September 2034 at the rate of 1%.

On 22 November 2021, La Poste increased the bond issue maturing in October 2026 at the rate of 0.625% by €75 million.

La Banque Postale bond issuances

La Banque Postale issued Tier 2 subordinated bond debt for an amount of €750 million (€500 million on 2 February 2021 and €250 million on 27 April 2021) maturing in August 2032 and carrying a fixed rate of 0.75%.

On 23 June 2021, La Banque Postale issued its first "social" bond, in the form of a non-preferred senior debt in the amount of €750 million, with a 10-year maturity and a coupon of 0.75% (mid-swap +70 bps). This issuance allows La Banque Postale to reaffirm its commitment to be a recurring issuer in the sustainable bond segment.

In addition, on 23 April 2021, La Banque Postale activated its early redemption option on a €750 million bond issued in 2014 and carrying a rate of 2.75%.

CNP bond issuances

On 7 April 2021, CNP Assurances issued a Restricted Tier 1 subordinated debt for $700 million. These are without maturity bonds bearing interest at a fixed rate of 4.875% until 7 April 2031. The bonds were swapped into euros for a period of ten years, which enabled CNP Assurances to obtain an effective rate of 2.852%.

On 12 October 2021, CNP Assurances issued a Restricted Tier 2 subordinated debt for €500 million. These are bonds maturing on 12 October 2053 bearing interest at a fixed rate of 1.875%.

In addition, in September 2021 CNP Assurances activated two early redemption options on bond debts: a bond debt of €700 million issued in 2011 with a rate of 6.875% and a bond debt of £300 million issued in 2011 with a rate of 7.375%.

1.2 Perpetual bond issuances

La Banque Postale perpetual bond issuances

On 29 September 2021, La Banque Postale issued a new bond, "Additional Tier 1" for an amount of €750 million.

The issued instrument is a 7.5 year callable undated bond with a fixed semi-annual coupon of 3%.

This issuance has been recognised under non-controlling interests in consolidated equity (€744 million issuance costs deducted).

Asendia perpetual bond issuance

Following the acquisition of the non-controlling interests in eShopWorld (see Note 4.2), Asendia (GeoPost business unit) issued a perpetual borrowing entirely subscribed by Swiss Post up to €198 million. This issuance has been recognised under non-controlling interests in consolidated equity.

1.3 Financing of La Poste's public service missions

a) Universal Postal Service

The structural reduction in mail volumes, combined with the consequences of the health crisis, accentuates the overall deficit of the public service missions, which have been delegated by the French State to La Poste.

In this context, La Poste has called on the State to provide more support to the Company in terms of financing these missions. The discussions initiated by La Poste in December 2020 with the French State, in order to obtain fair compensation for its public service missions, as well as a potential reduction in these, led to the French State on 22 July undertaking to pay La Poste an annual compensation for the Universal Postal Service, which will vary according to the quality of service results, of between €500 million and €520 million.

The first allocation, for 2021, is included in the Draft Budget Act for 2022. This State aid has been subjected to the approval of the European Commission.

b) Regional planning

The reduction in production taxes, endorsed by the 2021 Budget Act, applies to the corporate property tax (CFE in French) and the corporate value-added tax (CVAE in French) applicable to La Poste. These taxes represent almost the entire tax base on which the local tax allowance for the regional planning mission is based.

In order to compensate for this decrease and to continue to meet the commitments set by the local postal coverage agreement for the 2020-2022 period, including an annual compensation of €177 million, the French State decided that an additional amount of €74 million would be allocated to La Poste for 2021.

This compensation of €74 million was the subject of a budget allocation in the 2021 Budget Act and in the second Supplementary 2021 Budget Act.

These changes to the financing of the regional planning mission are currently being notified to the European Commission.

c) Treatment in the consolidated financial statements

The approval of the European Commission of these two compensations will only take place in 2022. Nevertheless, the nature of the requests, the justification provided by La Poste as well as the Commission's practice in this area suggest an agreement in principle and in its amount with reasonable assurance. As a result, income of €520 million in respect of the Universal Postal Service and of €74 million in respect of regional planning relating to 2021 were recognised in the 2021 financial statements. These income flows are classified as revenue in the consolidated financial statements because they are analysed as compensation received in return for the performance of the public service missions. These compensations are distributed between the business units in proportion to their contribution to the costs of these two public service missions (see Note 6 as well as Note 23.2 for the receivable against the French State).

1.4 Reversal of the impairment of the fixed assets of La Poste SA's Mail CGU

The business plan of La Poste's Mail business (Services-Mail-Parcels business unit) includes a share of the annual compensation for the Universal Postal Service (see Note 1.3) up to almost €300 million per year. Therefore, the completion of the impairment test at the end of 2021 of the value on Mail assets leads to reverse all of the impairment of assets recorded in 2020, *i.e.* €900 million (see detail in Note 20.1).

1.5 IFRS IC decision on employee benefits

In accordance with the IFRS IC decision approved by the IASB in May 2021 on the period of spreading of employee benefit commitments in defined benefit pension plans capped in duration, La Poste Groupe now uses the number of years corresponding to that which will be used at the time of the employee's departure for the calculation of his or her retirement benefits (see Note 2.1.1c).

The resulting adjustment to the employee benefits item constitutes a retrospective change of an accounting policy and generated an increase of nearly €120 million at 1 January 2020 and of €143 million at 31 December 2020, both with a symmetrical increase in the group equity. These adjustments are presented in the notes Changes in consolidated equity 2021 and 2020 correcting the opening balances and are included in the restated balance sheet.

The change of these adjustments observed on 2020 is mainly composed of actuarial adjustments. Therefore these adjustments didn't have a significant impact on the 2020 Consolidated income statement that wasn't reprocessed.

1.6 Impact of the Covid-19 health crisis

a) Impact on the group's activities

The health crisis continued in 2021 with a third lockdown in April and May followed by two new waves of health crisis in the second half of the year. These episodes, better absorbed over time, have nevertheless led to structural transformations in certain sectors of activity such as Digital Services Companies (change in employment, less visibility on projects), international transport or small import packages whose flows are dwindling. The lack of catching up by traditional activities was confirmed, with a structural impact still estimated by the mail at two traffic points, and a more marked drop in attendance at post offices.

The strong acceleration of BtoC continues with a constant increase in the parcel/express business (mainly GeoPost sector) since the beginning of the crisis, driven by the increasingly regular use of online shopping, materialising a real change in usage. The BtoB shows growth again.

La Banque Postale is still suffering from the level of activity in 2020, particularly on real estate loans but is also benefiting from the growth of the financial markets.

b) Review of indications of impairment

The search for an indication of impairment loss on intangible assets led in 2021 didn't lead to significant impairments.

The tests carried out exhaustively on all CGUs with goodwill did not reveal any impairment of goodwill.

c) Review of the recoverability of deferred tax assets

Despite the compensation obtained from the French State in respect of the Universal Postal Service, the forecasts of the taxable income of La Poste SA and the tax group of which the Company is the head do not allow the recognition of a new net deferred tax asset. As a result, the net deferred tax assets of this tax group remained fully impaired at the end of 2021.

d) Impacts on credit risk measurement

Since the beginning of the Covid-19 crisis, the group Risk Department performed extensive analyses with a view to determining a cost of risk that reflects the actual short- or medium-term risk on its retail and corporate loanbooks, aside from expected credit losses already taken on these loans. The group's overall risk monitoring process and the related provisioning methods that have been settled, provide a detailed picture of loanbook risk exposure while also meeting the requirements of the European supervisor.

Consequently, in December 2021, the impacts of the Covid-19 pandemic (and its macro-economic fallout) on the measurement of the group's credit risk fall into two broad categories:

- general impacts on both the retail and corporate loanbooks related to the recalibration of all models and scenarios underlying the calculation of statistical provisions of La Banque Postale ;
- specific impacts on certain customer segments related to measures taken by the group Risk Department following an analytical review of the entire loanbook carried out in 2020 and up-dated throughout 2021.

General measures taken to adjust statistical provisions of La Banque Postale

In the second half of 2021, all Probability of Default models used to calculate loss allowances in accordance with IFRS 9 were annually reviewed.

The main adjustments that followed this review are:

- the integration of the most recent data on behaviour and/or changes in risk profiles (changed ratings) especially on the Low Default Portfolio;
- macro-economic scenarios used for provisioning were also recast.

Corporate customers

Dealing with the Financing and Investment activity of corporate customers, the main significant event that occurred in 2021 concerned the sector-specific provisioning principles.

After observing the effects of the Covid-19 crisis, the collective provisioning measures were maintained the same or sometimes increased. The sector-specific provisioning approach has been extended from June 2021 to the commercial real estate sector, with the exception of city centre commercial assets.

As such, at 31 December 2021, the cost of credit risk in respect of the Corporate customers Financing and Investment activity amounted to €107 million, especially related to the natural deterioration of the portfolio (provisioning decisions taken in view of the WatchList/Special Affairs bodies for €53 million), methodological and statistical effects (€42 million) and more marginally to monitoring measures implemented in anticipation of certain potential macroeconomic deteriorations (sectoral provisioning for €19 million).

Retail customers

Despite a limited impact on the La Banque Postale's retail credit exposures, the retail loan portfolio has improved significantly since the start of the crisis. This is explained on the one hand by the public authorities' support for the economy and its effects on households and on the other hand by the combined effects of the precautionary savings and reduced consumption observed during the lockdown phases.

The change in the economic and health situation during the year 2021 led to introduce a provision to cover the risk of rating migration within the healthy credit portfolio as part of a forward-looking approach aimed at anticipating a possible return to a distribution that is more representative of the structural composition of the credit portfolio.

In this context, the cost of risk for the year 2021 amounted to €128 million (excluding electronic payments), of which €51 million related to the consumer loans activity, and €45 million related to the home loans activity. Within this scope, the monitoring measures and the methodological and statistical adjustments represent €44 million.

1.7 Creation of the Retail Customers and Digital Services Business unit

As part of the new strategic plan developed by the group, the La Poste Network and Digital units were merged as of 1st July 2021 into a single business unit called "Retail Customers and Digital Services". On the same occasion, the activities of the Services-Mail-Parcels business unit that were previously carried out through the Network were transferred to this new business unit.

With regard to the group's segment reporting, it should be noted that each business unit constitutes a segment. The change presented above will therefore have a direct impact on the segment reporting presented in Note 5.

NOTE 2 BASIS OF PREPARATION FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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La Poste, the parent company of La Poste Groupe ("La Poste Groupe" or "the group") has been a *Société Anonyme* (public limited company) since 1st March 2010, and has its registered office at 9, rue du Colonel Pierre Avia in Paris. It had previously been an independent state-owned entity, which was already subject to the same financial management and accounting rules as commercial businesses. La Poste Groupe is a large multi-business service group.

The consolidated financial statements of La Poste Groupe for the year ended 31 December 2021 were signed off by the Board of Directors (meeting on 24 February 2022), and the General Shareholders' Meeting will be asked to approve them.

No company name change occurred in 2021.

Group adress : 9, rue du Colonel Avia, 75015 PARIS.
Main etablishment : 9, rue du Colonel Avia, 75015 PARIS.

2.1 Accounting guidelines

Pursuant to European Regulation No. 1606/2002 of 19 July 2002, the consolidated financial statements of La Poste Groupe for the year ended 31 December 2021 were prepared in accordance with international financial reporting standards (IFRS) as adopted by the European Union. These standards are available on the website of the European Commission:

https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting_fr

The accounting principles applied as at 31 December 2021 are unchanged from those applied as at 31 December 2020, except for the items described in Point 2.1.1.

2.1.1 Standards and application interpretations applied by the group from 1 January 2021

a) Reform of benchmark interest rates – Phase 2

In the context of the new regulation on benchmark rates aimed at replacing the IBOR interbank rates with new rates – the IBOR reform – which is currently being implemented, the applicable standards have been amended by the IASB.

The first amendments, called phase 1 amendments, applied by the group since 31 December 2019, were intended to allow the hedging accounting treatments to be maintained for as long as the old rates are not eliminated and the contracts are not modified. These amendments introduced exemptions concerning, in particular, the highly probable nature of cash flows and remain applicable until the end of the uncertainties concerned.

The so-called phase 2 amendments published by the IASB provide for specific exemptions for the accounting treatment of changes made to financial instrument contracts as part of this reform. They were endorsed by the European Union on 14 January 2021 and concern the following standards: IFRS 9 – Financial instruments; IAS 39 – Financial instruments: recognition and measurement; IFRS 7 – Financial instruments: disclosures; IFRS 4 – Insurance contracts; and IFRS 16 – Leases.

Provided that the changes in the way contractual cash flows are determined are a direct consequence of the IBOR reform and that they have been made on an economically equivalent basis, the so-called phase 2 amendments make it possible to:

- recognise these changes as a revision of a variable interest rate for the valuation of financial instruments measured at amortised cost, financial assets measured at fair value through equity and lease liabilities;
- maintain the hedging relationship when changes are made to the hedging instrument and/or the hedged item, resulting in a change in the documentation of the hedge.

In the course of 2021, the implementation of the reform led to the transition from the EONIA index to the €STER index for derivative contracts cleared with the LCH and Eurex clearing houses, mainly within La Banque Postale group. The difference of 0.085% between EONIA and €STER, impacting the valuation of the new swaps, was offset *via* balances paid or received by the chambers in order to safeguard the economic equivalence. A net balance of €28.2 million was paid, including €24.6 million on micro-hedge swaps.

At 31 December 2021, the information required under the so-called phase 2 amendments is presented in Note 34.3.2 "General risk management strategy framework".

b) Amendments to IFSR 16 - Leases

On 31 May 2021, the IASB published an amendment to IFRS 16 – Leases in order to extend the period of application of the amendment "Covid-19 Related Rent Concessions" published in May 2020. It offers lessees (and not lessors) the option to exempt themselves from assessing whether Covid-19 related lease relief is a contract modification.

In practice, the amendment leads tenants to recognise the reductions in rents linked to Covid-19 as if they were not contract amendments. This leads to recognising the impact of the rent concession in the lessee's income for the period (negative variable rent), rather than spreading it over the remaining term of the contract. The right of use is not impacted and continues to be amortised without change. This amendment did not have a significant impact on the group.

c) IFRS IC final decision on IAS 19 – Employee benefits

At its meeting in May 2021, the IASB validated the IFRS IC decision confirming the period to be used for the recognition of employee benefit commitments for defined benefit pension plans with a capped duration (publication of an addendum to the IFRS IC meeting held in April).

This applies to plans that meet the following three conditions:

- link with seniority;
- maximum amount capped;
- employee presence condition on the day of retirement.

The group's historical practice was to recognise commitments as soon as the employee joined the workforce. The IFRS IC's final decision specifies that provision should be made for the last years preceding retirement and over a number of years corresponding to that which will be used at the time of the employee's departure for the calculation of his or her retirement benefits.

La Poste Groupe has identified the plans concerned and then recorded the appropriate adjustment to the provision recognised for this type of employee benefit commitment. As this is a decision of the IFRIC IC, its application constitutes a change in accounting policies with retrospective effect.

The adjustment of the employee benefits item thus generated an increase in shareholders' equity of €120 million at 1 January 2020 and of €143 million at 31 December 2020 and a symmetrical increase in the Equity Group share. These adjustments are presented in the tables of changes in shareholders' equity for 2020 and 2021 as an opening correction and are included in the restated balance sheet for 2020.

The change in these adjustments recorded for the year 2020 mainly comprises actuarial differences. These adjustments therefore have no significant impact on the 2020 profit or loss, which has not been restated.

d) IFRS IC final decision on the costs of configuring and customising software accessible by the cloud (Software as a Service, SaaS)

Contracts recognised as service contracts (meaning that no intangible assets are recognised for the software provided) are affected by this decision of the IFRS IC of April 2021.

The decision of IFRS IC specifies that in general no intangible asset will be recognised by the customer for configuration or customisation costs (due to the lack of creation of a controlled resource separate from the initial software).

In the event that the costs involved do not constitute an intangible asset, IFRS IC specifies that the client will recognise these costs as an expense when the services are received (and not over the period of use of the software). In the event that these services are provided by the access provider (or a subcontractor), it will be necessary to determine whether or not these costs constitute separate services from the provision of the software.

This decision did not have a significant impact on the group's financial statements and will be taken into account in the analysis of future projects.

e) The other standards and interpretations that were mandatory in 2021

The other standards and interpretation that were mandatory in 2021 had no significant impact on La Poste Groupe's financial statements at 31 December 2021.

2.1.2 Standards and application interpretations that are mandatory for the first time after 31 December 2021 and that were not early applied

The group has not early applied any standard or interpretation with an application date after 31 December 2021.

IFRS 17 – Insurance contracts was published by the IASB on 18 May 2017 and endorsed by the the European Union on 23 November 2021. IFRS 17 will be mandatorily applied from 1 January 2023.

IFRS 17 defines the new rules for the recognition, measurement and presentation of insurance policies that fall within its scope.

The general model for valuing contracts presented as liabilities will be based on a Building Blocks Approach (BBA), a model consisting of an aggregation of three components:

- the insurance liabilities will be valued at present value (discounted future cash flows);
- a risk estimate to account for the uncertainty of these future flows;
- a contractual service margin which represents the unearned profit of the insurer, released over time based on the service rendered by the insurer to the insured.

IFRS 17 also proposes two other approaches: a simplified Premium Allocation Approach (PAA) and an approach adapted from the general model known as the Variable Fee Approach (VFA), which is mandatory for direct participating contracts.

During 2021, the IFRS 17 implementation project mainly focused on:

- the consideration of the presentation of insurance in the consolidated financial statements of the group;
- the definition of the main methodological options;
- the design of target processes for producing accounts.

2.1.3 European electronic format

A European electronic format will apply, on the date of application of Delegated Regulation (EU) No. 2019/815 in France, to all issuers whose securities (shares and bonds) are admitted to trading on a European regulated market and subject to the obligation to establish an annual financial report.

Regulation (EU) No. 2017/1129 dated 14 June 2017 (Prospectus Regulation) and its Delegated Regulations apply as an option to financial years beginning on or after 1 January 2021 (Delegated Regulation (EU) No. 2019/815 of the Commission of 17 December 2018 as amended by Delegated Regulation (EU) No. 2020/1989).

As the group wishes to benefit from this option, it is therefore subject for the first time to this obligation to publish its Universal Registration Document in the european single electronic format (xHTML electronic format).

To this end, the group has successfully rolled out a specific publication tool to convert documents into xHTML format and to incorporate the XBRL tags associated with the consolidated primary financial statements.

2.2 Valuation basis and use of estimates

When preparing the financial statements, the group is required to make the best possible estimates and to select assumptions that affect the values of assets and liabilities in the balance sheet, and the contingent assets and liabilities disclosed in the notes to the consolidated financial statements, as well as the income and expenses in the income statement. The actual amounts may subsequently differ from the estimates and assumptions.

The items primarily concerned are:

- the calculation of employee benefits;
- the estimates for provisions for contingencies and losses, especially the Home Loan Savings provision;
- the calculation of the right of use and the lease liabilities;
- the estimates for specific provisions for the insurance and banking activities;
- the valuation of goodwill and various assets or liabilities during business combinations;
- the assumptions selected for impairment tests on goodwill and on intangible and tangible assets;
- the measurement of financial instruments not listed on organised markets;
- the credit risk assessments performed by the group;
- the assumptions and estimates used to measure the effectiveness of hedges.

NOTE 3 ACCOUNTING RULES AND POLICIES

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3.1 Consolidation methods

3.1.1 Full consolidation

Subsidiaries that are controlled by the group are fully consolidated.

Control is defined as the power over the relevant activities of the investee, exposure to variable returns from the investee and the ability to user its power to affect these returns.

3.1.2 Equity method

Associates and joint ventures are accounted for under the equity method.

Joint ventures are those joint arrangements whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Joint control is defined as the sharing of control over a company operated in common by a limited number of partners or shareholders, in such a way that they unanimously set the financial and operating policies.

Associates are entities over which the group has significant influence.

Significant influence is defined as the power to participate in the financial and operating policies of a company, without having exclusive or joint control over that Company.

Shares accounted for under the equity method are recorded in the balance sheet under "Investments in joint ventures and associates" at their historical cost adjusted for the share of net assets earned subsequent to the acquisition, less impairment.

Their profits or losses are presented in the consolidated income statement under "Share in profits of joint ventures" or "Share in profits of associates" when the group has only a significant influence.

3.1.3 Non-material controlled entities

Non-material and/or dormant entities, the consolidation of which would not have a material impact on the presentation of a true and fair view of the net assets, financial position or profits and losses of the group's business activities, are not consolidated.

3.1.4 Intra-group transactions

All material transactions between consolidated companies, and proceeds on internal disposals, are eliminated.

3.1.5 Acquisition and disposal of non-controlling interests

Acquisitions and disposals of non-controlling interests that do not result in a change in control over the company in question are recognised in equity.

3.2 Translation of financial statements of foreign companies

The consolidated financial statements are presented in euros, which is the functional and reporting currency for La Poste, the group's parent company.

The financial statements of all group companies that use a functional currency other than the reporting currency are converted into the reporting currency in the following manner: the balance sheets of foreign companies are converted into euros based on the closing exchange rate, and their income statements are converted based on the average rate for the financial year. The resulting translation adjustments are recorded directly in the consolidated balance sheet in equity, under "Translation reserves".

Goodwill and fair value adjustments resulting from the acquisition of a foreign operation are treated as the assets and liabilities of the foreign operation and converted at the closing exchange rate.

Exchange differences stemming from transactions consisting of net investments between group companies are recognised in balance sheet equity under "Translation reserves". Foreign exchange differences resulting from the translation of loans and other foreign exchange instruments designated as hedging instruments for these net investments are charged to equity on consolidation.

When a foreign operation is disposed of, the translation adjustments initially recognised in equity are recognised under gains and losses on disposal in the income statement.

3.3 Foreign currency transactions

Transactions denominated in foreign currencies are recognised based on the applicable exchange rates at the recognition date.

At the closing date, assets and liabilities denominated in foreign currencies are translated at the applicable closing rate. Foreign exchange differences arising on transactions denominated in foreign currencies are recognised on the "Net foreign exchange gains/(losses)" line under "Other financial income" in the income statement (see Note 13).

3.4 Consolidation of the La Banque Postale segment

In order to improve the clarity of financial statements, specific items relating to banking and insurance activities in La Banque Postale segment have been combined on distinct lines in the consolidated balance sheet and consolidated income statement. A detailed presentation of these items is provided in the notes, in accordance with the requirements listed in the IFRS guidelines.

The accounting principles and methods applied to operations in the La Banque Postale segment are detailed in Sections 3.13.1 *et seq*.

3.5 Business combinations

Business combinations are recognised according to the acquisition method, in line with the requirements of IFRS 3 – Business Combinations.

When an exclusively controlled company is first consolidated, the acquisition cost represents the fair value of the assets transferred, the equity instruments issued, and of the liabilities incurred or assumed at the date of exchange, and any future contingent consideration.

Goodwill represents the excess of the cost of the business combination over the group's share in the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired company.

Negative goodwill (or bargain purchase) is immediately recognised in income in the year in which the acquisition is made.

Goodwill is not amortised and is subject to impairment tests at least once a year, and whenever there are indications that it may have been impaired, using the method described in Note 3.11.

3.6 Operating revenue

3.6.1 Revenue from commercial activities

Revenue from the sale of goods or services is recognised upon transfer of the major risks and rewards of ownership to the customer. It is recognised as and when the related service is provided, except for postage stamps and pre-paid envelopes, where income is recognised at the time of sale (excluding exceptional situation).

As a result, the time taken for shipping of mail and parcels is taken into consideration when assessing revenue at the balance-sheet date.

3.6.2 Net banking income

Net banking income in the consolidated income statement is the net balance of banking revenue and expenses for La Banque Postale and all its subsidiaries, including the insurance businesses of CNP Assurances. It is prepared in accordance with the accounting rules applicable to banks. A breakdown of the net banking income is provided in Note 7.

3.7 Taxes

The La Poste parent company has opted for a tax consolidation regime where it is the group holding company.

Deferred taxes are recognised whenever there is a temporary timing difference between the book value of balance sheet items and their taxable value.

Deferred taxes recognised in prior financial years are adjusted to reflect any tax rate changes. The corresponding impact is recorded as an increase or decrease in the deferred tax expense in the income statement unless it relates to items recorded directly in equity, in which case the tax is recorded in equity.

All deferred tax liabilities relating to taxable temporary timing differences are recognised. Deferred tax assets resulting from timing differences, tax loss carry-forwards or tax credits are recognised if they are likely to be recovered (*i.e.* insofar as it is likely that future taxable profit will be available and will allow the allocation of the temporary differences). The assessment is based on the scheduled reversal dates for all the deferred tax bases, using the entity's best estimates of the future changes in its taxable profit (see Note 14).

As described in the significant events during the financial year, the net deferred tax assets of the La Poste tax consolidation group are fully impaired at 31 December 2021 (see Note 1).

Deferred tax assets and liabilities are offset within a single taxable entity.

The income tax consequences of dividends relating to financial instruments recorded in equity are recognised in profit or loss.

3.8 Intangible assets

IAS 38 – Intangible Assets defines an intangible asset as an identifiable non-monetary asset without any physical substance, *i.e.* arising from legal or contractual rights or a separable asset.

Intangible assets primarily involve software and leasehold rights, and are recorded at their acquisition cost less amortisation and impairment.

Software is amortised on a straight-line basis over its useful life, usually a period of one to three years. Leasehold rights are not amortised.

Research and development costs

Research costs are expensed in the year in which they are incurred.

Development costs are recorded as intangible assets, provided they meet the criteria set out in IAS 38. They are amortised on a straight-line basis over their useful life (on average three years, and up to five years maximum) from the day they are commissioned.

Development expenditure that does not satisfy the above criteria is expensed in the year in which it is incurred.

Customer relationships

When acquiring insurance businesses, the acquirer must measure the benefit of the customer relationship under existing contracts at fair value. Thus, for contracts for which the renewed premiums can be estimated with sufficient reliability, an intangible asset is recognised in respect of customer relationships. This intangible asset is amortised on a straight-line basis by segment according to the estimated useful life of the asset below, reflecting the consumption of future benefits as projected in the retained estimate.

Distribution agreements

The value of a distribution agreement represents the value of the future flows expected from new business within the network of a partner covered by a distribution agreement. These intangible assets are estimated according to the specific terms and conditions of each distribution contract; they are amortised over the life of the distribution contract, taking into account any residual value.

The depreciation, amortisation and impairment charges relating to the portfolio of contracts of insurance companies and distribution agreements are recorded under "Amortisation of portfolio securities and similar and value of distribution agreements" in the income statement.

Portfolio of insurance company contracts

As part of the acquisition of insurance businesses, the acquirer must measure at fair value the insurance liabilities assumed and the assets under insurance contracts acquired. In accordance with IFRS 4, this fair value can be presented in two components:

- a liability measured in accordance with the insurer's accounting policies for the insurance contracts it issues;
- an intangible asset, the value of business acquired (VOBA) from insurance companies, representing the difference between:
  - the fair value of the contractual insurance rights acquired and the insurance obligations assumed,
  - the liability described above.

As part of the takeover of the CNP Group, a portfolio value was determined and recognised under intangible assets. It is excluded from the scope of IAS 36 and IAS 38 (paragraph 33 IFRS 4).

The portfolio value is tracked by entity and sub-segment and is amortised over the remaining life of the contracts on a basis reflecting the rate of emergence of the future profits generated by the asset. This duration is determined in the table below:

In number of years	**France**	**Italy**	**Brazil**	**Spain**	**Ireland**
Euro Savings and Retirement	11.9 – 19	4.5 – 19	3.8 -12	6.3 – 12	11.9 – 19
Unit-linked savings	10.5	4.8	10.5	7.7	10.5
Borrower	5.9	6.4	6.8	3.3	1.7
Contingency	1.3 – 7.5	1.3 – 7.5	4.8 – 7.1	1.3 – 7.1	1.3 – 7.5

3.9 Property, plant and equipment

Property, plant and equipment consists primarily of land, buildings, plants, tools, equipment and computer hardware. They are recorded at cost less depreciation and possible impairment.

3.9.1 Acquisition cost of property, plant and equipment

Only expenditure giving rise to a controlled resource as a result of past events and from which the group expects to generate future economic benefits is capitalised.

The incidental costs directly attributable to the acquisition of non-current assets or to bringing them into working condition are included in the cost of the non-current asset.

Borrowing costs are included in the purchase cost of qualifying assets, in accordance with IAS 23 – Borrowing Costs.

Investment subsidies received in respect of the acquisition of a non-current asset are recorded as balance sheet liabilities and recognised in income over the useful lives of the underlying assets for which they were awarded.

3.9.2 Breakdown of the original value of non-current assets by component

A component is a part of a non-current asset that has a different useful life, or that generates economic benefits at a rate that differs from that of the overall non-current asset. La Poste Groupe has identified the following components:

Non-current assets	Components
Real Estate portfolio	Structural frame, roof, joinery and external works, large equipment items, small equipment items, fixtures and fittings, and land
Sorting machines	Mechanical parts, intelligence, peripherals A 4th component (feeders and measuring instruments) has been identified for parcel sorting machines
Sorting-area equipment	Mechanical parts, intelligence
Automated teller machines	Machine, installation

3.9.3 Depreciation periods

Property, plant and equipment is depreciated on a straight-line basis over its useful life. The average useful lives are as follows:

Non-current assets	Depreciation period
Buildings	
Structural frame	20 to 80 years
Roof	20 to 60 years
Joinery and external works	20 to 40 years
Large equipment items	15 to 20 years
Small equipment items, fixtures and fittings	5 to 10 years
Machinery and equipment	
Sorting machines	5 to 15 years
Sorting-area equipment	5 to 8 years
Office and computer equipment	3 to 5 years
Office furniture	10 years
ATMs	5 to 10 years
Transportation vehicles (other than TGV railcars)	3 to 5 years

Land is not depreciated.

3.9.4 Special case of investment properties

Classification on the group's balance sheet

As at 31 December 2021, almost all investment properties were located in La Banque Postale's insurance businesses and as such were classified in the specific assets of the banking and insurance businesses.

The investment properties from other businesses, representing an insignificant value, were classified under property, plant and equipment.

Principles

Investment property is real estate (land or construction) held by the group for the purpose of deriving rentals or capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business.

In accordance with the option offered by IAS 40, the group has chosen the cost valuation model for its properties, with the exception of properties supporting unit-linked contracts, which are measured at fair value.

The fair value of properties (excluding unit-linked contracts) is also disclosed in the notes to the financial statements. This fair value corresponds to the realisable value of properties and shares in unlisted real estate companies. It is determined on the basis of a five-yearly appraisal carried out by an expert accepted by the regulatory authority. Between two appraisals, the value is subject to an annual estimate certified by an expert.

Impairment of investment properties

At each balance sheet date, the existence of any indication of impairment is assessed. One of the indices is an impairment of the property by more than 20% in relation to its cost. The existence of indications of impairment leads the group to estimate the recoverable value of the property concerned.

The recoverable value is the higher of the value-in-use and the fair value less selling costs, as determined by the group's annual appraisal of its real estate portfolio.

3.10 Leases

All contracts, regardless of legal name, relating to an identified asset whose use is controlled by the lessee are qualified as leases. When the asset is not identified, the contract is qualified as a service contract.

IFRS 16 – Leases was applied as at 1 January 2019 and replaces IAS 17 – Leases. As a consequence, for all external leases for which the group is the lessee, the following items were recognised in the balance sheet:

- a lease liability equal to the discounted value of lease payments during the lease term (non-cancellable periods and optional periods if the lessee is reasonably certain to exercise the option);
- a right-of-use asset, depreciated over the term of the lease.

As at 1 January 2019, the group elected to use the modified retrospective approach.

In this context, the group decided to apply the following simplified measurements provided by the standard, namely:

- the exclusion of leases for low-value assets;
- the exclusion of leases with a remaining term of less than twelve months;
- the option not to capitalise costs directly linked to the signing of leases;
- as an alternative to performing an impairment test, the right-of-use asset will be adjusted by the amount of any provisions for onerous leases.

In addition, as stipulated by the standard, the finance leases were recognised as provided for by IAS 17.

Terms of leases is determined on the basis of an analysis of termination options before the lease term and renewal options that can exist. This position is consistent with that published by the IFRS IC on 16 December 2019 insofar as the group's open-ended leases may be terminated by either party at any time subject to a negligible penalty at most, and the net book value of the arrangements in question may not, in the cases at hand, constitute anything more than an insignificant penalty.

Discount rates were determined on the transition date, and are then determined in subsequent periods, in accordance with the standard and in reference to the incremental borrowing rate of the lessee for each term, and taking into account the timetable of debt repayments.

The discount rates are determined on the basis of the risk-free rate for the currency of the lease, on the group's credit risk and on the estimated additional credit risk for subsidiaries;

The group used the term of each lease as at the date of its entry into force so as to ensure consistency with the method used to determine the book value of the aforementioned right-of-use asset.

With regard to the right-of-use assets covered by the majority of its leases, the group has chosen to apply, for the transition on 1 January 2019, the provision which allows for the calculation of the book value of the right-of-use asset as if this standard had been applied on the date of entry into force of the lease, taking account of known changes to the lease since its signing.

The principles applied to external leases where the group is the lessor are detailed in Section 3.13.

3.11 Impairment of goodwill, intangible assets and property, plant and equipment

Goodwill and intangible assets with indefinite useful lives are systematically tested for impairment at least once a year, and whenever an indication that the asset may be impaired is identified.

Other intangible assets and property, plant and equipment are only tested for impairment where there is an indication that they may have been impaired.

An impairment test involves comparing the net book value of an asset, or of the Cash Generating Unit to which it belongs with its recoverable value, which is the higher of its fair value less sale costs and its value-in-use. Where the recoverable amount of a capitalised asset or group of assets falls below the net book value, an impairment is recognised to bring the net book value in line with the recoverable amount.

Fair value less sale costs represents the amount that could be obtained by selling an asset at the measurement date in an arms'-length transaction, net of any disposal costs.

The value-in-use of an asset or group of assets is the present value of the future cash flows expected to arise from using the asset or Cash Generating Unit.

The value-in-use of goodwill and certain other assets is generally determined based on the forecast net cash flows set out in business plans, and based on the assumptions approved by the group as part of the budgetary process. These forecasts generally cover a five-year period, beyond which cash flows are extrapolated to infinity using a low growth rate, which usually corresponds to inflation. The cash flows are discounted by applying the weighted average cost of capital for each relevant asset or group of assets.

3.12 Other financial assets

3.12.1 Other non-current financial assets

This item primarily includes (see Note 21):

- loans granted for local authority housing, recorded at their amortised cost under the effective interest rate method. Provisions are recorded so as to take the maturities and repayment terms of these loans into account, as well as the estimated risk of non-recovery;
- unconsolidated investments. IFRS 9 offers an irrevocable option to classify them at fair value through non-recyclable equity, at each instrument's first recognition date. In this case, the unrealised gains or losses through equity are not recycled to profit or loss if they are sold. The income statement will only be impacted if there are any dividends related to these securities. The group has chosen to classify its unconsolidated equity investments in this category, with the exception of the Visa securities.

  In the event that no active market exists, and where the fair value cannot be reliably determined using alternative measurement methods, they are retained on the balance sheet at cost;
- the non-current portion of the fair value of financial derivatives relating to La Poste's bond debt (see Note 28).

3.12.2 Other current financial assets

These primarily involve the current portion of the fair value of financial derivatives relating to La Poste's bonds (see notes 3.15 and 28).

3.13 Assets and liabilities of banking and insurance businesses

On the balance sheet, the assets and liabilities specific to the banking and insurance activities are grouped together in items dedicated to these activities, the content of which is similar to that presented by La Banque Postale in its own financial statements.

3.13.1 General accounting principles for financial assets and liabilities

Initial recognition

For their initial recognition, financial assets and liabilities are measured at their fair value plus or minus the transaction costs directly attributable to the acquisition (with the exception of financial assets and liabilities recognised at fair value through profit or loss for which the transaction costs are recognised in income or expenses at the time of their initial recognition).

In practice, the fair value is most often the selling or transaction price of the financial instrument.

Date of initial recognition

Securities are recorded in the balance sheet at the settlement-delivery date whilst derivatives are recorded at the trading date. Changes in fair value between the trading date and the settlement-delivery date are recorded in profit or loss.

Loans and receivables are recorded in the balance sheet at the disbursement date.

3.13.2 Recognition of financial assets

According to IFRS 9, financial assets are classified according to the entity's defined accounting business model and contractual cash flow characteristics ("basic loan" criterion).

Business models

An accounting business model corresponds to the way in which a group of financial assets is collectively managed to generate revenue. Its aim is to best reflect the management practices for the assets concerned. It is identified within the group from the objective facts that may be observed such as the analysis of the business line organisation, its information systems, its internal reports, its risk-monitoring method, or its past management decisions (for example, disposal history).

There are three types of business model:

- a model which consists of holding financial assets to collect their contractual cash flows ("hold to collect" model);
- a model which consists of collecting the contractual cash flows and selling the financial assets ("Collect and Sell" model);
- a specific model for other financial assets, notably those managed for trading purposes.

The identification of a business model is supported by documentation within each group business line.

By definition, it is very rare to change business models. Changes in business models must be decided by the business management team in agreement with the General Management in view of the internal and external changes that are significant for the business and observable by external parties. Thus, a change in business model may only correspond to the termination or launch of a significant activity. For example, it might concern the sale of a business line previously managed according to the "Hold and Collect" model: in this case, the entity no longer markets this type of financial instrument and reclassifies all the concerned assets in a "Transaction" type business model.

The reclassification of debt instruments that meet the "SPPI" test is mandatory if the business model changes and is prohibited in all other cases.

This reclassification must be carried out on a prospective basis, without restating the balance sheet or income statement for previous periods.

Moreover, the reclassification must take place at the opening date of the first financial year starting after the effective date of the change in business model.

"Basic loan" criterion or "SPPI" test

The SPPI criterion aims to ensure that the contractual cash flows generated by the instrument are solely made up of principal repayment flows and interest payments on the remaining principal owed. In other words, the instrument must be a "basic loan".

The principal is defined as the fair value of the financial instrument at the time of its initial recognition in the balance sheet.

Interest may include several components, including:

- consideration received in respect of passing time or "the time value of the money";
- consideration for the credit risk incurred on the loaned amount;
- consideration to offset the liquidity or administrative costs, and;
- the profit margin.

Financial assets that meet the "basic loan" criterion are debt instruments that notably include classical loans, fixed rate and floating rate bonds and trade receivables.

Financial assets that do not meet the "basic loan" criterion notably include debt instruments such as UCITS fund share and structured securities.

Derivative instruments and share-based or unconsolidated equity investments by definition do not comply with the "basic loan" criterion.

According to IFRS 9, financial assets are classified into one of the four categories detailed in sections 3.13.3 and 3.13.6.

3.13.3 Financial assets measured at amortised cost

Debt instruments managed with a view to collecting contractual cash flows to maturity (collection management model) and whose contractual flows consist solely of payments of principal and interest on the principal remaining due (compliance with the "Basic lending" or "SPPI test" criterion) are classified as financial assets at amortised cost.

The aim of the "Hold to Collect contractual cash flows" model is to hold assets over a long period or up to maturity to collect the contractual flows. In this business model, few or no disposals take place. Some disposals are authorised (disposals carried out as part of an increase in credit risk, disposals close to the instrument's maturity date, frequent but insignificant disposals as well as isolated disposals even if these are significant).

Following their initial recognition, financial assets at amortised cost are recognised under the effective interest rate method and can be subject to impairment in accordance with IFRS 9.

The effective interest rate is the exact interest rate that discounts the future cash flows forecast over the expected lifetime of a financial asset to the financial asset's initial fair value. It includes the transaction costs and incidental revenue (administrative fees, commitment commissions if the drawdown is more probable than improbable or investment commissions) as well as all other premiums or discounts. It is an actuarial rate.

Within the group, this financial asset category includes especially credit institutions and customer loans and receivables, as well as most debt securities that come under banking activity investments.

3.13.4 Financial assets measured at fair value through recyclable equity

Debt instruments held for both collecting contractual cash flows and selling (Hold to collect and sale model) and whose contractual flows are solely made up of payments of principal and interest on the remaining principal owed (compliance with the "basic loan" or "SPPI test" criterion) are classified in financial assets at fair value through recyclable equity.

These assets are recognised at their fair value at their initial recognition in the balance sheet and are subject to impairment in accordance with IFRS 9.

This category of financial instruments has the specific feature of being measured at fair value in the balance sheet, but presenting the impacts of a valuation at amortised cost in the income statement. Therefore, the changes in fair value of the asset are recorded in recyclable reserves which ensure the balance between the two accounting methods in the balance sheet and income statement. Concerning the recognition of impairment, the book value of the asset remains the fair value and is not impacted by the amount of impairment calculated. The income statement is impacted by any change upwards (expense) or downwards (income) in the amount of impairment. The counterparty to these movements is recorded in recyclable reserves.

When these securities are sold, unrealised gains or losses previously recorded in equity are recycled to the income statement under "Net gains and losses on financial assets at fair value through recyclable OCI".

3.13.5 Financial assets at fair value through non-recyclable OCI

For investments in equity instruments that are not held for trading, IFRS 9 offers an irrevocable option to classify them at fair value through non-recyclable OCI, at each instrument's first recognition date.

In this case, the unrealised gains or losses through OCI are not recycled to profit or loss if they are sold. The income statement will only be impacted if there are any dividends related to these securities.

The group has chosen to classify its unconsolidated equity investments in this category, with the exception of the Visa securities.

Moreover, in the event of disposal, the group has chosen to reclassify in reserves as at 1 January of the following financial year, the portion of non-recyclable reserves corresponding to any recorded gains or losses on disposal.

3.13.6 Financial assets at fair value through profit or loss

The "Financial assets at fair value through profit or loss" category is the default category under IFRS 9.

It includes debt securities that do not correspond to "basic loan" criteria (for example, UCITS fund shares), as well as investments in equity instruments that are not classified in the Financial assets at fair value through non-recyclable equity category.

This category also includes financial assets, including asset derivatives held for trading, *i.e.* acquired or issued with the aim of selling them within a short timescale. Within the group, they notably include loans to local authorities eligible for assignment to Caffil.

Changes in the fair value of the financial assets in this category are recorded in the income statement.

3.13.7 Impairment of financial assets

The new impairment model defined by IFRS 9 is now based on the provisioning of expected credit losses instead of incurred credit losses and on the change of credit risk since the initial recognition of the asset.

IFRS 9 defines a single impairment model that applies to all financial assets with a counterparty risk (excluding equity instruments) not recognise at fair value through profit or loss, and notably to all financial assets measured at amortised cost and fair value through recyclable reserves. This model also applies to lease receivables, loan commitments and financial guarantees.

Accordingly, impairments representing "one-year expected credit losses", are recognised on assets at amortised cost and fair value through recyclable OCI as soon as they are recorded in the balance sheet, as long as their credit risk do not significantly increase. "One-year expected credit losses" correspond to the total losses incurred in the event of default, weighted by the probability of default within one year. These outstanding amounts come under "Bucket 1".

Outstanding amounts for which a significant deterioration in credit quality has been identified since the date they were first recognised are subject to impairment for the amount of the "expected credit loss over the remaining life of the instrument". "Expected credit loss over the remaining life of the instrument" corresponds to the total losses incurred in the event of default until maturity, weighted by the probability of default over the expected life of the instrument. These outstanding amounts come under "Bucket 2".

Financial assets which are in a default situation are downgraded to "Bucket 3" and are subject to impairment for the amount of the estimated credit loss on completion.

The impairment model for credit impaired financial assets has been adjusted to take into account the Covid-19 crisis. The adjustments are described in Note 1.6.

For assets at amortised cost, the amount of expected credit losses is recognised in "Cost of risk" in the income statement and the carrying amount of the financial asset is reduced by this impairment.

Significant increase in credit risk

An increase in credit risk is a relative, and not an absolute concept. This relative approach involves, therefore, being able to monitor the change in credit quality over time.

The group relies on a certain number of indicators (the main ones are described in Note 34) to detect any deteriorations in the credit quality of a counterparty.

Bucket 1 and bucket 2 impairment methodology

The expected credit losses of a financial asset correspond to the difference between the contractual cash flows that the entity is entitled to receive and the cash flows that the entity expects to recover, discounted using the effective interest rate of the financial asset.

The cash flows that the entity is entitled to receive take into account all the contractual terms and conditions for the financial instrument over its expected lifetime (for example, early redemption options or extension), and include the cash flows from the exercise of contractual guarantees that are integral to the asset.

Expected credit losses are estimated according to the probability of the counterparty to default. The probability of default corresponds to the probability that the debtor defaults within a given time period.

For "Bucket 1", the time period is annual. For "Bucket 2", the time period is the instrument's lifetime. The methodology for calculating expected credit losses is detailed in Note 34.

Within the group, impairment on loans is statistical (by homogeneous categories sharing similar risk characteristics), with the option of adjustment by an expert in certain cases, particularly for loans granted to legal entities.

In accordance with the provisions of IFRS 9, expected credit losses are calculated according to a methodology which includes reasonable and justifiable information on past events, current circumstances and forecasts of the economic environment (the "Forward looking" component).

The "forward-looking" component is obtained using a modelled three-scenario approach. The final impairment corresponds to the average weighted by the probability of each scenario occurring.

The methodology for calculating the forward-looking component is detailed in Note 34.

Defaulting loans under "bucket 3"

IFRS 9 does not impose a definition of default. On the contrary, it encourages the selection of a definition consistent with that selected by the entity as part of its risk management policy.

European Banking Authority (EBA) guidelines concerning application of the definition of default in Article 178 of Regulation (EU) 575/2013, applicable from 1 January 2021, and the provisions of Regulation (EU) 2018/1845 of the European Central Bank in relation to the threshold for assessing the materiality of credit obligations past due, applicable from 31 December 2020 at the latest, will strengthen overall consistency in the practices of European credit institutions as regards the identification of defaulted loans.

The definition of defaulted loans will be clarified by the introduction of a relative threshold and an absolute threshold to be applied to payments past due for the purpose of identifying situations of default, clarifying the criteria for reclassifying loans as performing after a probationary period, and introducing explicit criteria for classifying restructured loans as defaulted loans. La Banque Postale group applied these new guidelines for the purpose of identifying defaulted loans since 2020. The clarifications are consistent with the criteria used to assess the impaired status of "Bucket 3" loans by applying the impairment requirements of IFRS 9 relating to the recognition of expected credit losses. The changes resulting from the application of these new guidelines for identifying defaulted loans were not material. In addition to identifying defaulted loans on the basis of regulatory criteria applicable to payments past due, a financial asset is considered to be credit impaired when a credit event has occurred that is indicative of financial difficulties.

The group considers the following as objective evidence of default:

- the existence of one or several payments in arrears of over three months;
- an application for a debt management plan has been filed with the Banque de France, even if there are no payment issues;
- the existence of legal proceedings;
- receivables considered to be "high risk" in view of its risk management policy.

In the scope of home loans

The outstandings in default are weighted by the parameter of "best estimate of the expected loss on the exposure in default" adjusted to account for certain elements (notably the removal of the overweights taken into account in the risk monitoring analysis such as the impact of an economic slowdown, for example). This parameter is calculated according to the duration of the default and the type of guarantee.

In the scope of leasing and loans to legal entities

The specific provisioning of outstandings is monitored on a monthly basis and adjusted by expert appraisal if applicable. An impairment is then recognised up to the difference between the book value and the expected cash flows that are discounted at the original effective interest rate. The expected cash flows take account of the debtor's financial position and the present value of any guarantees received.

Loans no longer classified into Bucket 3

In the scope of home loans

In the event of reassessment of impaired home loans, all or part of the expected credit loss allowance may be reversed and the loan removed from Bucket 3 when all arrears have been settled and at least three consecutive monthly instalments have been paid on time.

In the scope of leasing and loans to legal entities

Removal from "Bucket 3" may be effective after a probationary period corresponding to a period without credit incidents (90 days, except for restructured credits operations for which the probationary period to exit bucket 3 is 12 months).

Write-offs

Writing off a financial asset means reducing its gross carrying amount when there is no longer a reasonable expectation of recovering the asset in its entirety or a portion thereof, or when repayment of all or part of the amount due has been waived. The decision about when to write off a financial asset is guided by informed judgement and relies on expert opinion based on its knowledge of the matter (period over which the loan has been in default, loss allowance, amount involved, lack of any recent recoveries or other specific details). Amounts are only written off when all attempts at recovery and all possible solutions have failed.

Restructuring operations

Restructured receivables are receivables for which the entity has modified the original financial conditions due to the borrower's financial difficulties.

Restructuring is defined according to two main criteria:

- concessions granted by the institution;
- financial difficulties for the borrower.

The rate discount recognised when a receivable is restructured is recorded in cost of risk and as a corresponding reduction in outstandings in the balance sheet. It corresponds to the difference between the nominal value of the receivable before restructuring and the value of the new expected future cash flows discounted at the original effective interest rate. The discount is recorded in the income statement in the interest margin according to an actuarial rythm over the duration of the loan.

Any cancellation of capital is directly recognised in profit or loss.

3.13.8 Derecognition of financial assets

Financial assets are derecognised when the contractual rights to the cash flows attached to the financial asset expire, or when those rights and virtually all the risks and benefits of ownership have been transferred to a third party.

Within the group, most loan renegotiations result in derecognition, as the contractual rights are substantially modified.

Repurchase agreements

The assignor does not derecognise the securities. The group records a liability that represents its commitment to refund the cash received. This debt represents a financial liability, which is recorded at amortised cost, and not at fair value.

The assignee does not recognise the assets received, but recognises a receivable on the cash loaned by the assignor.

At subsequent balance-sheet dates, the assignor continues to value the securities according to the rules applicable to their original category.

The nominal value of the receivable is shown in loans and receivables.

Securities lending transactions

The lending and borrowing of securities cannot be treated as a financial asset transfer according to IFRS. Therefore, these transactions cannot result in the derecognition of the loaned securities. They continue to be recognised in their original accounting category and valued accordingly.

3.13.9 Financial debts

General principle for classifying financial debts

By default, all financial liabilities are classified in the amortised cost category.

At the closing date, these debts are recorded in the balance sheet either as "Liabilities to credit institutions", either as "Liabilities to customers", either as "Debts evidenced by a certificate" either as "Subordinated debt".

These debts are measured at amortised cost unless they are subject to fair value hedging.

Liabilities to credit institutions and customers

Liabilities to credit institutions and customers are broken down according to their initial maturity or nature: demand debt (demand deposits and ordinary accounts) or long-term debt (regulated savings accounts). These liabilities include securities sold under repurchase agreements and loaned securities.

Debt securities

Debt securities consist of negotiable debt securities issued.

Subordinated debt

Subordinated debt includes debt for which the repayment, in the event of liquidation of the debtor, is only possible if the claims of other preferred or unsecured creditors have been met. This debt is measured at amortised cost unless it is subject to fair value hedging.

Financial liabilities at fair value through profit or loss

Financial liabilities recognised in this category correspond to the financial liabilities held for trading, including derivative liabilities, as well as liabilities that the group designated from initial recognition to be measured at fair value through profit or loss by application of the option offered by IFRS 9, subject to compliance with the following conditions:

- elimination or significant reduction in accounting mismatches. The group thus measures some structured issuances at fair value through profit or loss;
- a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis;
- hybrid financial liabilities comprising one or more embedded derivatives that are not closely related.

The accounting treatment for financial liabilities for which this option has been exercised is as follows:

- changes in the fair value of these liabilities are recognised in profit or loss except for the portion relating to the group's own credit risk;
- changes in the fair value relating to the group's own credit risk component are recognised in non-recyclable reserves. This portion won't be recycled in profit or loss in case of an early redemption of the debt.

Financial liabilities with embedded derivatives

An embedded derivative is a component of a hybrid liability. It is separated out of the host contract and recognised separately when, from the inception of the contract, its economic characteristics and the related risks are not closely related to those of the host contract, except where the entire hybrid liability is measured at fair value through profit or loss. Within the group, this category of liabilities notably includes the structured issues (Euro Stoxx indexing).

Reclassification of financial liabilities

The classification of a financial liability set at its initial recognition is definitive and no subsequent reclassification is authorised.

Derecognition of financial liabilities

Financial liabilities are derecognised when the contractual obligation is settled, cancelled, or expired.

3.13.10 Financial derivatives and hedge accounting

A derivative is a financial instrument or other contract with the following three characteristics:

- its value fluctuates according to interest rates, the price of the financial instrument, raw materials' prices, an exchange rate, a price index, a credit rating or credit index, or another underlying variable;
- it requires a low or zero initial investment or one that is lower than a non-derivative financial instrument with the same sensitivity to the underlying changes;
- it is settled at a future date.

Derivatives are classified into two categories :

Derivatives held for trading

Derivatives belong to the category of financial instruments held for trading, except for derivatives that are used for hedging purposes. Their fair value is recognised in the balance sheet in "Financial instruments at fair value through profit or loss". Changes in fair value and interest accrued or outstanding are recognised in "Net gains or losses on financial instruments at fair value through profit or loss".

Hedging derivatives

While waiting for the macro-hedging standard to take effect, IFRS 9 permits to defer the application of hedge accounting new requirements. However, the group has decided to apply the IFRS 9 micro-hedging requirements as of 1 January 2020.

With regard to macro-hedging, the European Union's provisions relating to the fair value hedging of a portfolio of interest rate items continue to apply.

Hedging derivatives that qualify as hedging instruments according to IFRS 9 (IAS 39 for macro-hedging) criteria are classified in the "Fair value hedges" or "cash flow hedges" or "net investment hedge" category, as applicable. They are recognised in the balance sheet as "Hedging derivatives". Other derivative instruments are classified in "Financial assets or liabilities at fair value through profit or loss" by default, even if they have been set up for an economic hedge of one or several transactions.

Classifying a financial instrument as a hedging derivative requires the group to formal designation and documentation of the hedging relationship (strategy for undertaking the hedge designation of the hedged risk, the hedged item and the hedging instrument, description of the hedge effectiveness).

Hedge effectiveness is assessed when the hedge is set up and at each reporting date while it remains in place.

Depending on the nature of the hedged risk, the derivative is designated a fair value hedge, a cash flow hedge or a currency risk hedge linked to a net investment in a foreign operation.

Fair value hedges

Fair value hedges enable hedging of exposure to fluctuations in the fair value of financial assets or liabilities; they are primarily used to hedge interest rate risk on fixed rate assets and liabilities and on demand deposits, according to the options endorsed by the European Union.

Gains or losses attributable to the hedged risk are recognised in "Net gains and losses on financial instruments at fair value through profit or loss" in the income statement. The effective portion of the gain or loss on the hedging instrument offsets the loss or gain on the hedged item. The ineffective portion of the gain or loss, if any, is recognised directly in profit or loss. The portion corresponding to accrued income or expenses on the derivative is recognised in "Interest income and expense" in the income statement at the same time as the interest income and expense on the hedged item.

When the hedging instrument is sold, hedge accounting is discontinued prospectively and the instrument is recorded at fair value in "Financial assets at fair value through profit or loss" or "Financial liabilities at fair value through profit or loss" and the cumulative gain or loss on the hedged item is amortised over the remainder of the initial hedging period.

When the hedged item is sold or redeemed, the hedging instrument, which no longer qualifies as a hedging instrument but still exists, remains on the balance sheet and is accounted for at fair value through profit or loss. A gain or loss on the sale of the hedged item may be recognised in profit or loss.

Macro-hedges

The group applies the provisions of IAS 39 as adopted by the European Union to macro-hedging transactions which are performed as part of the asset and liability management of fixed rate positions.

Macro-hedging instruments are primarily interest rate swaps designated as fair value hedges for the group's fixed rate resources.

Macro-hedging derivatives are accounted for using the same principles as those described above. The revaluation of the hedging component is recognised in "Revaluation adjustment on rate hedged portfolios".

Cash flow hedges

Cash flow hedges are used to hedge exposure to variability in cash flows from financial assets or liabilities, firm commitments or future transactions. More specifically, they are used to cover interest-rate risk on adjustable-rate assets and liabilities.

The effective portion of changes in the fair value of the hedging instrument is accumulated on a specific line in equity, while the ineffective portion is recognised in profit or loss under "Net gains and losses on financial instruments at fair value through profit or loss."

The portion corresponding to the rediscounting of the financial derivative is recognised on the income statement in "Interest income and expenses on hedging transactions" symmetrically to the interest income and expenses relating to the hedged item.

The hedged instruments continue to be recognised according to their accounting category.

When the hedging instrument is sold, hedge accounting is discontinued. The aggregate amounts registered in equity in respect of the revaluation of the hedging derivative are gradually transferred to profit or loss as interest income or expense, or immediately recognised in profit or loss.

If the hedged item is sold or redeemed or the hedged future transaction is no longer expected to occur, the derivative is reclassified in "Financial assets at fair value through net income", while the revaluation of the hedged item entered in equity is immediately recognised in profit or loss.

Hedging of a net investment denominated in foreign currencies

The hedging of a net investment denominated in foreign currencies is intended to protect against exchange rate fluctuations when a net investment is denominated in a currency other than the euro.

A hedge of a net investment is recognised as a hedge of future cash flows.

The amounts recognised in equity for the effective portion of the hedge are recycled in profit or loss when the net investment is deconsolidated.

3.13.11 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and a net balance is presented in the balance sheet if and only if the group has a legally enforceable right to offset the recognised amounts and provided it intends to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must be irrevocable and must be enforceable under all circumstances.

This right applies to all transactions carried out with the clearing house and applies to the nominal amount of cash and interest included in the refund flow.

Transactions on repurchase agreements whose principles of operation meet the two criteria required by the standard, are offset in the balance sheet when:

- they have the same maturity dates;
- they are carried out in the same currency;
- they are settled through a settlement/delivery system guaranteeing delivery of securities against receipt of the associated meaning the same centra custodian.

Offsetting mainly concerns repurchase agreement transactions carried out with LCH Clearnet clearing house.

3.13.12 Guarantee commitments

Financial guarantees contracts

According to IFRS 9, a contract meets the definition of a financial guarantee if it includes an indemnity principle according to which the issuer shall compensate the beneficiary for losses that the latter incurs as a result of failure by a specified debtor to make a payment on a debt instrument.

The financial guarantees provided are valued at their initial fair value at the date on which they were issued. They are subsequently valued at the higher of the amount of the commitment and the amount initially recorded, less the related fee income, where applicable.

Moreover, the financial guarantees given (which are not recognised later at fair value through profit or loss) are subject to the impairment requirements of IFRS 9 with any loss allowance recognised in liabilities in the balance sheet. The same "bucket" categorisation and provisioning principles as those described for financial assets at amortised cost or fair value through recyclable reserves are applied for these outstanding instruments. Changes in loss allowance are recognised in cost of risk.

3.13.13 Financing commitments

Financing commitments that are not considered to be derivative instruments do not appear in the balance sheet.

However, like financial guarantees granted, financing commitments (that are not considered as derivatives) are subject to the impairment requirements of IFRS 9 with any loss allowance recognised in liabilities in the balance sheet.

3.13.14 Leases where the group is lessor

On the lessor's side, leases are accounted for as finance leases or operating leases.

A lease is qualified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of the leased asset. They are analysed as financing granted to the lessee for the purchase of an asset.

The present value of the payments due under the contract, plus any residual value, is recorded as a receivable and included in the balance sheet under loans and receivables from customers.

The interest included in the rental income is recorded in the income statement under "Interest and similar income".

The rents received are apportioned over the term of the finance lease by dividing them into capital amortisation and interest, so as to achieve a constant periodic rate of return on the net investment. The interest rate used is the interest rate implicit in the contract.

Rental receivables from leases are also subject to the credit risk impairment methodology defined by IFRS 9.

The same "bucket" categorisation and provisioning principles as those described for financial assets at amortised cost or fair value through recyclable reserves are applied for these outstanding instruments. Changes in loss allowance are recognised in cost of risk.

3.13.15 Insurance activities

The overlay approach

The financial assets and liabilities of the fully-consolidated insurance subsidiaries are assessed and recognised according to the requirements of IFRS 9 and presented according to the overlay approach.

The overlay approach aims to remedy the temporary accounting consequences of the time lag between the date of entry into force of IFRS 9 and that of the new standard on insurance policies replacing IFRS 4 (IFRS 17). It eliminates from the income statement some of the additional accounting mismatches and temporary volatility that could be generated by the application of IFRS 9 before the entry into force of IFRS 17.

This approach consists of reclassifying, for the designated financial assets, their impact on the income statement as gains and losses recognised directly in equity so that the amount reported in the income statement is the same as if IAS 39 had been applied to the designated financial assets.

Application of IFRS 4

While awaiting the forthcoming IFRS 17 Insurance Standard, the subsidiaries continue to apply IFRS 4 to the following contracts:

- insurance policies that include a contingency clause for the policy holder. This category includes death and disability policies, pension contracts, property damage policies, unit-linked savings policies with a capital guarantee;
- financial contracts issued by the insurer that include a discretionary profit-sharing (PS) clause.

In accordance with the provisions of IFRS 4, local guidelines for valuing underwriting reserves are retained for both types of contract.

Financial contracts accounted for in accordance with IFRS 9 are contracts unit-linked savings contracts without a traditional savings component and without a capital guarantee.

Pursuant to the "shadow" accounting principles set out in IFRS 4, a deferred profit-sharing provision is recorded for insurance policies that include a discretionary profit-sharing clause. This provision is determined in a way that reflects the potential rights of policyholders to share in unrealised gains on financial instruments valued at fair value, or in potential losses in the event of unrealised losses on those instruments.

At each year-end, the group's fully consolidated insurance companies perform a liability adequacy test, which consists in checking that the insurance liabilities recognised, net of deferred acquisition costs and related tangible assets, are adequate on the basis of current estimates of future cash flows from insurance policies and from financial contracts with discretionary profit-sharing clauses.

Technical and mathematical provisions

Technical provisions represent commitments to policy-holders:

- mathematical provisions on euro-denominated policies correspond to the difference between the present value of the insurer's obligation and that of the policyholder;
- life insurance provisions are recorded based on discount rates that are at most equal to prudently-estimated rates of return on the underlying assets;
- the net present value of commitments is calculated by choosing a discount rate that is at most equal to the pricing rate of the policy involved, and by using statutory mortality tables or tables based on experience if they are more cautious.

  Lower interest rates are factored in to investment income discount rate calculations when the rate is deemed to be too high relative to the expected reinvestment prospects;
- mathematical provisions on unit-linked policies are valued on the basis of the underlying assets. Gains or losses resulting from the revaluation of these policies are recognised in the profit and loss statement, in order to cancel out the impact of movements in underwriting provisions;
- the provisions for contractual equalisation are constituted to meet the exceptional expenses related to operations guaranteeing risks due to natural elements, atomic risks, civil liability risks due to pollution, spatial risks, risks associated with air transport, and risks associated with terrorist attacks and terrorism;
- the other provisions notably include provisions for claims and damages to be paid. The assessment of these provisions is based on the estimated value of foreseeable expenses net of any recoveries.

Active deferred participation

Most financial contracts issued to policyholders by the group's life insurance subsidiaries include a discretionary profit-sharing clause.

The discretionary profit-sharing clause grants life insurance policyholders the right to receive a share in any realised financial gains, in addition to the guaranteed income. Pursuant to the "shadow" accounting principles set out in IFRS 4, the provision for deferred profit-sharing for these policies is adjusted to reflect the policyholders' entitlement to any unrealised gains, or their obligation to assume their share of unrealised losses on financial instruments measured at fair value. The share of gains to which policyholders are entitled is determined according to the specific features of the policies likely to benefit from such gains.

The net amount of the deferred profit-sharing established by "shadow" accounting is recognised either in balance sheet liabilities (net deferred profit-sharing – liabilities) or assets (net deferred profit-sharing – assets) depending on the situation of the entity concerned.

When recorded as an asset, deferred profit-sharing is subject to a recoverability test. The aim of this test is to show that the profit-sharing amount is recoverable through sharing in future gains or unrealised gains, based on the group going concern assumption, and will not result in any inadequacy of the commitments recognised by the group in respect of these economic commitments. The recoverability test is performed using current estimates of future contractual cash flows. The test is based on tools for modelling the asset and liability management of the subsidiaries involved, and enables a value to be assigned to commitments in a wide range of economic scenarios using a stochastic approach.

In accordance with the recommendation on methods for recognising deferred participation assets issued by the French National Accounting Council, or CNC, on 19 December 2008, recoverability of this asset is based on a prudent assessment of the capacity for holding the underlying assets, particularly in terms of projections of future cash inflows. Likewise, the capacity of future returns to absorb unrealised losses was tested, based on unfavourable and unprecedented surrender rates.

Acquired policies portfolio of insurance entity

On acquisition of an insurance business, the insurance liabilities assumed and related insurance assets acquired are measured at fair value. Under IFRS 4, the net fair value may be allocated between:

- a liability measured in accordance with the insurer's accounting policies for insurance contracts written by the insurer;
- an intangible asset for the Value of Business Acquired (VOBA), representing the difference between:
  - the fair value of the contractual rights acquired and contractual obligations assumed, and,
  - the above liability.

Contribution of the insurance activities to the group's financial statements

The group has chosen not to present the insurance activities in separate line items on the assets side of the balance sheet and in the income statement but to provide this information in the existing balance sheet and income statement items.

Specific information on the insurance activities is provided in Note 39 "Additional details on banking and insurance activities".

Insurance investment

The investments are mainly included in the following items:

- financial assets at fair value through profit or loss;
- assets designated at fair value through equity;
- securities classified at amortised cost;
- customer loans and receivables at amortised cost;
- investment property.

Other insurance-related assets

- the reinsurers' share of the technical provisions is included in "Accrual accounts - assets;
- the receivables arising from insurance and reinsurance transactions are included in "Accrual accounts - assets".

Technical provisions for the insurance activities and shadow accounting

They include, in particular:

- technical provisions relating to insurance contracts (life, non-life);
- deferred profit-sharing liabilities.

Other insurance liabilities

The liabilities arising from insurance and reinsurance transactions are included in "Accrual accounts - liabilities". They consist mainly of liabilities for cash deposits received from assignees.

Income and expenses insurance-related

- The income and expenses related to the investments of the insurance activities are included in the income statement items relating to the classification of the underlying assets.
- The income relating to the insurance activity (premiums earned from insurance contracts and financial contracts with or without discretionary profit sharing) is classified under "Income from other activities".
- The expenses relating to the insurance activity (insurance service charges, changes in provisions) are classified under "Expenses from other activities".

3.14 Distinction between debt and equity instruments

Distinction between debt and equity instruments

Distinction between debt instruments and equity instruments relies on the analysis of the substance of the contractual arrangement of each instrument.

Non-derivative debt instruments are contractual obligations of the issuer to deliver cash or another financial asset to another entity or to exchange instruments under conditions that are potentially unfavourable to the issuer.

A non-derivative equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities, with no contractual obligation to deliver cash or another financial asset or to exchange instruments under conditions that are potentially unfavourable to the issuer.

Perpetual deeply-subordinated securities

Subordinated securities are classified as debt or equity instruments based on the analysis of their features, and more specifically according to whether or not their remuneration is discretionary.

When subordinated securities meet the criteria for classification as equity instruments, the remuneration is recognised as a dividend and deducted from equity.

All other dated and undated debt instruments, especially those with a repayment schedule, are classified as subordinated debt in accordance with IAS 32.

3.15 Bond debt and financial derivatives relating to the management of the bond debt

Bonds are classifi ed in the balance sheet under both "Medium and long-term bonds and other debt" and "Short-term bonds and other debt".

3.15.1 Bonds backed by "fixed-for-floating" swaps

As part of the group's strategy to manage its bonds, some fixed-rate bonds are converted to "floating-rate bonds" *via* fixed-for-floating swaps.

Depending on the circumstances, these bonds can be designated at fair value through profit or loss or documented in a fair value hedge relationship.

Bonds designated at fair value through profit or loss

In accordance with IFRS 9, some bonds backed by "fixed-for-floating" swaps are designated at fair value through profit or loss. The credit risk component of the change in fair value is therefore recognised in "Other comprehensive income".

The corresponding swaps are also measured at fair value through profit or loss, in accordance with the general rule for measuring derivatives set out in IFRS 9.

Bonds documented in a fair value hedge relationship

Some bonds are designated as subject to fair value hedging through "fixed-for-floating" swaps. The application of fair value hedge accounting leads to the recognition in profit or loss of (i) the change in the fair value of hedging swaps, and (ii) the change in the value of the efficient portion of the hedging swap, as an adjustment to the value of the bond. These effects offset one another where the effective part of the hedge is concerned.

Moreover, depending on market developments, the group may refreeze the interest rates of some borrowings by subscribing to floating-for-fixed swaps. These swaps are also measured at fair value through profit or loss.

3.15.2 Bonds measured at amortised cost

Bonds not backed by "fixed-for-floating" swaps are measured at amortised cost based on the effective interest rate.

3.15.3 Forward start swaps

In some cases, La Poste subscribes to forward start swaps to protect itself against a rise in interest rates. These cash flow hedging instruments are terminated when the bond is issued, which gives rise to the payment of an equalisation balance (paid or received depending on the swap's value). These payments are recognised in reversible reserves as part of the application of the cash flow hedge, and then reversed to income over the life of the initially hedged loan, in accordance with the provisions of IFRS 9 regarding the termination of hedges.

3.16 Lease Liabilities

Lease liabilities recognised in the balance sheet are the result of the adoption of IFRS 16 from 1 January 2019 (see Note 28).

3.17 Commitments to buy out non-controlling interests

Pursuant to the provisions of IAS 32 – Financial Instruments: Presentation, La Poste Groupe records a financial liability for put options granted to minority shareholders of consolidated subsidiaries. When the value of the liability exceeds the value of the non-controlling interests, IFRS do not specify how it should be recognised.

La Poste Groupe has chosen to offset the difference between the liability and value of non-controlling interests under reserves, Group share. Subsequent changes in debt relating to the change in the estimated strike price of the buy-back commitment and of the book value of the non-controlling interests are recognised in reserves, Group share.

3.18 Inventories and work-in-progress

Inventories are valued at the lower of their purchase cost or net realisable value. The net realisable value is the estimated sale price in the normal course of business, less the estimated costs necessary to complete the sale.

The value of inventories is assessed using the weighted average cost method, and includes both the purchase cost and the expenses incurred in bringing the inventories to their current location and condition.

3.19 Trade receivables

When initially recognised, trade receivables on commercial activities are recorded at their nominal value, which basically corresponds to the fair value of the receivables.

Provisions are calculated on an individual basis, based on an assessment of the risk of non-recovery.

3.20 Provisions

Provisions are recorded when (i) the group has a present obligation (legal or implicit) towards a third party as a result of a past event at the balance-sheet date, (ii) it is likely that an outflow of resources representing future economic benefits will be required to settle the liability, and (iii) a reliable estimate can be made of the liability.

The provisions are assessed on the basis of the group's expectation of the expenditure required to settle the liability, based on management data from the information system and on assumptions selected by the group, supplemented, where necessary, by experience of similar transactions and, in some cases, by reports from independent experts or estimates from service providers. These various assumptions are reviewed at each balance-sheet date.

Provisions for commitments on home loan savings agreements

Home loan savings accounts (CEL) and plans (PEL) offered to retail customers in accordance with the French Act of 10 July 1965 include two phases: a first phase during which deposits are collected in the form of interest-bearing savings accounts, and a second phase where home loans are extended.

They generate two types of commitments for the distributor institution:

- obligation to pay interest on deposits for an undetermined period of time at a fixed rate for Home loan savings plans (PEL) opened before 28 February 2011, and at a rate that is reviewed annually for new generations;
- obligation to grant loans to customers at a rate fixed upon signature of the contract.

These commitments, with potentially unfavourable consequences for the group, are subject to provisions presented in liabilities in the balance sheet (under "Provisions"), with changes recorded under net banking income in interest margin.

The provisions are estimated based on customers' behavioural statistics and market data for each generation of plan in order to hedge the future expenses associated with the potentially unfavourable conditions of these products compared to the interest rates offered to retail customers for similar products that are unregulated in terms of compensation. They only concern commitments related to home loan savings accounts and plans that exist at the provision calculation date.

Provisions are calculated for each generation of home loan savings schemes, without offsetting commitments for different generations of home loan savings schemes, and for all the home loan savings accounts representing one generation.

During the savings phase, the commitments to be provisioned are evaluated according to the difference between average forecast savings deposits and minimum forecast savings deposits, both of which are determined on a statistical basis by factoring in historical observations on actual customer behaviour.

During the lending phase, commitments that may be provisioned include outstandings on loans that have already been granted but not yet released at the year-end date, as well as future loans that are viewed as statistically likely based on balance sheet deposits as at the calculation date and historical observations of actual customer behaviour.

A provision is recorded when the net present value of future income is negative for a given generation of loans.

That income is assessed on the basis of the rates offered to retail customers on equivalent savings and lending products that have the same term as the deposits and were agreed on the same day.

3.21 Employee benefits

3.21.1 Post-employment benefits

Post-employment and long-term benefits resulting from defined benefit plans, together with their related costs, are measured using the projected unit credit method, in accordance with IAS 19. Annual actuarial appraisals are carried out.

The appraisal calculations involve taking third-party actuarial economic assumptions into account (discount rates, inflation rates, and the rate of increase in pensions, etc.), as well as assumptions that are specific to La Poste (employee turnover rates, mortality rate, and the rate of increase in salaries, etc.).

The balance sheet provision for defined benefit post-employment plans corresponds to the present value of the liability at the balance-sheet date less the market value of any plan assets where applicable (GeoPost UK). The present value of the commitment is calculated using the projected credit unit method on an annual basis. That value is determined by calculating the net present value of expected future outflows based on the market rate for top-tier corporate bonds, denominated in the currency in which the benefit will be paid. In addition, the term of the selected bonds is close to the average estimated length of the underlying commitment.

Actuarial gains and losses resulting from experience-based adjustments and the impact of changes to actuarial assumptions are recognised as "other comprehensive income".

Past service costs, which arise when a defined benefit plan is adopted or modified, are immediately expensed.

Pension and other employee benefit arrangements are described in Note 29 together with the main assumptions used.

3.21.2 End-of-career arrangements

La Poste records a provision for the costs of the end-of-career arrangements made for its employees. The amount of this provision takes into account both persons who have enrolled in one of the existing plans, and those who are expected to enrol on the basis of past take-up rates in previous years and Management's best estimates.

3.22 Assets held for sale

A non-current asset, or group of assets and liabilities, is classified as being held for sale when its book value will primarily be recovered through its sale and not its ongoing use. This assumes that the asset is available for immediate sale in its current state and that such a sale is highly likely within one year.

These assets and groups of assets, along with all related liabilities, are disclosed separately from other assets and liabilities and are valued at the lower of book value or the estimated sale price, net of disposal costs. These assets cease to be depreciated or amortised from the date when they are classified in this category.

3.23 cash flow statement

The cash flow Statement presents the inflows and outflows of cash and cash equivalents classified under operating, investing or financing activities.

The format of the cash flow statement has been rearranged in order to show the flows associated with La Banque Postale on the one hand and the flows associated with non-banking business activities on a separate basis on the other (including the business unit of La Poste providing staff to La Banque Postale).

The cash flow statement presents the change in cash and cash equivalents of non-banking activities.

La Banque Postale sub-group's cash flows (including cash held at post offices) are disclosed on a separate line in the balance sheet. Changes in those cash flows are reflected in the "Decrease (increase) in cash and cash equivalents from banking activities before impact of changes in consolidation scope" line, positioned under cash flows from financing activities.

In addition, cash flows relating to variations of banking assets and liabilities (excluding flows related to subordinated debts) are combined on a separate line in the cash flow statement ("Change in balance of banking sources and uses") in net cash flows from operating activities, which specifically includes:

- flows from deposits collected from customers;
- cash flows relating to liabilities to credit institutions;
- acquisitions and disposals of securities in the investment portfolio;
- cash flows relating to loans and advances;
- changes in the fair value of financial instruments.

Operating activities are the main revenue-generating activities and any other activities other than those defined as investing or financing activities.

Cash flows from operating activities are determined using the indirect method.

The calculation of EBITDA is detailed in Note 40.10.

Investing activities relate to the acquisition or disposal of non-current assets and to any other investments not included in cash and cash equivalents.

La Poste Groupe's cash flows from investing activities consist mainly in acquisitions or disposals of the following:

- intangible and tangible assets, adjusted for non-cash transactions (accounts receivable or payable on non-current assets);
- equity investments in other companies;
- other financial assets (guarantees and deposits, and receivables on investments, etc.).

The impact of changes in the consolidation scope on cash flows is presented on a separate line "Impact of changes in consolidation scope".

Financing activities relate to transactions that affect the amount and composition of equity and debt.

Cash flows from financing activities include sources of financing (new borrowings) and related outflows (distribution of dividends to minority shareholders, La Poste savings bond redemptions and debt repayments).

Concerning La Banque Postale, only the changes in subordinated debt are classified as cash flows from financing activities.

The concept of cash and cash equivalents includes very short-term liquid investments that can be readily converted into known amounts of cash and are subject to a negligible risk of change in value.

La Poste Groupe's cash and cash equivalents include cash in hand, bank debit balances, term deposits and marketable securities that do not carry any material risk of changes in value and can be readily converted into cash (particularly money-market UCITS), and the portion of bank credit balances and related interest accrued relating to temporary overdrafts.

Regardless of their characteristic features, securities in the "Banking activities investment portfolio" are never classified as cash. The flows pertaining to them are included in the "Change in the balance of banking sources and uses" line in the cash flow statement (see above).

NOTE 4 CHANGES IN THE CONSOLIDATION SCOPE

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The scope of consolidation is shown in Note 43.

4.1 Main acquisitions of control and shareholdings

Takeover of Speedy AD

In March 2021, La Poste Groupe (GeoPost business unit) took control of the Bulgarian company Speedy Ad following a takeover bid launched in February 2021. The company was previously held at 24.8% and accounted for as an equity associate in the group's accounts. The company is now exclusively controlled by the group with a percentage holding of 69.8% and is fully consolidated as of 1st April 2021. The takeover generated additional goodwill of €93 million (see Note 15) including the revaluation of the previous shareholding for €18 million (see Note 12). The company's business represented revenue of approximately €120 million since his entry in the group. With this acquisition, the group strengthens its position in the parcel/express market in Bulgaria and Romania.

Acquisition of the life insurance of Aviva in Italy

On 1 December CNP Assurances finalised the acquisition, initiated on 4 March 2021, of certain Italian life insurance activities of Aviva. The acquisition price amounts to €543 million.

The scope of the transaction includes:

- 51% of the life insurance company Aviva SpA (now called CNP Vita Assicura), 49% co-owned by UniCredit;
- 100% of the life insurance company Aviva Life SpA (now called CNP Vita Assicurazione).

These agreements reflect a takeover by CNP Assurances on 31 December 2021. Consequently, the entities are consolidated using the equity method between 1 and 30 December 2021, and then fully consolidated from 31 December 2021. The first consolidation using the equity method generated a badwill of €45 million recognised in the income statement in the share of profit of jointly controlled entities. This takeover resulted in an increase in the share of non-controlling interests in the shareholders' equity by €436 million.

Equity investment in ARAMEX

In October 2021, as part of its international development, La Poste Groupe (GeoPost business unit) acquired a 25% stake in Aramex, an Emirati multinational logistics, courier and parcel delivery company based in Dubai. The goodwill included in the value of the investments in equity associates is estimated at around €267 million. The company's revenue amounted to approximately €1.4 billion in 2021. The company is accounted for using the equity method in the group's financial statements from October 2021.

Increase in ownership in Ninja Van

In September 2021, La Poste Groupe (GeoPost business unit) strengthened its presence in South-East Asia by being the first investor in Ninja Van's latest fundraising (totalling $578 million). As Ninja Van was already accounted for under the equity method in the group's financial statements, this transaction resulted in an increase in the percentage of interest from 36.6% to 43.3%. The goodwill included in the value of the investments in equity associates increased by €97 million to reach €159 million.

4.2 Main purchases of non-controlling interests

Acquisition of BPCE's stake in CNP Assurances

On 16 December, La Banque Postale acquired BPCE's stake in CNP Assurances, *i.e.* 16.1%, for €2.4 billion (€21.90 per share). Following this transaction, La Banque Postale's stake in CNP Assurances is now 78.9%.

In the consolidated financial statements, since CNP Assurances is already under the exclusive control of the group, the transaction generates a reduction in non-controlling interests up to their book value, *i.e.* €2,974 million. As this value is higher than the amount paid out, the surplus results in an increase in shareholders' equity Group share of €543 million.

Purchase of non-controlling interests in eShopworld ("US Direct eCommerce Holding Ltd")

In March 2021, Asendia, 60%-controlled by La Poste Groupe, purchased the non-controlling interests in eShopworld (legal name: US Direct eCommerce Holding Ltd), a company incorporated under Irish law in which Asendia held a 50.1% stake and which it already controlled. Following the transaction, La Poste Groupe and its subsidiary Asendia now hold 60% and 100%, respectively, in eShopworld.

As eShopworld was already under the control of La Poste Groupe before the transaction, no additional goodwill was recognised in the financial statements. The acquisition price as well as the acquisition costs were recorded as a €694 million reduction of the consolidated shareholders' equity, of which €416 million from the group share and €278 million from non-controlling interests.

In addition, as part of the financing of the transaction, a perpetual loan was granted to Asendia by its minority shareholder Swiss Post in the amount of €198 million. This perpetual loan was classified as non-controlling interests in the consolidated equity as its characteristics fully meet the criteria for qualifying as an equity instrument in accordance with IFRS 9 (see table of changes in consolidated equity).

4.3 Income statement at constant scope and exchange rates

The restated net profit/(loss) eliminates the effect of all acquisitions made during the current year and the prior year's acquisitions concluded during the year. It also shows foreign currency transactions from the prior year at the average rate during the current year.

	REPORTED NET PROFIT/(LOSS)		RESTATED NET PROFIT/(LOSS) EXCLUDING SCOPE AND EXCHANGE RATE EFFECTS	
(in € million)	**31/12/2021**	**31/12/2020**	**31/12/2021**	**31/12/2020**
Revenues and NBI	34,609	31,185	33,927	30,968
Purchases and other expenses	(15,490)	(13,686)	(15,271)	(13,549)
Personnel expenses	(14,154)	(13,841)	(13,995)	(13,819)
Taxes and levies	(449)	(439)	(438)	(439)
Amortisation, provisions and impairment	(1,772)	(3,736)	(1,710)	(3,721)
Other operating expenses and income	577	535	575	536
Proceeds from asset disposals	23	84	23	84
Net operating expenses	(31,265)	(31,084)	(30,816)	(30,908)
Share in results of joint ventures	87	41	50	42
CURRENT OPERATING PROFIT/(LOSS) AFTER SHARE IN RESULTS OF JOINT VENTURES	**3,431**	**142**	**3,161**	**102**

Transition from actual data to data at constant scope and exchanges rates:

	31/12/21		31/12/20	
(in € million)	**OPERATING REVENUE**	**OPERATING PROFIT/(LOSS)**	**Operating revenue**	**Operating profit/(loss)**
Published consolidated financial statements	34,609	3,431	31,185	142
Impact of changes in scope and changes:				
CNP Assurances[(a)]	402	211	-	-
Speedy AD	121	16	-	-
Exchange rate effect[(b)]	-	-	29	37
Other	159	43	188	3
CONSOLIDATED FINANCIAL STATEMENTS EXCLUDING SCOPE AND EXCHANGE RATE EFFECTS	**33,927**	**3,161**	**30,968**	**102**

(a) This restatement corresponds to the neutralization of CNP Assurances' contribution to operating income and recurring operating income for the months of January and February 2021 in order to make the data of 2021 comparable with that of 2020, as CNP Assurances was consolidated from 1st March 2020.

(b) The amounts of €29 and €37 million restated in 2020 correspond to the impact of recalculating revenues and operating income using the average exchange rates of 2021.

NOTE 5 SEGMENT REPORTING

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5.1 Definition of operating segments

The definition of operating segments for the purpose of segment reporting is based on La Poste Groupe's current management organisation. A business segment is a distinguishable component for which separate financial information is available and regularly reviewed by Group Management for the purpose of allocating resources to the segment and assessing its performance.

The criteria selected to define business segments specifically include:

- the nature of the products distributed;
- the type or class of customer for whom they are intended;
- the production process and distribution network;
- the regulatory environment.

The group is organised around five operating segments, in addition to the Real Estate and Shared Services segments:

Segments	Activities
Services-Mail-Parcels	● Mail activity in France (*i.e.* pick-up, sorting and delivery of letter posts, advertising and press publications) and related services ● Parcels activity carried out by La Poste under the Colissimo brand ● international mail (including e-commerce activity carried out by Asendia) ● Silver activity for personal and health assistance ● postman's new services
GeoPost	● Express activity carried out by the GeoPost sub-group's brands, primarily DPD, Chronopost and Seur ● international mail (including e-commerce activities held by Asendia)
La Banque Postale	● Banking and Insurance activities of the La Banque Postale sub-group ● Services provided by some La Poste staff to La Banque Postale under service agreements (division of La Poste)
Retail Customer and Digital Services	● Sale and distribution activities intended for the general public ● La Poste Mobile activities ● Other non-group products
Real estate	● Management of all of the group's real estate assets held by the Poste Immo sub-group ● Activities of the La Poste Real Estate Department
Shared Services	● "Corporate" activities of the group's registered Office ● Support services departments

As stated in the significant events, the Retail Customers and Digital Services business unit was created in 2021, in particular by merging the La Poste Network and Digital Services business units, as well as by transferring to the new business unit the retail customers activities of the Services-Mail-Parcels business unit (see Section 1.7).

In addition, Asendia, as well as its various subsidiaries (international mail and e-commerce activities) were transferred in 2021 from the Services-Mail-Parcels operating segment to the GeoPost operating segment.

The data for 2020 have been restated according to the new segmentation.

5.2 Operating segment reporting

The accounting principles applied to segment reporting are the same as those used for the consolidated financial statements, as described in Note 2 and Note 3.

The profits (losses), assets and liabilities that have been allocated to the business segments are those profits (losses), assets and liabilities that can be allocated directly and indirectly to business segments.

The amounts unallocated to the business segments primarily correspond to:

- the net cost of regional development;
- the cost of the accessibility constraint imposed on La Poste;
- financial profit/(loss) and tax.

Segmentation of operating expenses

Given that the Mail, Parcels, Banking activities and La Poste Retail Brand segments coexist within La Poste, and that their production processes are highly inter-connected, La Poste has set out cost accounting principles in order to allocate shared costs between these various segments and thereby determine each segment's profit (loss).

The expenses for the La Poste Retail Brand post office counters are re-invoiced to the businesses that use the network on the basis of service agreements, where the pricing mechanisms are based on measurable operating metrics (revenues, and statistics measuring the time required to perform various transactions, etc.).

Segmentation of non-current assets

Intangible and tangible assets are divided based on the allocation of the corresponding assets for each business in La Poste's accounting system. The real estate assets held by La Poste and the Poste Immo sub-group are allocated to the Real Estate segment in their entirety.

5.2.1 Income statement by operating segment

No group customer accounts for more than 10% of consolidated revenues.

2021 *(in € million)*	Services-Mail-Parcels	GeoPost	La Banque Postale	Retail Customer and Digital Services	Real Estate	Shared Services	Unallocated[a]	Eliminations	TOTAL
Non-group revenues and NBI	8,353	14,598	7,992	3,510	36	4	117	0	34,609
Inter-segment revenues and NBI	2,267	103	25	3,213	787	1,255	0	(7,651)	0
Operating revenue	**10,620**	**14,701**	**8,017**	**6,723**	**824**	**1,258**	**117**	**(7,651)**	**34,609**
Share in results of joint ventures	0	3	89	(5)	0	0	0	0	87
Current operating profit/(loss) after share in results of joint ventures	**1,246**	**1,057**	**1,642**	**155**	**95**	**(266)**	**(505)**	**7**	**3,431**
Financial profit/(loss)	**0**	**0**	**0**	**0**	**0**	**0**	**(202)**	**0**	**(202)**
Income tax	0	0	0	0	0	0	(620)	0	(620)
Share in profits of associates	(1)	(21)	10	0	2	(1)	0	0	(12)
CONSOLIDATED NET PROFIT/(LOSS)									**2,597**
Depreciation, amortisation, provisions and impairment	605	(736)	(912)	(103)	(465)	(160)	0	0	(1,772)
Segment assets	3,968	12,005	771,794	1,608	4,397	10,103	(7,510)	0	796,365

2020 restated[b] *(in € million)*	Services-Mail-Parcels	GeoPost	La Banque Postale	Retail Customer and Digital Services	Real Estate	Shared Services	Unallocated[a]	Eliminations	TOTAL
Non-group revenues and NBI	7,624	12,707	7,707	3,118	24	4	0	0	31,185
Inter-segment revenues and NBI	2,101	93	17	3,133	808	1,192	0	(7,345)	0
Operating revenue	**9,726**	**12,800**	**7,724**	**6,251**	**833**	**1,196**	**0**	**(7,345)**	**31,185**
Share in results of joint ventures	0	(0)	48	(7)	0	0	0	0	41
Current operating profit/(loss) after share in results of joint ventures	**(1,034)**	**848**	**1,451**	**(244)**	**81**	**(243)**	**(708)**	**(9)**	**142**
Impact of takeover of CNP Assurances	**0**	**0**	**3,007**	**0**	**0**	**0**	**0**	**0**	**3,007**
Operating profit/(loss)	**(1,034)**	**848**	**4,457**	**(244)**	**81**	**(243)**	**(708)**	**(9)**	**3,149**
Financial profit/(loss)	**0**	**0**	**0**	**0**	**0**	**0**	**(243)**	**0**	**(243)**
Income tax	0	0	0	0	0	0	(880)	0	(880)
Share in profits of associates	0	(9)	641	0	2	0	0	0	635
CONSOLIDATED NET PROFIT/(LOSS)									**2,660**
Depreciation, amortisation, provisions and impairment	(1,152)	(693)	(1,165)	(116)	(453)	(157)	0	0	(3,736)
Segment assets	3,441	10,556	735,989	1,434	4,015	8,529	(5,831)	0	758,132

(a) Primarily includes the contribution to regional development (including the costs relating to the accessibility constraint), financial profit/(loss), and income tax.
(b) The segment reporting information 2020 has been restated based on the new segmentation set up in 2021 (see Note 5.1).

5.2.2 Balance sheet by operating segment

31/12/2021 *(in € million)*	Services-Mail-Parcels	GeoPost	La Banque Postale	Retail Customer and Digital Services	Real Estate	Shared services	Eliminations	TOTAL
ASSETS								
Intangible and tangible assets and goodwill	1,347	5,258	6,401	824	3,044	526	(12)	17,388
Right of use assets	122	2,376	143	64	971	23	0	3,700
Equity associates	0	907	948	(0)	44	1	0	1,900
Other non-current assets	42	134	527	22	13	5,995	(6,027)	706
Current assets	2,457	3,330	969	698	324	3,558	(1,293)	10,044
Specific assets of banking and insurance activities	0	0	762,806	0	0	0	(178)	762,628
TOTAL	**3,968**	**12,005**	**771,794**	**1,608**	**4,397**	**10,103**	**(7,510)**	**796,365**
Investments[(a)]	**295**	**1,419**	**1,192**	**170**	**237**	**196**	**0**	**3,509**
LIABILITIES								
Equity	0	0	0	0	0	32,650	0	32,650
Bonds and other financial debt (current and non-current)	617	4,004	0	556	1,142	10,304	(6,473)	10,149
Lease liabilities	141	2,500	0	72	1,023	24	0	3,760
Other non-current liabilities	3,732	3,140	5,023	1,730	341	925	(563)	14,328
Other current liabilities	(0)	43	151	4	0	235	0	433
Specific liabilities of banking and insurance activities	0	0	735,466	34	0	0	(455)	735,045
TOTAL	**4,490**	**9,687**	**740,640**	**2,396**	**2,506**	**44,137**	**(7,490)**	**796,365**

(a) Purchase of intangible and tangible assets, and impact of changes in the scope of consolidation.

31/12/2020 restated[b] *(in € million)*	Services-Mail-Parcels	GeoPost	La Banque Postale	Retail Customer and Digital Services	Real Estate	Shared services	Eliminations	TOTAL
ASSETS								
Intangible and tangible assets and goodwill	793	4,763	6,104	780	3,126	471	(12)	16,024
Right of use assets	132	2,087	105	63	608	22	0	3,017
Equity associates	(0)	209	696	0	30	0	0	935
Other non-current assets	50	146	(64)	21	10	4,627	(4,148)	643
Current assets	2,466	3,350	1,028	570	241	3,408	(1,480)	9,584
Specific assets of banking and insurance activities	0	0	728,120	0	0	0	(191)	727,929
TOTAL	**3,441**	**10,556**	**735,989**	**1,434**	**4,015**	**8,529**	**(5,831)**	**758,132**
Investments[a]	**346**	**1,063**	**3,642**	**179**	**215**	**121**	**0**	**5,565**
LIABILITIES								
Equity	0	0	0	0	0	32,102	0	32,102
Bonds and other financial debt (current and non-current)	491	2,996	0	469	1,142	9,111	(5,317)	8,891
Lease liabilities	144	2,186	0	73	1,082	23	0	3,509
Other non-current liabilities	3,950	2,922	5,291	1,698	328	766	(618)	14,337
Other current liabilities	4	152	97	3	(0)	251	0	506
Specific liabilities of banking and insurance activities	0	0	699,329	70	0	0	(612)	698,788
TOTAL	**4,588**	**8,256**	**704,717**	**2,313**	**2,552**	**42,252**	**(6,547)**	**758,132**

(a) Purchase of intangible and tangible assets, and impact of changes in the scope of consolidation.
(b) The segment reporting information 2020 has been restated based on the new segmentation set up in 2021 (see Note 5.1).

5.3 Geographical information

Revenues are broken down on the basis of paying customers' location.

La Poste Groupe's net non-current assets have been broken down by geographical area based on the location of the legal entities that own the assets.

31/12/2021 *(in € million)*	France	European Union (excluding France)	Other	TOTAL
Revenues from commercial activities	13,630	7,684	5,303	26,617
Net banking income	6,803	503	687	7,992
OPERATING REVENUE	**20,433**	**8,187**	**5,989**	**34,609**
Segment assets	711,017	58,191	27,157	796,365
Investments[(a)]	2,995	367	148	3,509

2020 *(in € million)*	France	European Union (excluding France)	Other	Total
Revenues from commercial activities	12,219	6,676	4,583	23,478
Net banking income	6,595	382	730	7,707
OPERATING REVENUE	**18,814**	**7,058**	**5,313**	**31,185**
Segment assets	704,012	30,508	23,612	758,132
Investments[(a)]	396	287	4,882	5,565

(a) Purchase of intangible and tangible assets, and impact of changes in the scope of consolidation.

NOTES TO THE INCOME STATEMENT

NOTE 6 REVENUES

La Poste Groupe's revenues from commercial activities broke down as follows:

(in € million)	31/12/2021	31/12/2020
Services-Mail-Parcels	8,353	7,624
GeoPost	14,598	12,707
Retail Customer and Digital Services	3,510	3,118
Real Estate and Shared services	157	28
TOTAL	**26,617**	**23,478**

Total revenue includes in particular in 2021:

- the compensation obtained from the State for the Universal Postal Service for 520 million euros (see Note 1.3), ventilated between the branches according to their contribution to the cost of the universal postal service (303 million euros for the Parcel Mail Service, 174 million euros for the Retail Customer and Digital Services branch and 43 million euros for the Shared services);
- the compensation obtained from the State for territory development for 74 million euros (see Note 1.3), is entered on the "Real estate and Shared services" line.

GeoPost revenue includes the e-commerce activity carried out by the Asendia subsidiary.

NOTE 7 NET BANKING INCOME

The group's net banking income broke down as follows:

(in € million)	2021	2020
Interest and similar income	**5,825**	**4,425**
Interest and similar expenses	**(1,879)**	**(1,839)**
Commission income	**2,203**	**2,239**
Commission expenses	**(3,460)**	**(3,033)**
Net gains and losses	**12,758**	**5,102**
• Financial instruments at fair value through profit or loss	13,966	4,962
• Financial instruments at fair value through equity	(1,208)	(157)
• Derecognition of financial assets at amortised cost[(a)]	0	297
Income from other activities	**33,467**	**23,717**
Expenses from other activities	**(39,847)**	**(22,226)**
Impact of the overlay approach (gross impact)	**(1,074)**	**(679)**
TOTAL	**7,992**	**7,707**

(a) In 2020, given the context of persistently low interest rates and the extremely low level of early repayments and renegotiations the Bank had to review the rules about the sale of real estate loans. As a result, the duration of these loans has been extended. In order to maintain its risk profile, fixed-rate debt securities of the ALM portfolio were sold during the year of 2020 without calling into question the portfolio management model.

NOTE 8 PURCHASES AND OTHER EXPENSES

Purchases and other expenses broke down as follows:

(in € million)	2021	2020
External services and general sub-contracting	4,126	3,542
Purchases	1,146	890
Outsourced transport	7,772	7,038
International mail delivery services	535	496
Rental expenses[(a)]	364	326
Maintenance and repair costs	636	576
Telecommunications expenses	215	205
Travel and assignments	110	100
Other expenses	587	514
TOTAL	**15,490**	**13,686**

(a) This line item only includes rents for lease contracts which have not been restated under IFRS 16 (mainly short-term leases or leases for low-value assets), as well as rental costs (see Note 18.3).

NOTE 9 PERSONNEL EXPENSES AND HEADCOUNT

A breakdown of personnel expenses by type of cost is provided below:

(in € million)	2021	2020
Wages and salaries, bonuses and allowances	10,647	10,105
Pension contributions	634	812
Other social security contributions	1,953	1,864
Employee welfare costs	217	235
Change in post-employment provisions[(a)]	27	17
Change in provisions for social security contingencies and staff litigation	1	(2)
Change in other employee provisions	(43)	91
Compensation-based taxes and duties	718	720
TOTAL	**14,154**	**13,841**
Average headcount (full-time employee equivalent per year)	244,980	248,906

(a) With the exception of actuarial gains and losses recognized directly in other comprehensive income (see changes in consolidated equity).

The "**Pension contributions**" line item corresponds to contributions paid in to post-employment defined benefits plans. Since the implementation in 2006 of the new system for funding pension benefit obligations for civil servants assigned to La Poste, this line item includes the full discharge contribution provided for by law in relation to the funding arrangements for the pensions of government employees.

NOTE 10 TAXES AND LEVIES

Taxes and levies consist of the following item:

(in € million)	2021	2020
Local taxes	119	151
Other taxes and levies[a]	329	288
TOTAL	**449**	**439**

(a) Of which in 2021, €92 million for non-deductible VAT on lease contracts and in 2020 €83 million.

La Poste benefits from favourable local tax treatment in consideration for La Poste's obligation to serve the entire French territory, and its contribution to regional development (law of 2 July 1990, as rearranged by the law of 9 February 2010). In this regard, La Poste enjoyed in 2021 a 99% reduction in its corporate tax base for all local taxation (property tax and Territorial Economic Contribution) accordance with the provisions of Article 1635 sexies of the French General Tax Code and Decree No. 2021-1786 of 23 December 2021.

Local business tax (CET) is recognised under "Local taxes".

NOTE 11 DEPRECIATION, AMORTISATION, PROVISIONS AND IMPAIRMENT

Changes in depreciation, amortisation, provisions and impairment that had an impact on operating profit/(loss) broke down as follows:

(in € million)	2021	2020
Net depreciation and amortisation	**2,302**	**1,972**
Intangible assets[a]	712	536
Tangible assets[a]	794	716
Right of use assets[a]	796	720
Net provisions and impairment[e]	**(799)**	**1,091**
Goodwill[b]	0	33
Right of use assets[a]	(406)	416
Intangible assets, property, plant and equipment[a]	(460)	594
Inventories[c]	4	1
Accounts receivable[c]	(1)	24
Losses on unrecoverable receivables	26	28
Provisions for contingencies and losses[d]	39	(5)
Cost of risk (Banking activities)[e]	**268**	**674**
Cost of risk and other impairments, charges and risks (Banking activities)	170	548
Banking activities cost of risk – unrecoverable receivables	98	126
TOTAL	**1,772**	**3,736**

(a) A description of the changes in the depreciation, amortisation and impairment of non-current assets is provided in Notes 16, 17 and 18. Increases of provisions and reversal of provisions on right of use mainly concern the Mail CGU (see Note 18 and Note 1.4).
(b) The impairment of goodwill is broken down in Note 15.2.
(c) A breakdown of changes in the impairment of inventories and accounts receivable is provided in Note 23.
(d) Changes in provisions for contingencies and losses are detailed in Note 27.
(e) See the comments in the significant event of the year (Note 1.6) on the impact of the Covid-19 crisis.

NOTE 12 OTHER OPERATING INCOME AND EXPENSES

Other operating revenue and expenses broke down as follows:

Income/(expenses) *(in € million)*	2021	2020
Capitalised production[(a)]	427	353
Royalties	(71)	(55)
Revenues recorded following an acquisition of control[(b)]	18	76
Other current operating revenue and expenses	202	161
TOTAL	**577**	**535**

(a) Capitalised production primarily consists of IT development costs recognised as intangible assets.
(b) In 2021, €18 million linked to the takeover of Speedy. And in 2020, €45 million impact of the revaluation of the previously held investment in BRT and €24 million impact of the revaluation of the previously held investment in Lenton.

The impact on the operating profit/(loss) for 2020 of the takeover of CNP Assurances on 4 March 2020, *i.e.* an income of €3,007 million, has been classified on a specific line of the income statement in view of its significant amount. The transactions leading to this takeover are described in Note 26.

The income recorded breaks down as follows:

- impairment of the value of the securities previously accounted for by the equity method in relation to the share price of CNP Assurances on the day of the transaction, *i.e.* €1,571 million, amount representing the difference between the value of the investments in equity associates (€3,504 million) and the market value (€1,933 million);
- the recognition of badwill for an amount of €4,578 million corresponding to the difference between, firstly, the group's share of the net assets of CNP Assurance valued at fair value (determined as part of the acquisition price allocation), *i.e.* €10,538 million, and, secondly, all the securities held valued at the market price of the day of the transaction, *i.e.* €5,960 million.

The reclassification under net profit/(loss) of the group's share in the translation reserves and unrealised gains and losses of CNP Assurances before the transaction generated revenue of €594 million in 2020 included in the "Share of profit of other equity associates" line of the consolidated income statement.

NOTE 13 FINANCIAL PROFIT/(LOSS)

13.1 Cost of net financial debt 285
13.2 Other financial items 286

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The impact of the group's financial instruments on income excluding Banking activities are detailed below:

13.1 Cost of net financial debt

(in € million)	2021	2020
Interest expense on financing transactions[(a)]	(162)	(155)
Interest expense on lease liabilities	(74)	(77)
Change in the fair value of borrowings[(b)] and debt-related swaps	3	5
Income from cash and cash equivalents[(c)]	(0)	(2)
TOTAL	**(233)**	**(229)**

(a) Including interest and proceeds from the termination of debt-related derivatives.
(b) Excluding the effect of change in own credit risk on the fair value of borrowings, recognised in OCI.
(c) Including changes in the fair value of cash assets or financial assets.

13.2 Other financial items

(in € million)	2021	2020
Discounting expense on provisions for employee benefits and return on plan assets	2	(5)
Net foreign exchange gains	(2)	(8)
Other financial income and expenses	32	(2)
TOTAL	**31**	**(14)**

The other financial income and expenses include a capital gain on disposal of €27 million relating to non-consolidated shares held by the GeoPost business unit.

NOTE 14 INCOME TAX

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14.1 Income tax expense recognised in income

(in € million)	2021	2020
Current tax (expense)	(918)	(697)
Deferred tax income/(expense)	298	(183)
TOTAL TAX INCOME/(EXPENSE)	**(620)**	**(880)**

The current tax expense represents the amount paid or payable in the short-term to the tax authorities in respect of the fiscal year, based on the rules prevailing in the various countries and on specific tax conventions.

14.2 Tax on other comprehensive income

(in € million)	2021	2020
Change in unrealised gains and losses on financial instruments (recyclable and non-recyclable items)		
Amount before tax	140	1,530
Tax impact	227	(464)
AMOUNT NET OF TAX	**367**	**1,066**
Translation adjustments		
Amount before tax	107	(840)
Tax impact	0	0
AMOUNT NET OF TAX	**107**	**(840)**

14.3 Tax proof

The explanation of the tax reconciliation is as follows:

(in € million)	2021	2020
Net profit/(loss), Group share	2,069	2,084
Share in profits of equity associates and joint ventures	(75)	(676)
Income tax	620	880
Non-controlling interests	528	576
Consolidated profit (loss) before tax and share in profits of equity associates and joint ventures	3,142	2,864
Income tax rate	**28.41%**	**32.02%**
Theoretical tax expense[(a)]	**(893)**	**(917)**
Impact of takeover of CNP Assurances	0	963
Deferred tax assets creation (limitation)[(b)]	258	(1,005)
• *Impairment of deferred tax assets recorded as at 31 December 2019*	*0*	*(298)*
• *Increases of provisions and reversal of provisions of Mail CGU assets (see Note 1.4)*	*256*	*(288)*
• *Other deferred tax assets creation (limitation)*	*2*	*(419)*
Tax rate differential for foreign subsidiaries	(7)	37
Effect of the French income tax rate decrease[(c)]	(1)	(41)
Reduced rate on capital gains	33	55
Dividends and share of income from tax transparent companies	(12)	20
Unused tax losses created during the year or used tax losses created in previous years (excluding tax consolidation)	(4)	27
Tax benefits, tax credits and foreign tax allowances	15	1
Revaluation of investments previously held and impairment of goodwill	5	22
Impairment	0	(11)
Non-deductible bank contributions	(27)	(23)
Other	11	(7)
Tax restatements	**272**	**37**
ACTUAL TAX CHARGE	**(620)**	**(880)**

(a) Including the 3.3% social solidarity contribution.
(b) See Note 1.6 for the impact of the Covid-19 crisis on net deferred tax assets.
(c) The latest finance law provides that the income tax rate in France will decrease progressively to reach 25.83% in 2022.

14.4 Deferred tax recognised on the balance sheet

(in € million)	Deferred tax assets	Deferred tax liabilities	TOTAL
31/12/2019	365	198	167
Impact of IFRS 16 first time application	(349)	(167)	(183)
Impact on net profit/(loss)	(2)	(2)	
Reclassifications	143	143	
Impact on equity	(9)	161	(171)
Change in consolidation scope	85	1,257	(1,171)
Translation adjustments	(92)	(92)	
31/12/2020	141	1,497	(1,357)
Impact on net profit/(loss)	39	(259)	298
Assets/Liabilities held for sale	(1)	(1)	
Reclassifications	(484)	(484)	
Impact on equity	64	(163)	227
Change in consolidation scope	445	620	(175)
Translation adjustments	3	7	(4)
31/12/2021	205	1,217	(1,012)

Net tax assets are limited to each tax entity's ability to recover its assets in the near future.

14.5 Breakdown of deferred tax by type

(in € million)	31/12/2021	31/12/2020
Deferred tax assets		
Employee benefits	363	373
Other non-deductible provisions	3	18
Other timing differences	181	75
Financial instruments	16	15
Tax loss carry-forwards	23	43
Asset/liability offsets[(a)]	(382)	(383)
TOTAL ASSETS	**205**	**141**
Deferred tax liabilities		
Regulated provisions	106	107
Revaluation of contributions to Poste Immo	19	26
Financial instruments	1,223	1,501
Deductible goodwill	165	168
Other tax timing differences	85	78
Asset/liability offsets[(a)]	(382)	(383)
TOTAL LIABILITIES	**1,217**	**1,497**

(a) Deferred tax assets and liabilities are offset for each tax entity or tax consolidation group.

14.6 Unrecognised deferred tax assets

Type and amount of unrecognised deferred tax asset bases *(in € million)*	31/12/2021			
	FRENCH COMPANIES IN THE TAX CONSOLIDATION GROUP	NON-CONSOLIDATED FRENCH COMPANIES	FOREIGN COMPANIES	TOTAL
Home Loan Savings Provision	186			186
Employee benefits	2,386	10	15	2,411
Other timing differences	67	4	67	137
Ordinary tax losses	1,534	121	195	1,850
TOTAL	**4,173**	**135**	**277**	**4,584**

Unrecognised deferred tax asset bases amounted to €5,843 million as at 31 December 2020.

NOTES TO THE BALANCE SHEET

NOTE 15 GOODWILL

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15.1 Breakdown of goodwill

(in € million) CGU	Segment	31/12/2021	31/12/2020
DPD Europe	GeoPost	2,885	2,810
Digital Services	Customers and Digital services	539	459
Asendia	GeoPost	204	198
Health	Services-Mail-Parcels	185	157
Mediapost	Services-Mail-Parcels	148	121
La Banque Postale Prévoyance	La Banque Postale	94	94
Speedy[(a)]	GeoPost	93	0
DPD Russia	GeoPost	87	82
EDE	Services-Mail-Parcels	67	67
Tigers[(b)]	GeoPost	0	48
Lenton Group	GeoPost	48	44
Tocqueville Group	La Banque Postale	27	27
JadLog	GeoPost	22	22
La Banque Postale Asset Management	La Banque Postale	20	20
Stuart	GeoPost	13	13
Other GeoPost companies	GeoPost	23	5
Other Services-Mail-Parcels companies	Services-Mail-Parcels	9	8
TOTAL		**4,464**	**4,175**
Services-Mail-Parcels		**408**	**353**
GeoPost		**3,375**	**3,221**
La Banque Postale		**142**	**142**
Customers and Digital Services		**539**	**459**

(a) Of which in 2021 goodwill of €11 million previously classified under "Investments in associates", €18 million from the revaluation of the previous investment (see Note 11) and €64 million directly from the share acquired.

(b) Of which in 2021 the sale of Tigers.

15.2 Change in the net book value of goodwill

(in € million)	2021	2020
Opening balance	4,175	2,625
of which:		
● *Gross amount*	*4,470*	*2,916*
● *Impairment*	*(295)*	*(291)*
Acquisitions[(a)]	311	1,648
Translation adjustments[(b)]	27	(64)
Impairment[(c)]	0	(33)
Other	0	(1)
Change[(d)]	(49)	0
CLOSING BALANCE	**4,464**	**4,175**
of which:		
● *Gross amount*	*4,767*	*4,470*
● *Impairment*	*(302)*	*(295)*

(a) Of which in 2021, acquisitions in the GeoPost segment: the Takeover of Speedy for €93 million (see Note 4.1) the acquisitions of Transporte Intégral de Paqueteria S.A. for €48 million and the acquisition of Epicery SAS for €13 million. Acquisitions in the Customers and Digital Services segment: Boxtal for €22 million, Open Value for €17 million and Docaposte Trust & Sign for €35 million. And acquisitions in the Services-Mails-Parcels segment: Asten Santé for €27 million and TimeOne Group for €27 million.
And in 2020, acquisitions in the GeoPost segment: BRT for €1,265 million, Geis for €50 million and the takeover of Lenton Group Ltd at the end of 2019 for €72 million and the acquisition of Softeam Group in the Customers and Digital Services segment for €150 million at the end of 2019, and Index Education for €60 million.

(b) Of which in 2021, DPD Russia for +€5 million, GP Intermediate Holdings for +€8 million and ASENDIA USA for +€4 million.
And in 2020, DPD Russia for -€23 million, Jadlog for -€9 million, DPD Pologne for -€8 million and DPD UK for -€7 million.

(c) Of which in 2020, goodwill of acquisitions of Lenton Group Ltd and DPD Laser for €23 million and €9 million.

(d) Of which in 2021 the sale of Tigers for -€48 million.

Impairment tests performed on goodwills are detailed in the Note 20.

NOTE 16 INTANGIBLE ASSETS

(in € million)	Software, patents and licences	Intangible assets in progress	Other intangible assets	TOTAL
Gross amount				
Balance as at 31/12/2019	2,276	467	1,780	4,523
Acquisitions[a]	3,180	322	76	3,578
Disposals	(96)	(9)	(31)	(136)
Change in consolidation scope[b]	3,057	(3)	95	3,149
Transfers	133	(219)	108	23
Translation adjustments	(727)	(1)	(3)	(731)
Balance as at 31/12/2020	7,822	558	2,026	10,406
Acquisitions	125	424	41	591
Disposals	(293)	(14)	(6)	(312)
Change in consolidation scope[d]	539	1	3	543
Transfers	1,815	(493)	(1,337)	(14)
Translation adjustments	60	0	1	62
BALANCE AS AT 31/12/2021	**10,069**	**477**	**729**	**11,276**
Depreciation and impairment				
Balance as at 31/12/2019	(1,898)		(1,128)	(3,026)
Depreciation for the year	(754)	0	(166)	(920)
Impairment[c]	(40)	0	(262)	(302)
Reversal on impairment	0	0	37	37
Reversals on disposals	83	0	31	114
Change in consolidation scope	(400)	0	(74)	(475)
Transfers	(852)	0	857	5
Translation adjustments	25	0	2	27
Balance as at 31/12/2020	(3,837)	0	(704)	(4,540)
Depreciation for the year	(997)	0	(65)	(1,061)
Impairment	(125)	0	0	(125)
Reversal on impairment[c]	72	0	242	315
Reversals on disposals	290	0	4	294
Change in consolidation scope	(8)	0	(5)	(13)
Transfers	(33)	0	31	(1)
Translation adjustments	(10)	0	(1)	(11)
BALANCE AS AT 31/12/2021	**(4,647)**	**0**	**(496)**	**(5,143)**
Net amount				
As at 31/12/2020	3,986	558	1,322	5,866
AS AT 31/12/2021	**5,422**	**477**	**233**	**6,133**

(a) Of which in 2020, €3,043 million corresponding to the distribution agreement signed as part of the partnership between CNP Assurances and Caixa Seguridade.
(b) Of which in 2020, CNP Assurances for €2,681 million.
(c) Of which in 2020, impairment of La Poste SA's Mail CGU for €201 million, which was fully reversed in 2021 (see Notes 20 and 1.4).
(d) Of which in 2021, €523 million of the acquisition of the life insurance of Aviva (see Note 4.1).

The "**transfer**" lines relate to the commissioning of assets and to reclassifications to other assets line items.

NOTE 17 PROPERTY, PLANT AND EQUIPMENT

(in € million)	Land and buildings	Machinery and equipment	Vehicles	Other	Assets under construction	TOTAL
Gross amount						
Balance as at 31/12/2019	5,290	3,206	921	3,620	584	13,621
Acquisitions	9	130	112	222	436	910
Disposals	(96)	(68)	(84)	(122)	(11)	(382)
Change in consolidation scope	145	114	62	381	12	714
Transfers	193	131	2	54	(420)	(41)
Translation adjustments	(24)	(12)	(7)	(19)	(5)	(67)
Balance as at 31/12/2020	5,516	3,501	1,006	4,135	596	14,755
Acquisitions	75	136	134	206	594	1,144
Disposals	(98)	(88)	(117)	(143)	(6)	(453)
Change in consolidation scope	3	23	7	16	241	290
Transfers	374	138	3	87	(635)	(33)
Translation adjustments	15	7	1	12	5	39
BALANCE AS AT 31/12/2021	**5,885**	**3,716**	**1,035**	**4,312**	**793**	**15,741**
Depreciation and impairment						
Balance as at 31/12/2019	(1,945)	(2,453)	(453)	(2,731)	0	(7,582)
Depreciation for the year	(183)	(164)	(109)	(261)	0	(716)
Impairment[(a)]	(9)	(19)	(7)	(338)	0	(373)
Reversals on impairment	11	0	0	33	0	44
Reversals on disposals	52	66	64	111	0	294
Change in consolidation scope	(38)	(82)	(53)	(299)	0	(473)
Transfers	14	(1)	(0)	(5)	0	7
Translation adjustments	7	6	4	11	0	28
Balance as at 31/12/2020	(2,091)	(2,648)	(554)	(3,478)	0	(8,771)
Depreciation for the year	(192)	(203)	(116)	(286)	0	(798)
Impairment	(12)	(2)	0	(55)	0	(69)
Reversals on impairment[(a)]	5	1	0	334	0	340
Reversals on disposals	56	86	96	138	0	377
Change in consolidation scope	(0)	(14)	(2)	(8)	0	(24)
Transfers	12	(2)	3	(2)	0	11
Translation adjustments	(4)	(4)	(1)	(7)	0	(16)
BALANCE AS AT 31/12/2021	**(2,226)**	**(2,785)**	**(574)**	**(3,364)**	**0**	**(8,950)**
Net amount						
As at 31/12/2020	3,425	854	452	657	596	5,983
AS AT 31/12/2021	**3,659**	**931**	**460**	**948**	**793**	**6,792**

(a) Of which in 2020, impairment of La Poste SA's Mail CGU for €288 million, which was fully reversed in 2021 (see Notes 20 and 1.4).

The **right of use assets**, stemming from the application of IFRS 16, are detailed in Note 18.
The **transfer** lines correspond to the commissioning of assets and to the reclassification of certain tangible assets to "Assets held for sale" (see Note 25).

NOTE 18 LEASES (LESSEE)

18.1 Right of use assets 294
18.2 Lease liabilities 295
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18.4 Lease amounts recognised in consolidated cash flow statement 295

18.1 Right of use assets

Right of use assets are detailed below by nature of leased assets:

(in € million)	Land and buildings	Machinery and equipment	Vehicles	Other	TOTAL
Balance as at 31/12/2019	2,220	167	182	12	2,582
Increase	880	27	162	2	1,071
Decrease	(51)	(2)	(3)	(0)	(56)
Amortisation	(574)	(49)	(92)	(6)	(720)
Provision[(a)]	(395)	0	(21)	0	(416)
Change in consolidation scope and translation adjustments	570	5	(6)	2	571
Other	1	0	0	0	1
Assets held for sale	(18)	3	1	0	(14)
Balance as at 31/12/2020	2,633	151	222	11	3,017
Increase	771	135	179	6	1,091
Decrease	(113)	(5)	(3)	(0)	(121)
Amortisation	(607)	(70)	(113)	(6)	(796)
Provision[(a)]	385	(0)	21	(0)	406
Change in consolidation scope and translation adjustments	69	4	27	1	101
Other	64	0	0	0	64
Assets held for sale	(61)	(1)	(0)	(0)	(62)
BALANCE AS AT 31/12/2021	**3,141**	**215**	**334**	**11**	**3,700**

(a) Of which in 2020, impairment of La Poste SA's Mail CGU for €411 million which was fully reversed in 2021 (see Note 20 and 1.4).

18.2 Lease liabilities

Lease liabilities are presented in Note 28 for industrial and commercial activities. Lease liabilities for banking activities amount €153 million and are included in the item "Other financial liabilities and accruals account" of "Specific liabilities of banking and insurance activities" (see Note 31.7).

18.3 Lease amounts recognised in profit or loss

(in € million)	2021	2020
Net operating expenses	**839**	**1,545**
Short-term lease expenses	107	103
Low value lease expenses	53	36
Rental expenses	153	149
Non-deductible VAT on rent expenses	92	83
Right of use assets amortisation	796	720
Right of use assets (reversal) provision[(b)]	(406)	416
Other[(a)]	44	39
Cost of net financial debt	**74**	**77**
Interest expense on lease liabilities	74	77
TOTAL	**913**	**1,623**

(a) Of which in 2021, €36 million from CNP Assurances and €7 million from La Banque Postale SA.
(b) Of which in 2020, impairment of La Poste SA's Mail CGU for €411 million which was fully reversed in 2021 (see Note 1.4).

18.4 Lease amounts recognised in consolidated cash flow statement

(in € million)	2021	2020
Cash flows from operating activities	**456**	**408**
Short-term lease expenses	107	103
Low value lease expenses	53	36
Rental expenses	153	149
Non-deductible VAT on rent expenses	92	83
Other	51	39
Cash flows from financing activities	**876**	**790**
Interest paid on lease liabilities	74	77
Repayment of lease liabilities	802	713
TOTAL	**1,332**	**1,199**

NOTE 19 EQUITY ASSOCIATES AND JOINT VENTURES

The group has an interest in joint ventures and associates which are not individually material.

(in € million)	CNP Assurances[a]	Holding d'infrastructures Gazières[b]	Arial CNP Assurances	XS5 Administradora de consórcio[c]	CNP Aviva Italy[d]	Other insurance subsidiaries	Ostrum AM[e]	BRT[f]
Nature of control	*Associate*	*Joint control*	*Joint control*	*Joint control*	*Joint control*	*Joint control*	*Joint control*	*Associate*
Balance as at 31/12/2019	**3,531**	**0**	**0**	**0**	**0**	**0**	**0**	**547**
Group share in the profit or loss	637	42	0	0	0	9	(3)	0
Dividend payments	0	(37)	0	0	0	(3)	0	0
Net change in the FV of fin. instruments	(781)	(0)	0	0	0	0	0	0
Change in consolidation scope and% of control	(3,504)	390	47	0	0	50	116	(547)
Capital increase	0	54	0	0	0	0	0	0
Transfers and reclassifications	(1)	(21)	0	0	0	(0)	0	0
Translation adjustments	117	0	0	0	0	(4)	0	0
Balance as at 31/12/2020	**0**	**427**	**47**	**0**	**0**	**52**	**114**	**0**
Group share in the profit or loss	0	46	1	(1)	36	6	0	0
Dividend payments	0	(43)	0	0	0	(3)	0	0
Net change in the FV of fin. instruments	0	(0)	(1)	(0)	0	(1)	0	0
Change in consolidation scope and% of control	0	(12)	0	0	(36)	0	0	0
Capital increase	0	383	0	44	0	0	0	0
Other changes	0	2	(0)	0	0	(1)	(114)	0
Translation adjustments	0	0	0	0	0	0	0	0
BALANCE AS AT 31/12/2021	**0**	**803**	**47**	**43**	**0**	**54**	**(0)**	**0**

(a) CNP Assurances is fully consolidated from 1st March 2020. See Note 12 the effects of the takeover on the income statement.
(b) This participation constitutes an investment of the insurance activities.
(c) Joint venture created in 2021 by CNP Assurances with the Brazilian company Caixa Seguridade under a new exclusive distribution agreement.
(d) See Note 4.1.
(e) See Note 25.
(f) BRT is fully consolidated from 1 January 2020.
(g) Lenton Group Ltd is fully consolidated from 1 January 2020.
(h) See Note 4.1.
(i) Recorded in "provisions for contingencies and loss" (see Note 27).

Yurtici Kargo	AEW Europe[e]	Ninja Logistics	Lenton Group Ltd[g]	Aramex PJSC[h]	Real Estate sub-group	Other	TOTAL EQUITY ASSOCIATES (ASSETS)	La Poste Mobile [i]
Associate	*Associate*	*Associate*	*Associate*	*Associate*	*Associate/ Joint control*			*Joint control*
14	**54**	**67**	**63**	**0**	**30**	**76**	**4,384**	**(39)**
10	4	(16)	0	0	3	(3)	683	(7)
(1)	(3)	0	0	0	(4)	(3)	(51)	0
0	0	0	0	0	0	0	(780)	0
0	0	0	(63)	0	0	22	(3,490)	0
0	0	56	0	0	1	1	113	0
(0)	(0)	0	0	0	0	(1)	(23)	0
(5)	1	(6)	0	0	0	(5)	98	0
19	**56**	**101**	**0**	**0**	**30**	**88**	**935**	**(46)**
17	10	(27)	0	0	3	(10)	81	(5)
(12)	(2)	0	0	0	(3)	(2)	(65)	0
0	0	0	0	0	0	0	(2)	0
0	0	102	0	422	15	(32)	458	0
0	0	213	0	0	0	3	644	0
(0)	(64)	0	0	0	(1)	0	(178)	0
(7)	(0)	20	0	10	0	2	26	0
17	**(0)**	**410**	**0**	**432**	**44**	**48**	**1,900**	**(51)**

NOTE 20 IMPAIRMENT TEST ON GOODWILL AND FIXED ASSETS

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20.1 Impairment of goodwill

La Poste Groupe tests goodwill for impairment annually or more frequently if events or changes indicate that it may be impaired. This annual impairment test is carried out in the last quarter of each year.

Goodwill is allocated to Cash Generating Units as shown in Note 15.1.

The impairment test involves comparing the net book value of the CGUs, including any goodwill, to their recoverable value, calculated according to the method explained in Note 3.11.

The main assumptions used for the group's impairment tests were as follows:

	DISCOUNT RATE			
2021	EURO ZONE	OTHER	STANDARD GROWTH RATE	NUMBER OF PROJECTED YEARS
Services-Mail-Parcels	5.8% à 8.3%	-	2.0%	5
GeoPost	6.7% à 8%	6.7% à 13.1%	1% à 5%	5
La Banque Postale	7.8% à 9%	-	2%	5
Customers and Digital Services	6.6%	-	2%	5
2020				
Services-Mail-Parcels	5.5% à 7.8%	7.8%	2.0%	5
GeoPost	6.7% à 7.6%	7.3% à 18.3%	1% à 5%	5
La Banque Postale	7.6% à 8.1%	-	2%	5
Customers and Digital Services	7.0%	-	2%	5

No significant impairment of goodwills has been registered in 2021.

In 2020, goodwill of Lenton Group Ltd was depreciated for €23 million and DPD Laser for €9 million.

Sensitivity analysis as at 31 December 2021

- A one point increase in the discount rate or a half point decrease in the growth rate in perpetuity would not have had a material impact on the results of the impairment tests as at 31 December 2021.
- A one point increase in the discount rates and a simultaneous half point decrease in perpetuity would have an impact on the result of impairment losses for an amount between €30 and €40 million.
- A two point increase in the discount rates and a simultaneous one point decrease in perpetuity would have an impact on the result of impairment losses for an amount of around €100 million.

20.2 Impairment tests on other non-current and non-financial assets

The tests implemented as part of the detection of signs of impairment did not reveal any significant impairment.

Situation of the Mail CGU of La Poste

The Mail CGU had its assets impaired in 2020 by €900 million due to a sudden acceleration in the drop in mail volumes from the start of the health crisis in March 2020.

A new test was carried out at the end of 2021 based on the following assumptions:

- a business plan including State compensation for the Universal Postal Service in the amount of €300 million per year, as well as in the normative year;
- a discount rate of 8.6%;
- a rate of decrease to infinity of -5%.

This test made it possible to reverse all of this impairment. The reversal of the provision relates to the following items:

- intangible assets: €201 million (see Note 16);
- property, plant and equipment: €288 million (see Note 17);
- rights of use: €411 million (see Note 18).

An increase of two points in the discount rate as well as the taking into account of a simultaneous deterioration in the rate of decrease in perpetuity by one point would have no impact on the result of the test.

NOTE 21 OTHER FINANCIAL ASSETS

	31/12/2021		31/12/2020	
(in € million)	**CURRENT**	**NON-CURRENT**	**Current**	**Non-current**
Unconsolidated investments	0	333	0	323
Deposits and guarantees paid	12	58	13	51
Financial derivatives	13	43	14	75
Loans for local authority housing	4	50	3	53
Provisions for loans for local authority housing	*0*	*(18)*	*0*	*(20)*
Financial assets held for investment purposes	351	0	300	0
Other financial assets	56	61	52	46
Provisions for other financial assets	*0*	*(27)*	*0*	*(26)*
TOTAL	**436**	**500**	**382**	**502**

Unconsolidated equity investments

	31/12/2021		31/12/2020
(in € million)	PERCENTAGE HELD	BALANCE SHEET VALUE	Balance sheet value
Crédit Logement	6%	99	100
Domiserve	100%	33	37
XAnge Capital 2	36%	30	11
XAnge Digital 3	22%	21	18
CyberCité	70%	17	0
KissKissBankBank	100%	16	20
Xange 4	12%	15	0
Mandarine Gestion	12%	14	12
Toit et joie	100%	12	12
Transactis	50%	12	12
Credere	100%	8	0
STET	5%	7	7
AD Breihz	15%	5	0
XPANSION 2	15%	5	7
Ezyness	100%	0	19
Other - French companies		19	47
Other - foreign companies (see details in Note 44)		21	23
TOTAL		**333**	**323**

Wholly-owned unconsolidated investments comprise wholly-owned dormant companies, companies in the process of being liquidated or companies with non-material balance sheets and income statements.

Deposits and guarantees

This line primarily corresponds to the security deposits paid in respect of real estate leases.

Financial derivatives

The financial derivatives line represents instruments put in place to manage the interest rate and currency risks on debt. They must therefore be looked at together with "Bonds and other financial debt". A breakdown of these derivatives can be found in Note 28.5.

Loans for local authority housing

These loans primarily consist of loans to construction entities with very long-term maturities.

Financial assets held for investment purposes

These are assets acquired as part of the cash management process:

(in € million)	31/12/2021	31/12/2020
Term deposits accessible after more than 3 months	70	300
UCITS	230	0
Negociable debt securities (maturity 3 to 12 months)	50	0
TOTAL	**351**	**300**

NOTE 22 SPECIFIC ASSETS OF BANKING ACTIVITIES AND INSURANCE ACTIVITIES

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22.1 Financial assets at fair value through profit or loss

(in € million)	31/12/2021	31/12/2020
Government paper and similar securities	20,041	18,630
Bonds and other fixed income securities	31,003	29,032
UCITS	126,247	99,203
Debt instruments	**177,291**	**146,865**
Shares and other variable income securities	44,101	38,175
Equity instruments	**44,101**	**38,175**
Customer	7,807	9,291
Loans and advances	**7,807**	**9,291**
Rate	1,237	790
Foreign exchange	164	103
Credit	2	5
Equity and index instruments	818	399
Derivatives	**2,221**	**1,298**
TOTAL	**231,420**	**195,629**

22.2 Financial hedging derivatives

(in € million)	31/12/2021	31/12/2020
Interest-rate derivatives	967	1,443
Currency exchange derivatives	55	0
TOTAL	**1,022**	**1,443**

22.3 Financial assets at fair value through OCI

(in € million)	31/12/2021	31/12/2020
Equity and other variable income securities	189	170
Other long term securities	0	2
Government paper and similar securities - Nominal value	122,946	125,443
Government paper and similar securities - Depreciation	(71)	(56)
Credit institutions loans and receivables at amortised cost	122,875	125,387
Bonds	105,640	105,317
Bonds - depreciation	(394)	(316)
Bonds and other fixed income securities	105,246	105,001
TOTAL	**228,310**	**230,559**

22.4 Securities classified at amortised cost

(in € million)	31/12/2021	31/12/2020
Sight loans and receivables from credit institutions	22,153	21,891
Term deposits and loans from income securities	1,321	2,127
Subordinated securities	6	0
TOTAL	**23,480**	**24,018**

22.5 Credit institutions loans and receivables at amortised cost

(in € million)	31/12/2021	31/12/2020
Current accounts in debit	2,257	2,142
Doubtful receivables	0	41,500
Non-allocated securities	4	10
Sight loans and receivables from credit institutions	2,261	43,652
Accounts and loans	105	361
Centralised at CDC	65,047	67,521
Securities received under repo agreements	332	2,799
Term deposits and loans from credit institutions	65,484	70,681
Subordinated loans	78	101
TOTAL	**67,823**	**114,434**

22.6 Customer loans and receivables at amortised cost

(in € million)	31/12/2021	31/12/2020
Ordinary customer receivables	1,023	782
Factoring	4,312	5,060
Other accounts and customer loans at sight	148	120
Provisions	(119)	(91)
Customer sight loans and receivables	5,364	5,870
Short-term credit facilities	13,030	12,965
Home loans	85,159	80,985
Equipment loans	7,534	7,156
Credit to financial customers	534	466
Other loans	2,279	2,450
Securities received under repurchase agreements	6,932	13,185
Provisions	(1,177)	(1,081)
Term customer loans and receivables	114,291	116,127
Subordinated loans to customers	5	0
Finance lease transactions	3,458	3,224
TOTAL	**123,117**	**125,222**

22.7 Revaluation adjustment on hedged porfolios-fair value hedges

(in € million)	31/12/2021	31/12/2020
Revaluation adjustment on hedged porfolios (fair value hedges)	101	220

22.8 Other financial assets and accrual accounts

(in € million)	31/12/2021	31/12/2020
Other receivables	4,797	3,841
Securities transactions settlement accounts in debt	3	2
Depreciation	(61)	(63)
Other miscellaneous receivables	4,739	3,780
Reinsurance companies' share of underwriting provisions-life	21,392	21,365
Other receivables insurance and reinsurance	2,804	2,767
Loans and advances	232	257
Miscellaneous insurance assets	2,069	1,781
Other insurance assets	26,496	26,169
Accrued income	965	951
Prepaid expenses	85	84
Collection accounts	15	45
Other accruals	850	508
Accrual accounts	1,914	1,588
TOTAL	**33,149**	**31,538**

22.9 Investment property

(in € million)	31/12/2021	31/12/2020
Gross amount	3,647	3,339
Depreciation	(247)	(252)
Provisions	(6)	(4)
TOTAL	**3,393**	**3,083**

Practically all of the investment properties in the accounts at the end of December 2021 come from CNP Assurances group.

NOTE 23 OTHER CURRENT ASSETS

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23.1 Inventories and work-in-progress

	31/12/2021			31/12/2020
(in € million)	GROSS AMOUNT	PROVISIONS	NET AMOUNT	Net amount
Raw materials, supplies inventories and goods inventories	148	(5)	142	174
Finished and semi-finished product inventories and work in progress	49	(1)	48	46
TOTAL	**196**	**(6)**	**190**	**220**

Inventories primarily consist of spare parts for technical facilities and finished products sold in the post office network (primarily stamp-collecting products).

23.2 Trade and other accounts receivable

(in € million)	31/12/2021	31/12/2020
Advances and deposits paid	234	263
Trade receivables and related accounts	3,427	3,363
Provisions on trade receivables and related accounts	*(140)*	*(137)*
International mail receivables	789	889
Receivables from the State for revenues relating to the Universal Postal Service and regional development	594	
Other receivables	639	740
Provisions on other receivables	*11*	*(18)*
TOTAL	**5,554**	**5,100**

International mail receivables (€789 million) are primarily owed by foreign post offices for the delivery of the mail that they have passed on in France.

Likewise, trade and other payables include an international mail service liability (see Note 32) of €818 million owed to foreign postal operators for mail to be delivered outside of France passed on by La Poste to these post operators for delivery.

Receivables from the State for revenues relating to the Universal Postal Service and regional development correspond to compensation obtained from the State in 2022 (see Note 1.3).

NOTE 24 CASH AND CASH EQUIVALENTS

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24.1 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances and short-term investments in monetary instruments. These investments, which were initially due to mature in less than three months, are readily convertible into a known amount of cash and are exposed to a negligible risk of a change in value.

(in € million)	31/12/2021	31/12/2020
Cash equivalents	1,487	1,409
Cash at bank	1,401	1,349
Cash on hand	8	5
TOTAL	**2,895**	**2,763**

Cash equivalents

Cash equivalents consisted mainly of term deposits accessible at any time, or within three months, for an amount of €763 million (€902 million as at 31 December 2020), and units in money-market units for an amount of €634 million (€450 million as at 31 December 2020).

24.2 Cash and central bank deposits (Banking activities)

(in € million)	31/12/2021	31/12/2020
Cash on hand (including cash held at post offices)	1,116	1,283
Central banks	49,696	500
TOTAL	**50,812**	**1,783**

NOTE 25 ASSETS AND LIABILITIES HELD FOR SALE

As at 31 December 2021, these assets and liabilities stem particular from subsidiaries whose sale is planned in the coming months, and as at 2020, corresponded to properties under promise of sale.

These include the proposed sale of the non-controlling interests held by La Banque Postale in Ostrum Asset Management (45%) and AEW Europe (40%). The terms and conditions of the proposed acquisition by Natixis have been stabilised but remain subject to obtaining the necessary authorisations from the regulatory authorities. The final agreements are expected to be signed in the first Semester of 2022. It should be noted that no unrealised loss was recognised in the income statement on this occasion.

In 2020, the assets and liabilities held for sale mainly corresponded to the disposal of the Tigers division (GeoPost) in April 2021.

NOTE 26 EQUITY

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26.3 Non-controlling interests 306

26.1 Share capital

As at 31 December 2021, the share capital amounted to €5,365 million, divided into 2,682,425,682 ordinary shares with a par value of €2 each. As at that date, 66% of the capital was owned by Caisse des Dépôts and 34% was owned by the French State.

Background

On 1st March 2010, La Poste became a *Société Anonyme* (French public limited company), with a share capital set at €1 billion, split into 500 million fully paid-up shares with a par value of €2 each. This share capital is, by law, wholly-owned by the French State or State-owned entities, except for any portion reserved for La Poste employees.

Prior to that date, La Poste was an independent government-owned company, with no share capital within the legal meaning of the term.

April 2011 capital increase

The Extraordinary General Meeting of 6 April 2011 approved the capital increase of €2.7 billion to be subscribed by the French State (€1.2 billion) and Caisse des Dépôts (€1.5 billion):

- share capital increase of €1 billion through an increase of the par amount of the existing shares from €2 to €4, *via* the incorporation of reserves;
- issue of 350 million new shares with equity warrants (ABSA) with a unit price of €6, including a par value of €4 and an issue premium of €2, *i.e.* a total of €2.1 billion including €1.4 billion in capital and €700 million in issue premiums;
- an equity warrant (BSA) is attached to each new share. The BSAs issued entitled their holders to subscribe to 100 million new shares between 1st March and 30 April 2013 for a total amount of €600 million, including €400 million in capital and €200 million in issue premiums. The French State and Caisse des Dépôts had made an irrevocable commitment to exercise all of their BSAs no later than the last day of the exercise period (*i.e.* 30 April 2013).

In April 2013, the French government and Caisse des Dépôts exercised the 350 million in equity warrants they were holding, which resulted in the issuance of 100 million new shares at a unit price of €6, €2 of which was an issue premium.

Contribution of CNP Assurances shares on 4 March 2020

The Combined General Meeting of 4 March 2020 carried out the following transactions:

- "technical" reduction of La Poste's share capital by reducing the nominal value of the shares from €4 to €2, with allocation of this capital reduction to issue premium;
- contribution by CDC of 280,616,340 CNP Assurances shares with a total value of €1,863 million, remunerated by a share capital increase for a total amount of €1,523 million, corresponding to the creation of 761,672,922 new shares, together with a contribution premium of €340 million;
- contribution by the French State of 7,645,754 CNP Assurances shares with a total value of €105 million, remunerated by a share capital increase for a total amount of €42 million, corresponding to the creation of 20,752,760 new shares, together with a contribution premium of €64 million;
- €1,900 million increase in share capital by capitalisation of the share premium resulting from the "technical" reduction, with the issue of 950,000,000 new shares with a par value of €2.

26.2 Hybrid debt

Hybrid securities issue

In April 2018, La Poste Groupe carried out a public €750 million hybrid securities issue denominated in euros. The securities issued are undated and have an initial call date of 29 January 2026. According to IAS 32 standard, they were recorded in consolidated equity.

26.3 Non-controlling interests

The non-controlling interests amounted to €11,717 million as at 31 December 2021, compared to €13,712 million as at 31 December 2020. By the end of 2021, they essentially corresponded to the following:

- €10,103 million to minority interests in the CNP Assurances group;
- in perpetual bonds issued by La Banque Postale:
  - on November 2019, €744 million (perpetual bonds callable after 7 years, with a fixed semi-annual coupon of 3.875%),

- on September 2021, €744 million (perpetual bonds callable after 7.5 years, with a fixed semi-annual coupon of 3%). See Note 1.2;
- in perpetual bonds issued by Asendia for €198 million in March 2021. See Note 4.2.

NOTE 27 PROVISIONS FOR CONTINGENCIES AND LOSSES

As at 31 December 2021, the **provisions for contingencies and losses** are detailed below:

(in € million)	Employee-related disputes	Other disputes	Other	TOTAL
Non-current provisions	**14**	**9**	**93**	**116**
Current provisions	**45**	**75**	**267**	**386**
Balance as at 31/12/2019	59	83	360	503
Addition for the year	27	53	154	234
Reversal for use	(17)	(15)	(106)	(138)
Reversal of provisions no longer required	(12)	(10)	(12)	(34)
Other movements	0	(18)	14	(4)
CNP Assurances (effect of the first full consolidation as of 1st March 2020)	0	151	163	315
Non-current provisions	**12**	**15**	**89**	**116**
Current provisions	**45**	**231**	**483**	**759**
Balance as at 31/12/2020	57	246	572	876
Addition for the year	32	76	210	318
Reversal for use	(22)	(13)	(183)	(218)
Reversal of provisions no longer required	(7)	(12)	(15)	(34)
Other movements	(1)	8	(131)	(124)
Non-current provisions	**8**	**14**	**116**	**138**
Current provisions	**50**	**291**	**337**	**678**
BALANCE AS AT 31/12/2021	**58**	**305**	**453**	**816**

Provisions for employee disputes cover all employee disputes (industrial tribunal, etc.) and ongoing disputes with social security bodies.

Provisions for other disputes relate to disputes brought before administrative, civil or commercial courts.

As at 31 December 2021, other provisions included:

- a €51 million provision covering the negative net asset value of equity associates and joint ventures, compared to €46 million as at 31 December 2020 (see Note 19.1),
- miscellaneous risks linked to the operational activity of the group.

Following the dismissal of the appeal lodged by the group with the Court of Cassation, the provision of €136 million for the fine imposed by the Competition Authority against two group companies was reversed in full in 2021 ("Other movements") by offsetting against the receivable of the same amount recorded in the assets.

NOTE 28 BONDS AND OTHER FINANCIAL DEBT

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28.1 Breakdown of financial debt

	31/12/2021		31/12/2020	
(in € million)	SHORT-TERM	MEDIUM-AND LONG-TERM	Short-term	Medium-and long-term
Financial debt at amortised cost	**451**	**8,522**	**1,451**	**6,253**
Bonds	0	8,369	999	6,151
La Poste savings bonds	52	0	53	0
Commercial paper	300	0	300	0
Current bank facilities	26	0	31	0
Deposits and guarantees received	34	44	36	28
Other borrowings at amortised cost	39	108	32	74
Borrowings designated at fair value	**0**	**622**	**0**	**646**
Hedged borrowings	**0**	**440**	**0**	**406**
Subordinated debt	0	440	0	406
Financial derivative liabilities relating to bonds	**12**	**24**	**7**	**52**
Interest accrued not due on borrowings	**77**	**0**	**75**	**0**
Total	541	9,608	1,534	7,357
BONDS AND FINANCIAL DEBT	**10,149**		**8,891**	
Lease liabilities[(a)]	741	3,019	633	2,876
LEASE LIABILITIES	**3,760**		**3,509**	

(a) The breakdown of liabilities by currency as at 31 December 2021 was as follows: Euros €2,899 million, Sterling Pound €696 million, other currencies €165 million.
The breakdown of liabilities by currency as at 31 December 2020 was as follows: Euros €2,796 million, Sterling Pound €574 million, other currencies €139 million.

28.2 Breakdown of debt by maturity

	MATURITY OF <1 YEAR		MATURITY OF 1 TO 5 YEARS		MATURITY OF >5 YEARS		TOTAL	
(in € million)	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Financial debt at amortised cost								
Bonds	0	999	2,889	2,166	5,480	3,985	8,369	7,151
Lease liabilities	741	633	1,916	1,726	1,104	1,150	3,760	3,509
La Poste savings bonds	52	53	0	0	0	0	52	53
Commercial paper	300	300	0	0	0	0	300	300
Current bank facilities	26	31	0	0	0	0	26	31
Deposits and guarantees received	34	36	38	24	6	4	78	63
Other borrowings at amortised cost	39	32	97	74	12	0	147	106
Borrowings at fair value								
Bonds	0	0	622	646	0	0	622	646
Hedged borrowings								
Subordinated debt	0	0	0	0	440	406	440	406
Financial derivative liabilities	**12**	**7**	**22**	**52**	**2**	**0**	**36**	**59**
Accrued interest not due	**77**	**75**	**0**	**0**	**0**	**0**	**77**	**75**
TOTAL	**1,281**	**2,166**	**5,584**	**4,688**	**7,043**	**5,545**	**13,909**	**12,400**

28.3 Changes in financial debt

The following table shows the changes in financial debt in 2021 and 2020, and identifies the changes with an impact on cash and those without such an impact.

(in € million)	Bonds and other financial debt[a]	Debt-related derivative assets (including security deposits)[a]	Lease liabilities[a]	NON-BANKING CFS	La Banque Postale subordinated debt	La Banque Postale lease liabilities	GROUP CFS
Balance as at 31/12/2019	7,173	(116)	2,625	0	3,097	142	0
Flows with cash impact							
Proceeds from new borrowings[b]	2,844	0	0	2,844	1,750	0	4,594
Repayment of borrowings[c]	(1,077)	0	0	(1,077)	(1,564)	0	(2,641)
Repayment of lease liabilities	0	0	(679)	(679)	0	(34)	(713)
Other cash flows from financing activities	(72)	0	0	(72)	0	0	(72)
Flows without cash impact							**0**
Change in interest accrued not yet due	15	0	0		0	0	
Increase of lease liabilities	0	0	1,062		0	7	
Changes in consolidation scope and exchange rates	61	(10)	572		6,988	0	
Changes in fair value (excluding La Banque Postale)[d]	(32)	15	0		0	0	
Other non-cash flows and reclassifications	(25)	22	(55)		(84)	0	
Debt of subsidiaries held for sale	4	0	(17)		0	0	
Balance as at 31/12/2020	8,891	(89)	3,509	0	10,187	115	

(in € million)	Bonds and other financial debt[a]	Debt-related derivative assets (including security deposits)[a]	Lease liabilities[a]	NON-BANKING CFS	La Banque Postale subordinated debt	La Banque Postale lease liabilities	GROUP CFS
Flows with cash impact							
Proceeds from new borrowings[b]	2,957	0	0	2,957	1,869	0	4,826
Repayment of borrowings[c]	(1,789)	0	0	(1,789)	(1,751)	0	(3,540)
Repayment of lease liabilities	0	0	(750)	(750)	0	(51)	(801)
Other cash flows from financing activities	12	(5)	0	6	0	0	6
Flows without cash impact							
Change in interest accrued not yet due	(0)	0	0		0	0	
Increase of lease liabilities	0	0	1,012		0	90	
Changes in consolidation scope and exchange rates	57	4	115		0	0	
Changes in fair value (excluding La Banque Postale)[d]	(26)	38	0		0	0	
Other non-cash flows and reclassifications	14	(8)	(127)		(196)	(1)	
Debt of subsidiaries held for sale	0	0	2		0	0	
Commitment to pay dividends to minority shareholders	34	0	0				
BALANCE AS AT 31/12/2021	**10,149**	**(61)**	**3,760**		**10,110**	**153**	

(a) ***See Note 29.1***

(b) ***Proceeds from new borrowings:***

In 2021, on 11 January 2021, La Poste issued two bonds recognised at the amortised cost:

- *bond of €1,000 million at a fixed rate of 0.625% with a 15-year term (maturity date: January 2036);*
- *bond of €750 million at a fixed rate of 0% with an 8.5-year term (maturity date: July 2029).*

In November 2021, La Poste increased existing bond issues recognised at amortised costs:

- *an increase of €200 million to the bond issue maturing in July 2029 at a rate of 0%;*
- *an increase of €200 million to the bond issue maturing in September 2034 at the rate of 1%;*
- *an increase of €75 million to the bond issue maturing in October 2026 at the rate of 0,625%.*

Commercial paper was issued in 2021 for €725 million.

In 2020:

On 21 April 2020, La Poste issued two bonds recognised at the amortised cost:

- *bond of €1,150 million at a fixed rate of 1.375% with a 12-year term (maturity date: April 2032);*
- *bond of €650 million at a fixed rate of 0.625% with a 6.5-year term (maturity date: October 2026).*

Commercial paper was issued in 2020 for €1,039 million.

(c) ***Repayment of borrowings:***

In 2021, La Poste redeemed a bond with a nominal value of €1,000 million which was issued in 2006 recognised at amortised cost.

Commercial papers were repaid for €725 million in 2021 (1,039 million in 2020).

(d) ***Changes in fair value (excluding La Banque Postale):***

In accordance with IFRS 9, some bonds backed by "fixed-for-floating" swaps are recognised at fair value through profit or loss.

The credit risk component of the change in fair value is recognised in "Other comprehensive income" (-€6 million in 2021, and -€1 million in 2020).

The corresponding swaps are also measured at fair value through profit or loss, in accordance with the general rule for measuring derivatives set out in IFRS 9.

28.4 Bonds and deeply subordinated debt

As at 31 December 2021, the group bonds which a nominal value over €500 million broke down as follows:

Issue date	Maturity	Currency	Nominal rate	NOMINAL VALUE *(millions of currency units)*	Accounting treatment
2003	2023	Euro	4.375%	580	Fair value
Other bonds at fair value					
TOTAL BONDS AT FAIR VALUE				**580**	
2012-2013	2024	Euro	2.750%	1,000	Amortised cost
2015	2025	Euro	1.125%	750	Amortised cost
2018	2028	Euro	1.450%	500	Amortised cost
2019	2027	Euro	0.375%	1,000	Amortised cost
2019-2021	2034	Euro	1.000%	900	Amortised cost
2020-2021	2026	Euro	0.625%	725	Amortised cost
2020	2032	Euro	1.375%	1,150	Amortised cost
2021	2029	Euro	0.000%	950	Amortised cost
2021	2036	Euro	0.625%	1,000	Amortised cost
Other bonds at amortised cost				*420*	
TOTAL BONDS AT AMORTISED COST				**8,395**	

The breakdown of the bond-rate by type of rate as at 31 December 2021 was as follows:

	Debt breakdown before fixed-for-floating swaps		Impact of fixed-for-floating transactions	DEBT BREAKDOWN AFTER FIXED-FOR-FLOATING SWAPS	
(in € million)	Amount	%	Amount	AMOUNT	%
Fixed-rate borrowings	8,991	100%	(622)	8,369	93%
Floating-rate borrowings	0	0	622	622	7%
Of which borrowings covered by partial or total rate-refixing swaps (see note below)	*0*	*0*	*622*		
TOTAL BORROWINGS	**8,991**	**100%**	**0**	**8,991**	**100%**

The fixed-for-floating-rate swaps mentioned above are used at any time after issuance, in order to turn the fixed rate into a floating rate up until the maturity of the borrowings in question.

Furthermore, swaps allow the refixing of a portion of these borrowings at fixed rates with short maturities ranging from one to five years.

As at 31 December 2021, the floating-rate borrowings covered by these "rate refixing" swaps amounted to €622 million, *i.e.* 6.9% of total borrowings. These borrowings are still disclosed on the "Floating-rate borrowings" line.

"Rate-refixing" swaps represent a nominal amount of €580 million which €380 million qualified as cash flow hedges.

Breakdown of debt by currency

All bonds are fully denominated in euros as at 31 December 2021.

The USD subordinated notes are documented in a cash flow hedge relationship. It is hedged by a cross-currency swap that hedges both interest rate risk and currency risk.

28.5 Non-banking activities derivatives

	FAIR VALUE AS AT 31/12/2021		Fair value as at 31/12/2020	
(in € million)	**ASSETS**	**LIABILITIES**	**Assets**	**Liabilities**
Trading derivatives at fair value through profit or loss				
Fixed-for-floating derivatives	54	0	83	0
Floating-for-fixed derivatives	0	3	0	6
Total	54	3	83	6
Hedging derivatives				
Cash flow hedges	2	22	1	52
TOTAL DERIVATIVES RELATING TO DEBT	**56**	**25**	**84**	**58**
Other				
Currency/exchange derivatives	2	10	5	2
TOTAL NON-BANKING ACTIVITIES DERIVATIVES	**58**	**36**	**89**	**59**
Amortisable balance on interrupted hedging derivatives				
Cash flow hedging derivatives	5	0	6	0

28.6 Other financial debt

La Poste savings bonds

This line represents La Poste's savings bond liabilities. All of the bonds had matured by the end of 2021.

Commercial paper

Commercial paper issued by La Poste and not matured as at 31 December 2021 had maturities of three months at most and represented €300 million (€300 million as at 31 December 2020).

Deposits and guarantees paid

This line primarily relates to security deposits received in respect of financial instruments put in place to manage bonds.

NOTE 29 GROUP NET DEBT

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29.1 Group net debt position

(in € million)	Note	31/12/2021	31/12/2020
Cash and cash equivalents (balance sheet line)	24	2,895	2,763
Debt-related derivative assets	21	58	89
Security deposits paid in connection with derivatives, recognised as assets		3	0
Investment securities with initial maturities of over 3 months and UCITS	21	351	300
Net financial receivable against La Banque Postale		369	445
Cash and other asset items (1)		3,676	3,598
Medium and long-term bonds and other financial debt	28.1	9,608	7,357
Short-term bonds and other financial debt		541	1,534
Lease liabilities		3,760	3,509
Gross debt (2)		13,909	12,400
NET DEBT (2)-(1)		**10,233**	**8,802**
Increase (Decrease) in net debt as at 31 December 2021		*1,431*	

5

29.2 Changes to group net debt

(in € million)	Cross-references	31/12/2021	31/12/2020
Cash flows from operating activities	CFS[a]	2,375	1,354
Cash flows from investing activities	CFS	(2,126)	(1,769)
Cancellation of the change in cash management financial assets	CFS	51	(25)
Cash flow from investing activities excluding the acquisitions and disposals of cash management financial assets[b]		(2,075)	(1,794)
Perpetual loans classified as equity[d]	CFS	198	0
Dividends paid to the shareholders and remuneration of hybrid subordinated notes	CFS	(33)	(43)
Purchase of non-controlling interests	CFS	(556)	(19)
Net financial interest expense		(242)	(234)
Change in the fair value of financial instruments		(13)	14
Impact of changes in consolidation scope on gross debt (including lease liabilities)		(174)	(624)
Non-cash changes in lease liabilities (IFRS 16)		(886)	(1,006)
Net debt of held-for-sale subsidiaries		(9)	5
Commitment to pay dividends to minority shareholders		(34)	0
Other items[c]		18	7
Cash flows and change in debt from financing activities		(1,730)	(1,900)
DECREASE (INCREASE) IN NET DEBT SINCE 1 JANUARY		**(1,431)**	**(2,340)**
Net debt at the beginning of the period		(8,802)	(6,462)
Net debt at the end of the period		(10,233)	(8,802)

(a) CFS" refers to the non-banking column of the cash flow Statement in the consolidated financial statements.
(b) The cash flows from investing activities stand out from CFS due to the exclusion of the "change in cash management financial assets", assets deducted from the net debt change calculation.
(c) The "Other items" line includes the impact of currency changes on net debt.
(d) Perpetual bonds issued by Asendia in 2021 (see Note 4.2).

NOTE 30 EMPLOYEE BENEFITS

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30.1 Change in provisions for employee benefits

Provisions for employee benefits have changed as follows during 2021:

	31/12/2020		Changes in consoli-dation scope						31/12/2021	
(in € million)	Current	Non-current		Increase	Decrease for use	Provision no longer required	Interest cost	Other changes	CURRENT	NON-CURRENT
Post-employment benefits for La Poste's government employees	8	254	0	5	(8)	0	1	(19)	7	234
Retirement benefits for the group's contract staff	21	892	1	86	(83)	(0)	1	(185)	23	711
Post-employment benefits (published)	29	1,146								
Change in the calculation of certain post-employment benefits (see Notes 1.5 and 2.1.1.c)		(143)						143		
Post-employment benefits restated	29	1,003	1	91	(91)	(0)	3	(61)	31	945
End-of-career arrangements	406	1,204	0	418	(421)	0	(4)	(0)	450	1,152
Severance payments	96	63	0	4	(31)	0	0	13	84	61
Long-term sick leave/long-term paid leave	44	30	0	1	(10)	0	0	0	39	26
Accrued leave	142	134	0	3	(4)	0	0	0	142	134
Other long-term benefits	1	70	0	26	(3)	0	0	0	9	85
Other benefits	**283**	**297**	**0**	**34**	**(47)**	**0**	**0**	**13**	**274**	**306**
TOTAL PUBLISHED	**718**	**2,647**								
	3,365									
Change in the calculation of certain post-employment benefits (see Notes 1.5 and 2.1.1.c)	0	(143)						143		
TOTAL RESTATED	**718**	**2,504**	**1**	**543**	**(560)**	**(0)**	**(2)**	**(47)**	**754**	**2,403**
	3,222								**3,157**	

30.2 Description of employee benefits

Post-employment and long-term benefits resulting from defined benefit plans, together with their related costs, are measured using the projected unit credit method, in accordance with IAS 19. Annual actuarial appraisals are carried out.

The appraisal calculations involve taking third-party actuarial economic assumptions into account (discount rates, inflation rates, and the rate of increase in pensions, etc.), as well as assumptions that are specific to La Poste Groupe (employee turnover rates, mortality rates, and the rate of increase in salaries, etc.).

30.2.1 Pension commitments for government employees at La Poste

Article 150 of the 2006 Amending Finance Act, published in the *Journal Officiel* of 31 December 2006, implemented an employer contribution made in full discharge of the obligation regarding the pensions of government employees working at La Poste.

As a result, no provision is recorded in La Poste's financial statements in respect of government employees' retirement benefits.

The employer contribution paid by La Poste is calculated using a so-called "competitive equity" rate, which makes it possible to equalise the mandatory social and tax charges based on salaries between La Poste and other companies belonging to the postal sector and the banking sector.

Decree No. 2021-1210 of 20 September 2021, which entered into force the day after its publication, ratified a change in the methods used to determine this competitive equity rate so as to make its calculation more accurate with regard to the various social and tax contributions paid by La Poste.

In application of this decree, the French State has planned to recalculate the contributions paid for the years 2018 to 2020. Part of the adjustment is taken into account in the calculation of the rate notified in 2021. As a result, a reduction in pension expenses of €80 million was recorded in the 2021 financial statements.

The expected additional regularisation is estimated at around €160 million. This amount hasn't been accounted for as the calculation method of the competitive equity rate remains unknown for the periods to come.

30.2.2 Post-employment benefits granted to retired government employees attached to La Poste

Other commitments for post-employment benefits include:

- employee welfare services provided to government employees, primarily including holiday vouchers;
- a loyalty bonus granted to retired state employees who hold their pension in a current account at La Banque Postale;
- granting assistance to voluntary organisations that provide services to retired government employees.

30.2.3 Retirement benefits for the contractual staff of La Poste and the French subsidiaries of the group

Employees retiring from the Company and eligible for a pension receive retirement benefits, the amount of which is based on length of service and final salary.

30.2.4 Pension plans for employees of the foreign subsidiaries of the group

Pension commitments for the group's foreign subsidiaries primarily relate to the GeoPost sub-group and the GeoPost UK subsidiary. GeoPost UK's commitments are covered by a pension fund.

30.2.5 End-of-career arrangements

La Poste employees may benefit, under certain conditions, from early end-of-career arrangement plans. These arrangements are offered to people who meet a minimum-age requirement from 53 to 60 years of age and according to certain conditions (position that is physically demanding or not, active or office roles, number of years of service...).

During the term of the plan, the beneficiaries receive 70% of a full time remuneration while working in an operational activity for a smaller portion of the time.

The provisions relating to early end-of-career arrangement plans recognised as at 31 December 2021 factor in the expected enrolments to the plan available until 30 June 2023, as well as enrolments to the plans operating previously.

30.2.6 Other long-term benefits

These are paid leave schemes:

- **accrued leave:** Accrued leave is a scheme that allows employees to accrue part of their unused earned leave beyond the period for using earned paid leave. The provision for Accrued Leave corresponds to the value of the leave rights included in this scheme;
- **supplementary leave:** Government employees from the overseas departments or who work in the overseas departments benefit from paid supplementary leave, as well as from paid travel expenses. The provision covers these supplementary leave and travel rights;

- **long-term sick leave/long-term paid leave:** the provision for long-term sick leave and long-term paid leave is designed to cover the costs relating to future leave incurred as at the balance-sheet date. This provision is measured at every balance-sheet date for every employee concerned, on the basis of future entitlements, as expressed by a number of payable index points.

30.3 Actuarial assumptions

The actuarial assumptions used to measure employee benefits are reviewed and updated once a year at the annual balance-sheet date.

The main assumptions selected as at 31 December 2021 were as follows:

- likelihood of retaining working staff within the group, life expectancy and estimates of future salary increases;
- retirement age assumptions for employees of foreign companies and employees governed by foreign collective bargaining agreements, which take account of local economic and demographic factors;
- an assumed average benefit increase of 2% (no change compared with 2020);
- provisions for retirement commitments relating to end-of-career arrangements that form part of agreements are calculated on the basis of the definite enrolments in these plans as at the balance-sheet date, as well as of Management's best estimate of likely future enrolments up until the expiry date of these agreements. A one-point increase in the expected rate of enrolment would have increased the provision by around €24 million as at 31 December 2021;
- the discount rates used for actuarial appraisals as at the balance-sheet date, determined with reference to a basket of AA-rated corporate bonds published by Reuters, were as follows:

Maturity	5 years	10 years	15 years	20 years
2021				
Euro zone	0.3%	0.6%	1.0%	1.0%
UK zone	1.5%	1.7%	1.7%	1.9%
2020				
Euro zone	(0.1%)	0.1%	0.3%	0.6%
UK zone	0.4%	0.8%	1.1%	1.2%

UK Inflation assumptions have been respectively 3.35% and 2.55% for Retail Price Index (RPI) and Consumer Price Index (CPI).

30.4 Change in post-employment benefit commitments

(in € million)	2021	2020
Commitments at the beginning of the period	1,410	1,040
Change in the calculation of certain post-employment benefits following the IFRS IC position of May 2021 (see Note 2.1)	(143)	(120)
Commitments restated at the beginning of the period	1,267	920
Cost of services provided	63	77
Discount unwinding costs	15	12
Benefits paid	(57)	(61)
Employee contributions	3	1
Actuarial (gain) loss relating to changes in assumptions[(a)]	(73)	70
Actuarial (gain) loss due to experience adjustments	0	(5)
Translation adjustments	17	(14)
Change in consolidation scope	0	296
Other	11	(30)
COMMITMENT AT THE END OF THE PERIOD	**1,248**	**1,267**
Plan assets at the beginning of the period	235	220
Expected return on assets	4	4
Employer contributions	28	19
Employee contributions	4	2
Benefits paid	(25)	(13)
Actuarial differences	9	13
Translation adjustments	18	(11)
PLAN ASSETS AT THE END OF THE PERIOD	**273**	**235**
Commitments	1,248	1,267
Plan assets[(b)]	(273)	(235)
NET COMMITMENT	**975**	**1,033**
Of which non-current provision	*945*	*1,003*
Of which current provision	*31*	*29*

(a) Actuarial gains and losses recognised in 2021 and 2020 mainly arose from changes in financial assumptions.
(b) Plan assets are primarily those of UK plans. Their amounts are slightly over the related commitments.

Changes in actuarial differences (recognised in "other comprehensive income")

(in € million)	2021	2020
Actuarial (gain) loss at the beginning of the period	175	122
Actuarial (gain) loss relating to changes in assumptions	(73)	70
Actuarial (gain) loss due to experience adjustments	0	(5)
Actuarial differences on plan assets	(9)	(13)
ACTUARIAL (GAIN) LOSS AT THE END OF THE PERIOD	**93**	**175**

Breakdown of plan assets

Types of assets	2021	2020
Equities	11%	10%
Government bonds	43%	41%
LDI funds (Liability-Driven Investment)	20%	28%
Insurance contracts	9%	11%
Other	17%	11%

Discount rate sensitivity

A 50 basis point reduction in the discount rate would increase the group's net post-employment benefit commitment by around €81 million.

30.5 Analysis of post-employment benefit expenses

(in € million)	2021	2020
Cost of services provided	63	77
Discount unwinding costs	15	12
Expected return on assets	(4)	(4)
EXPENSE (INCOME) FOR THE PERIOD	**75**	**85**

30.6 Expected cash outflows

The table below presents an estimate of the benefits payable over the next five years in respect of defined-benefit post-employment benefits:

(in € million)	CASH OUTFLOWS
2021	67
2022	59
2023	55
2024	51
2025	54

As at 31 December 2021, the average duration of post-employment benefits was around 20 years.

NOTE 31 BANKING ACTIVITIES FINANCIAL LIABILITIES

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31.1 Financial liabilities at fair value through profit or loss

(in € million)	31/12/2021	31/12/2020
Debt securities	2,047	1,614
Rate	733	737
Foreign exchange	828	829
Credit	13	14
Instruments on equity and indices	627	77
Other	4	8
Derivatives	2,205	1,664
TOTAL	**4,253**	**3,279**

31.2 Financial hedging derivatives

(in € million)	31/12/2021	31/12/2020
Interest-rate derivatives	282	684
Currency exchange derivatives	50	79
TOTAL	**333**	**763**

31.3 Liabilities to credit institutions and similar transactions

(in € million)	31/12/2021	31/12/2020
Ordinary accounts payable	1,057	1,005
Overnight deposits and borrowings	0	173
Other amounts due	8	3
Sight liabilities to credit institutions	1,065	1,181
Deposits and loans	8,752	9,289
Securities given under repurchase agreements	20,576	23,062
Term liabilities to credit institutions	29,328	32,351
TOTAL	**30,393**	**33,533**

31.4 Liabilities to customers

(in € million)	31/12/20021	31/12/2020
Livret A passbook savings accounts	65,254	64,602
Home loan savings plans and Accounts *(PEL & CEL)*	30,624	31,321
Other special accounts	25,087	23,556
Special savings accounts	120,965	119,480
Of which ordinary trade payables	84,981	81,372
Overnight deposits and borrowings	3,314	2,867
Other amounts due to customers	1,040	1,076
Sight liabilities to customers	89,335	85,315
Term deposits and borrowings	753	0
Term deposits	35	146
Equities and securities given under repurchase agreement	23,495	24,853
Term liabilities to customers	24,283	24,998
TOTAL	**234,582**	**229,793**

31.5 Debt evidenced by a certificate

(in € million)	31/12/2021	31/12/2020
Certificates of deposit and treasury bills	7,863	8,267
Bonds	13,830	13,372
TOTAL	**21,693**	**21,639**

31.6 Revaluation adjustment on hedged porfolios – fair value hedges

(in € million)	31/12/2021	31/12/2020
Revaluation adjustment on hedged portfolios - fair value hedges	422	726
TOTAL	**422**	**726**

31.7 Other financial liabilities and accrual accounts

(in € million)	31/12/2021	31/12/2020
Deferred income	466	502
Other accruals	1,557	1,204
Accrual accounts	**2,023**	**1,706**
Debt securities	**95**	**82**
Guarantee deposits received	**1,007**	**955**
Lease liabilities	153	115
Other sundry payables	2,168	2,504
Other miscellaneous payables	**2,321**	**2,619**
Settlement accounts for securities transactions	**6**	**8**
Liabilities arising from insurance and reinsurance operations	13,001	13,324
Other	220	139
Other insurance liabilities	**13,221**	**13,463**
TOTAL	**18,674**	**18,834**

31.8 Specific provisions for the insurance and Banking activities and shadow accounting

(in € million)	31/12/2021	31/12/2020
Non-life insurance	9,627	9,502
Life insurance	261,941	222,155
Of which actuarial life insurance provisions	*248,849*	*209,860*
Financial instruments with DPF	107,284	112,374
Of which actuarial life insurance provisions	*97,942*	*103,133*
Financial instruments without DPF	3,713	3,931
Specific provisions for the insurance and banking activities	**382,564**	**347,961**
Deferred participation reserve	**31,834**	**31,870**
Home Loan Savings risk provisions[(a)]	**186**	**204**
TOTAL	**414,584**	**380,035**

(a) See detail below.

The provision for deferred participation reserve results from the application of "shadow accounting". It represents the share of policyholders of life insurance subsidiaries in unrealized capital gains and losses and depreciations recorded on assets, when the proceeds of the contracts are linked to their performance.

The provision for Home Loan Savings risk covers the negative impact of Home Loan Savings deposits for lending institutions authorised to accept them, given the commitments that they imply.

This provision was subject to a net decrease of €18 million as at 31 December 2021 which broke down as follows:

(in € million)	Amounts collected	*PEL* and *CEL* amounts granted	2021 PROVISIONS	2020 Provisions	Net movements 2020/2021
Age					
Over 10 years	11,065	0	125	109	16
4 to 10 years	14,234	0	4	65	(61)
Under 4 years	994	0	2	6	(4)
Total Home loan savings plans *(PEL)*	26,293	8	131	180	(49)
Total Home Loan savings accounts *(CEL)*	4,331	43	55	24	31
TOTAL	**30,624**	**51**	**186**	**204**	**(18)**

31.9 Subordinated debt

(in € million)	31/12/2021	31/12/2020
Subordinated debts	10,110	10,187

Subordinated debts are detailed as follows:

(in € million)	Date of issue	Maturity date	Rate served	Amount of the issue in foreign currencies	Currency	31/12/2021[a]	31/12/2020[a]
Repayable subordinated debt						9,306	10,009
La Banque Postale	4/23/2014	4/23/2026	2.75%	750	EUR	0	765
La Banque Postale	11/19/2015	11/19/2027	2.75%	750	EUR	750	749
La Banque Postale	6/9/2016	6/9/2028	3.00%	500	EUR	525	543
La Banque Postale	10/5/2016	10/5/2028	2.25%	100	EUR	102	105
La Banque Postale	1/19/2017	6/9/2028	3.00%	150	EUR	158	164
La Banque Postale	10/26/2020	1/26/2031	0.875%	500	EUR	494	497
La Banque Postale	2/2/2021	8/2/2032	0.75%	500	EUR	486	0
La Banque Postale	4/27/2021	8/2/2032	0.75%	250	EUR	243	0
CNP Assurances	4/7/2011	9/30/2041	6.85% until September 2021 then Euribor 12M +440 bp	700	EUR	0	748
CNP Assurances	6/24/2003	6/23/2023	4,7825% until 2013 and Euribor 3M +2% from 06/24/2013	200	EUR	204	207
CNP Assurances	4/11/2011	9/30/2041	7,375% until September 2021 then Libor 12M +448.2 bp	300	GBP	0	355
CNP Assurances	6/5/2014	6/5/2045	4.25% until June 2025 then reset fixed rate swap 5 ans +360 bp	500	EUR	561	575
CNP Assurances	12/10/2015	6/10/2047	4.5% until June 2027 then Euribor 3M +460 bp	750	EUR	889	912

(in € million)	Date of issue	Maturity date	Rate served	Amount of the issue in foreign currencies	Currency	31/12/2021[a]	31/12/2020[a]
CNP Assurances	1/22/2016	1/22/2049	6% for the duration of the title	500	USD	504	472
CNP Assurances	10/20/2016	10/20/2022	1,875% for the duration of the title	1,000	EUR	1,019	1,037
CNP Assurances	2/5/2019	2/5/2029	2.75% for the duration of the title	500	EUR	576	585
CNP Assurances	11/27/2019	7/27/2050	2.00% until June 2030 then Euribor 3M +300 bp	750	EUR	779	782
CNP Assurances	12/10/2019	1/15/2027	0.80% for the duration of the title	250	EUR	254	255
CNP Assurances	6/30/2020	9/30/2051	2.5% until September 2031 then Euribor 3M +100 bps	750	EUR	759	759
CNP Assurances	12/8/2020	3/8/2028	0.38%	500	EUR	502	500
CNP Assurances	10/12/2021	10/12/2053	1,875% until October 2033 then Euribor 3M +270 bps	500	EUR	502	0
Perpetual subordinated debt						**803**	**178**
CNP Assurances	11/15/2004		4.93% until 2016 and Euribor 3M +1.60% from 15/11/2016	90	EUR	88	88
CNP Assurances	11/15/2004		Euribor 3M +0.70% until 2016 then Euribor 3M +1.60%	93	EUR	90	90
CNP Assurances	4/7/2021		4,875% until April 2031 then CMT 5Y rate +318.5 bp	700	USD	625	
TOTAL DEEPLY SUBORDINATED DEBT						**10,110**	**10,187**

(a) Balance sheet value including hedging effect and accrued interest.

NOTE 32 TRADE AND OTHER PAYABLES

(in € million)	31/12/2021	31/12/2020
Trade payables and related accounts	5,018	4,905
Tax and social security liabilities	2,279	2,147
Payable to suppliers of non-current assets	489	320
International mail payables	818	856
Customer advances and deposits	160	181
Other operating payables	375	341
TOTAL	**9,139**	**8,749**

ADDITIONAL INFORMATION

NOTE 33 INFORMATION ON RISKS EXCLUDING BANKING ACTIVITIES

33.1	Credit and counterparty risk	325	33.3	Interest-rate risk	326
33.2	Liquidity risk	325	33.4	Currency risk	327

The main purpose of the group's financial liabilities is to finance the group's operating activities, ensure liquidity and allow for acquisitions. The group takes out derivative instruments, mainly interest rate swaps and currency swaps in a purpose of managing interest rate risk and currency risk.

The group also holds financial assets such as cash and cash equivalents and short-term investments, which are generated directly by its business activities and the associated risks of which (counterparty and liquidity) are managed daily.

La Poste Groupe takes a cautious approach to risk management based on a system of alerts and notional limits for each of the financial risks to which it is exposed through its financial activities. These limits and alerts are set down in a document called the "Limits Handbook", which is updated regularly based on changes in the business activities of the Financial Transactions and Treasury Department.

An execution report for the Limits Handbook is presented to La Poste's Audit Committee every year. In 2021, it presents in particular the adaptations made to the Limits Handbook during the year and validated by the governance set up by the group.

33.1 Credit and counterparty risk

Credit risk involves a risk of the group suffering a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This risk mainly arises from investment securities, derivative instruments and trade receivables.

Investment securities

La Poste's cash and cash equivalents are invested in interest bearing accounts, bank term deposits, UCITS and Negotiable Debt Securities (TCN) from a minimal short-term rating of A2/P2 at purchase. Credit risks are controlled by a system of limits representing the maximum nominal amount not to be exceeded per UCITS or issuer. The group also excludes the more risky types of investment securities (structured products or products with unguaranteed capital) and the issuers presenting too much risk.

In the event where an investment portfolio sees one of its short-term ratings fall below A2/P2 rating, this security must be sold "at best", unless the group Financial Committee makes an overriding decision.

In addition, to limit the risk of loss on the asset investment portfolio (excluding cash UCITS), a maximum loss limit has been introduced. This limit represents the statistical loss on the asset investment portfolio within a 97.5% interval. Its calculation is based on including CDS (Credit Default Swap) for each security in the portfolio, weighted by its residual maturity.

Derivative instruments

La Poste is exposed to a risk of its market counterparties defaulting, given its presence in derivative markets.

Exposure related to its instruments is assessed through the net market value of derivatives per counterparty after taking into account guarantees received or provided for collateralisation agreements.

Commitments with La Poste's counterparties are subject to systematic collateralisation agreements that reduce the risk of default at the franchise level.

Trade and other receivables

Provisions are calculated on an individual basis, based on an assessment of the risk of non-recovery. No group customer accounts for more than 10% of consolidated revenues.

33.2 Liquidity risk

The group strives to have sufficient financial resources to finance current business activities and the capital expenditure needed for future growth at all times. The aim of cash management is to access financial in line (in terms of amount and time to obtain) with the group's needs.

Liquidity risk is measured through cash flow forecasts (annual, monthly and weekly depending on what is at stake) and dealt with by:

- negotiating confirmed credit facilities with financial institutions. The group has a five-year €1 billion syndicated credit line expiring in March 2025 (renewable twice for one year), for which it has received commitments from the eleven banks in the banking pool (see Note 38.3.2);

- keeping at all times a minimum amount of cash and cash equivalents for less than one year taken individually and for an average duration not exceeding 90 days, of a minimum amount called "Security cash". This amount is set at €1.2 billion and is defined and monitored by the group's Financial Committee;
- by issuing short-term negotiable debt securities (Negociable European Commercial Paper and Euro Commercial Paper) in order to compensate for the change in cash and bond debt (senior, hybrid or green) to meet the group's long-term needs;
- by the prospective monitoring of indicators linked to short and long term equity markets in order to anticipate liquidity crisis situations.

The table below shows the contractual cash flows relating to non-derivative financial liabilities, as well as the contractual flows relating to debt management derivatives, regardless of whether they are shown as liabilities or assets. These flows are not discounted and their total may therefore differ from the amount recognised on the balance sheet.

These liabilities do not have any specific clause likely to significantly modify the terms.

AS AT 31/12/2021

(in € million)	BALANCE SHEET AMOUNT	2022 flows		2023 flows		2024-2026 flows		2027 flows and beyond	
		Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal
Bonds	**8,991**	**126**	**0**	**126**	**1,000**	**184**	**2,475**	**248**	**5,500**
Borrowings at amortised cost	8,369	101		101	420	184	2,475	248	5,500
Borrowings at fair value	622	25		25	580	0	0	0	0
Subordinated debt	**440**	**23**	**0**	**23**	**0**	**70**	**0**	**398**	**441**
Other financial debt	**4,364**	**63**	**1,163**	**54**	**625**	**115**	**1,412**	**157**	**1,163**
Lease liabilities	3,760	63	712	54	591	115	1,311	157	1,146
La Poste savings bonds	52		52						0
Commercial paper	300		300						0
Current bank facilities	26		26						0
Deposits and guarantees received	78		34		10		29		6
Other borrowings at amortised cost	147		39		24		73		11
Derivatives	**(22)**	**(34)**	**0**	**(34)**	**26**	**1**	**0**	**1**	**(0)**
Derivative liabilities	36	(7)		(8)	29	2		1	(0)
Derivative assets	(58)	(27)		(26)	(3)	(1)		(0)	
TOTAL	**13,773**	**179**	**1,163**	**170**	**1,650**	**371**	**3,887**	**803**	**7,104**

33.3 Interest-rate risk

The group's interest rate risk stems from changes in market rates (principally ester and Euribor 3-months), which would result in higher interest expense on borrowings, lower returns on investments or the loss of opportunity.

To better manage interest rate risk, the group has established:

- an active strategy in the management of its bond debt based on the use of derivative instruments to take advantage of market opportunities and reduce the cost of its bonds;
- an active strategy in the management of its investments based on the use of derivatives to guarantee returns and adjust the group's exposure to fluctuations in interest rates;
- prospective monitoring over 12 rolling months of its net debt and investment position indexed to market rates, and the fluctuation of financial income and expense resulting from adverse change in market rates (triggering a limit when the estimated impact exceeds 2% of RNPG (Net profit/(loss), Group share) of last three financial years). Monitoring of this nature serves notably to allow active debt and investment management strategies to be adjusted as and to limit the impact of change in interest rates, upward or downward.

Sensitivity analysis

A uniform sudden 50-basis point increase in the market yield curve would not result in the increase in the group's annual financial expense, after taking into account debt management derivative instruments (*idem* 2020).

A uniform sudden 50-basis point increase in the market yield curve would result in a €4.7 million profit in income (compared with €8.2 million as at 31 December 2020), resulting from the change in the fair value of the debt recognised at fair value through profit or loss and of the debt management swaps.

33.4 Currency risk

The group exercises international activities, from France or foreign subsidiaries, through its Services-Mail-Parcels and GeoPost business units.

In order to support its growing globalisation and the resulting currency risk, the group has established a currency risk management Policy. This policy targets as a priority:

- acquisition flows of foreign currency investment securities;
- foreign currency financial debt and loans;
- foreign currency net assets held and consolidated by the group.

This policy defines the governance, hedging conditions and materiality thresholds for these different types of exposure.

To date, and in accordance with the established thresholds and conditions, the group uses currency derivative instruments backed:

- to its subordinated debt in US dollars ($500 million), hedged at 100% using a euro dollar currency swap;
- to its US dollar equity investments, partly hedged by euro dollar currency swaps ($34 million) and its equity investments in Singapore dollars hedged in part by forward sales of Singapore dollars against the euro (SGD502 million);
- to the significant commercial activities exposure to foreign currencies from its subsidiaries (mainly Asendia, Armadillo GmbH and DPD UK).

Other foreign exchange derivatives, not qualified under IFRS, are used for economic hedging purposes.

The bulk of these operating activities generates income and expenses denominated in the subsidiaries' functional and accounting currency. Residual currency risk related to operations only involves marginal amounts in relation to the size of the group.

As at 31 December 2021, the accounting currency effect on revenue amounted to €-29 million, stemming mainly from the Brazilian real (€-71 million), the ruble (€-13million) and the pound sterling (€+91 million). The accounting impact of currency fluctuations on operating profit/(loss) was not significant in 2021.

NOTE 34 INFORMATION ON RISKS RELATING TO BANKING ACTIVITIES

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34.1 Structural risk factors

La Banque Postale has a risk taxonomy, which represents the framework for the risk factors to which it is exposed. The purpose of this framework is to establish a common risk language for all La Banque Postale entities (banking, insurance and asset management).

The risk mapping that rates all these risks makes it possible to meet regulatory requirements and inform the various cross-functional risk management exercises such as the ICAAP or the stress tests.

This risk mapping includes and classifies all the risks to which La Banque Postale is exposed. It was updated following the strategic equity alliance with CNP Assurances, in particular to ensure the correct coverage of insurance risks.

The main changes consist of:

- better definition and granularity of strategic and business risks;
- rationalisation of financial risks (market risks, ALM, liquidity risk) following the convergence work with CNP Assurances;
- integration of a new family of ESG risks.

34.2 Credit risk

34.2.1 Impacts of the Covid-19 crisis on credit risk assessment

The main impacts of the health crisis on the credit risk are presented in Note 1.6.

Throughout 2021, La Banque Postale Risk Department has carried out numerous studies with the aim of achieving a cost of risk level that reflects the reality of the risks of its loan portfolio regarding Individuals and Legal entities in the short and medium term, beyond the losses already recorded on some of its financing.

At the end of this work, it should be mentioned that La Banque Postale considers that the general risk monitoring and provisioning system enables the level of risk in the credit portfolio to be accurately and appropriately assessed, while meeting the expectations of the European supervisor. Thus, all the principles detailed in section 4.2 are still being applied by La Banque Postale in the uncertain context of the crisis. In other words, the classification and provisioning of the bank's exposures continues to be based on:

- automatic mechanisms for identifying Significant Impairments of Potential Risks and for classifying or proposing classification in the IFRS 9 Buckets;
- control and validation measures involving the teams of the group Risk Department, and possible individual or collective adjustment decisions taken as part of the exposure monitoring system (Watch List process, sector measures, etc.).

Consequently, it is possible to present the impacts of the Covid-19 pandemic (and its macro-economic consequences) on the assessment of credit risk for La Banque Postale according to two main categories:

- general impacts for the entire portfolio, both Individuals and Legal entities, linked to the recalibration of all the models and scenarios underlying the calculation of the bank's statistical provisions;
- impacts specific to certain customer segments, related to management measures taken by the group Risk Department, after an analytical review of its entire portfolio.

General measures to adjust the bank's statistical provisions

Firstly, all of the "Probability of default" models used in IFRS 9 provision calculations have been reviewed to take into account the known effects of the crisis. The most recent behavioural information and/or changes in risk profiles (rating migration) have been integrated in order to obtain parameters that are relevant at one year and at maturity (and to avoid inconsistent levels of provisions - particularly on the Low Default Portfolio - and their pro-cyclicality effects).

In addition, the macroeconomic scenarios used for provisioning have also undergone a major revision, adapted to La Banque Postale specific situation in order to integrate the effects of the crisis into the calculation of "Forward Looking" Expected Credit Losses: the projection of the variables used in each of these scenarios has been re-estimated in order to systematically integrate the known effects of the Covid-19 crisis. In addition, the weights associated with each of these scenarios were also revised to reflect possible macroeconomic developments.

These elements are presented in detail below.

34.2.2. General framework

The Risk Department manages credit risk, specifically, the risk incurred in the event of default by a counterparty or counterparties considered as a single beneficiary within the meaning of Regulation (EU) No. 575/2013 of the European Parliament and Council on prudential requirements applicable to credit institutions and investment companies (CRR).

The Management Board sets the common basic principles (strategic priorities, values, risk appetite, governance) validated by the Supervisory Board, on the basis of which each business line sets out its priorities for action and control of the associated risk, under the supervision of the group Risk Department (DRG).

It should be noted that at this stage discussions have begun within La Banque Postale to quantify its exposure to climate risk (both in terms of physical risk and transition risk). Environmental risks will be taken into account in the assessment of credit risk at the end of this work, if it is observed that they have a significant impact on the projection horizons in force in the context of provisioning.

34.2.3. Significant increase in credit risk

The principles

La Banque Postale defines seven principles to assess significant increase in credit risk in accordance with IFRS and the European Banking Authority's (EBA) guidelines defining the conditions for migration from bucket 1 to bucket 2.

Principle 1 – Credit risk monitoring: IFRS 9 indicates that the assessment of credit quality is carried out from the outset at the commitment level. This credit quality assessment from the initial recognition must be carried out at each year-end to determine the allocation of the asset concerned.

La Banque Postale considers that a financial instrument is classified as sensitive if its credit quality has significantly deteriorated compared to the initial recognition (comparison of the asset's credit quality in relation to its situation at the date of entry in the balance sheet or commitment date for off-balance sheet instruments).

Principle 2 – Rating indicator to monitor credit quality: The group monitors the credit risk of each contract based on a counterparty credit quality rating system. Consequently, the rating for a contract at any given time is determined on the basis of the counterparty's rating at that time. At any given time, all contracts for a single third party have the same rating.

To assess any deterioration in credit risk, La Banque Postale has a rating system based on:

- internal rating models used to manage and monitor risks, and;
- external ratings used in day-to-day risk management, with associated prioritisation rules.

La Banque Postale's risk management monitoring systems collect information about the rating at the start of the commitment and store it with the aim of identifying significant increases in credit risk along with the latest known rating in order to comply with the first principle.

For portfolios with an internal and/or external rating, the assessment of the significant increase in credit risk is based on the rating, along with quantitative and/or qualitative analysis by the business line concerned, if applicable.

When La Banque Postale, for a given customer and its associated commitments, does not have an internal or external rating, other elements for assessing the significant deterioration in credit risk since inception are used (see principle 6).

Principle 3 – Monitoring of credit quality with the addition of a backstop: In addition to principle 1, La Banque Postale adds an absolute threshold criteria. The approach defined by La Banque Postale is a combined approach of a relative threshold and then an absolute threshold.

La Banque Postale's absolute threshold is based on two indicators:

- rating indicator: the absolute level of credit quality below which assets are considered to be highly impaired is set by customer segment and/or asset type;
- arrears indicator: payment arrears of over 30 days. According to IFRS 9, payment arrears of over 30 days are considered to constitute a significant increase in credit risk as arrears of over 30 days indicate lower credit quality.

Principle 4 – Use of the 12 month indicator for retail customers: The assessment of significant increase in credit risk involves assessing the risk of default over the asset's remaining lifetime at each year-end. Instead of assessing the change in risk of default over the lifetime, IFRS 9 allows the use of a 12-month indicator if this assessment is a reasonable estimate of the risk at maturity.

Principle 5 – The low credit risk concept: IFRS 9 allows the use of the low credit risk concept at year-end. A financial instrument is considered to be low risk when its credit risk has not significantly increased since its initial recognition. The concept of "Low Credit Risk" may be equivalent to a universal definition such as "investment grade" which, according to CRR regulations, would correspond to a credit level of 3 or less. This exemption only applies to debt securities in accordance with EBA guidelines.

La Banque Postale does not use the Low Credit Risk exemption for its credit operations. However, this exemption is used for debt securities, during bucket validations in accordance with principle 6.

Principle 6 – Consideration of qualitative information: In the non-retail customer portfolio, the presumption of migration to bucket 2 requires a specific qualitative analysis by the Watch List Committee to confirm or reject the significant deterioration according to the rating indicator.

For corporate customers, the additional elements for assessing the significant deterioration in credit risk, used for rated and non-rated customers, are also multiple.

For its Corporate network customers La Banque Postale has an industrial alert generation system that analyses the portfolio on a daily basis and triggers support by the front and risk teams concerned. In addition, this system of monitoring and investigating alerts, the conclusion of which may be a registration in a Monitoring List or Watch List, or even a transfer to management by dedicated teams (Recovery/Special Affairs), is completed by taking into account any information brought to the attention of the bank, *via* public elements or from exchanges with its customers, or through the results of the process of annual review of commitments. All these elements enable La Banque Postale to have a robust monitoring system, not deferring significant deterioration in risk, whether customers are rated or not.

An asset restructured due to the counterparty's financial difficulties remains in default for 12 months, then if no incident has been reported, it moves back to bucket 2 for a period of 24 months in accordance with prudential regulations.

Principle 7 – Migration to bucket 2 before default: In accordance with IFRS 9, La Banque Postale must identify, as far as possible, any assets that have sustained a significant increase in credit risk before they default. Exceptionally, certain commitments may be exempt from migration to bucket 2 before default.

The assessment process for a significant increase in credit risk

The operational procedures implemented enable monitoring and/or detection of revealing events indicating the possible deterioration of the credit quality of a counterparty.

The criteria for bucket 2 classification of a commitment are described by exposure class:

- retail customers – private individuals;
- retail customers – professionals;
- central administrations & central banks;
- credit institutions;
- corporate customers;
- public sector entities.

The criteria do not constitute an exhaustive list and the relevance of the information must be assessed according to the observed customer segment (with the exception of retail customers). Other events indicating credit quality deterioration or risk-generating facts may be taken into account following an analysis carried out by the risk unit concerned.

These events are considered by the group Risk Department business lines, which have good knowledge of the counterparties they manage or the related customer groups.

The operational entities are responsible for the exposure that they generate and must immediately detect events that raise concern about a deterioration in the credit quality of their customers.

It should be noted that all assets that are not included in bucket 3 or bucket 2 are classified in bucket 1. These are assets with no significant increase in credit risk since their initial recognition.

Lastly, La Banque Postale specifies that an asset that has undergone a significant deterioration in credit risk may exit Bucket 2 and come back in bucket 1 when all the significant criteria of deterioration in credit risk are no longer observed, with possibly a regularisation of payment arrears. Depending on the case, an observation period could be set up when the debtor is considered fragile in order to avoid recurrences. As an illustration, in the context of the management of the Covid crisis, the exit from Bucket 2 of individual customers having requested the implementation of a moratorium was accompanied by an observation period of three months.

In the case of a restructured asset, the exit from the status of "default" is monitored for a probationary period defined according to regulatory requirements.

34.2.4 Provisioning – methodological approach in relation to expected credit loss

The expected credit loss concept

The methodology for calculation of Expected Credit Losses (ECL) must reflect a measurement of the possible probabilistic losses, taking into account the time value of money and all reasonably available information. This methodology was described in Note 3.13.7 (bucket 1 and bucket 2 provisioning methodology).

12 month expected credit loss ($_{12\text{-month}}$ECL)

At each year-end, when the risk associated with a commitment has not significantly increased since its initial recognition, La Banque Postale assesses the impairment for credit loss of this exposure at the amount of expected credit loss for the next 12 months.

The $_{12\text{-month}}$ECL represents the portion of expected credit losses of a financial instrument resulting from a default event that may occurr within 12 months after the closing date.

This formula applies to all commitments classified in bucket 1.

Expected credit loss at maturity ($_{lifetime}$ECL)

At each year-end, when the risk associated with a commitment has significantly increased since its initial recognition, La Banque Postale assesses the impairment for credit loss of this exposure at the amount of expected credit loss at its maturity.

This formula applies to all commitments classified in bucket 2 and 3.

Definition of the parameters for calculating the expected credit loss

La Banque Postale calculates the ECL using three main components: the probability of default, the loss in the event of default and the exposure to default.

Maturity refers to the final payment date of a loan commitment or financial instrument, at which the amount loaned and the interest must be paid, or when the authorisation amount or date ends.

It corresponds to the maximum contractual period including extension options, with the exception of revolving type products, renewable credit cards and overdrafts for which behavioural maturity must be used.

For contracts without a contractual maturity, the maximum maturity is 12 months while, in the event of debtor insolvency, La Banque Postale would contest the overdraft authorisation within a period of less than 12 months, in accordance with French banking law.

Renewable loans are financial instruments for which there is no fixed maturity, no amortisation plan and no contractual termination period. The maturity selected for these instruments depends on the lifetime estimated by La Banque Postale, which may exceed the duration of the contractual commitment. The maturity selected at group level is the behavioural maturity.

Probability of Default (PD): IFRS 9 introduces the concept of expected credit loss and, indirectly, the concept of probability of default adjusted to the situation at the closing date (PDPit) This parameter does not correspond to the average over the cycle (PDTTc) under the prudential framework in force for the internal approach. This variable makes it possible to estimate the probability of a commitment defaulting over a given period. Estimates of default probability, referred to as "Point in Time" (PiT) estimates, are grounded on the future and current assessment. This parameter is linked to the customer and product.

The probability of "Point in Time" default is used for all La Banque Postale portfolios, whether or not they have an internal rating.

Loss Given Default (LGD): The Loss Given Default corresponds to the ratio between the contractual and expected cash flows taking into account discounting effects and other expenses committed at the instrument's default date. The LGD is expressed as a percentage of the exposure at default.

This parameter in IFRS 9 differs from the Basel concept. Prudentially, the Loss Given Default is restated for the prudent margin, the downturn effect and other expenses. IFRS 9 does not contain any specific indications with regard to the observation period and the collection of the historical data used to calculate the LGD parameters. This parameter must take into account forward looking and passage of time concepts.

The group has chosen to use an adjusted modelled LGD, in accordance with IFRS 9, for portfolios with a loss model in the event of default, depending on the type of product and the guarantee, and may determine an LGD at the recommendation of an expert, according to the segment, product and type of guarantee, to be reviewed at least once a year.

Exposure at Default (EAD): The exposure corresponds to the calculation basis for the amount of expect credit loss. It is based on the value exposed to credit risk, whilst taking into account the flow rate according to the type of amortisation and expected early redemption (forecast cash flow) This parameter is calculated based on the amounts at the start of the period.

The provisioning base corresponds to the balance sheet and off-balance sheet outstandings (unused portion) converted into credit equivalent (the credit conversion factor or CCF).

To take into account early redemption and the flow rate, the Bank applies an early redemption rate to the provisioning calculation base for each portfolio. This rate is periodically reviewed by La Banque Postale's ALM team according to the trends in observed early repayments.

Forward Looking

In accordance with IFRS 9, the expected credit losses take into account the effects of future economic conditions: the "Forward Looking" is based on a modelled approach and expert judgement. La Banque Postale uses three scenarios, a central scenario, and two alternative scenarios (high interest rate/low interest rate) defined by the Economic Studies Departments of Caisse des Dépôts and La Banque Postale. The forecast horizon for future economic conditions is five years:

- the scenarios selected are global and consistent economic scenarios: they apply uniformly throughout La Banque Postale with potentially opposite impacts on certain product or customer segments, reflecting the portfolio's diversification. (As an illustration, it is not possible, in a given scenario, to have a different interest rate projection for measuring the life time probabilities of default of retail customers and those of sovereign customers);
- the proposed scenarios are not necessarily adverse scenarios on the strict aspect of the credit risk: IFRS 9 scenarios are not intended to quantify risks of loss in a highly deteriorated environment with a very low probability of occurrence in relation to the macroeconomic situation in force at the date of the estimate, but rather plausible scenarios in general, with a probability of occurrence that differs by one standard deviation from the central scenario;
- the scenarios selected are generally scenarios used in other governing processes of the institution (strategic plan, budget, ICAAP stress test exercises, regulatory reporting).

These scenarios are documented and include forecasts for all the macroeconomic variables required to operate the models developed to obtain the PD and LGD at maturity. The probability of occurrence of each scenario is subject to documentation by La Banque Postale's economists.

The system is based on a significant number of models. All the models used in the IFRS 9 system are subject to an independent review by the Model Validation team and are validated by the Model Validation Committee before use.

For 2021, the scenarios used by La Banque Postale to calculate provisions under IFRS 9 are as follows:

- **Central scenario:** after a severe recession in France in 2020 due to the Covid-19 shock, under the assumptions of no new period of strict lockdown like the one experienced in the spring of 2020, the resumption of post-lockdown activity associated with the effects of the vaccination and various monetary and budgetary support plans announced to date would result in a significant rebound in GDP in 2021. However, the consequences of the crisis would weigh during the recovery, so that GDP would not return to its pre-crisis level of 2019 before 2023. Beyond infra-annual volatility due to base effects, the context would be generally low-inflation, given the size of the production gap and the very relaxed labour markets, with few tensions that could generate increases in wages and costs, resulting in long-term expansionary monetary policy.

This scenario is a scenario proposed by Caisse des Dépôts and its projections are detailed below:

	SCENARIO AS AT 31 DECEMBER 2021					
Variables	**OR**	**N+1**	**N+2**	**N+3**	**N+4**	**N+5**
GDP France (annual growth rate)	4.0	3.5	1.8	1.5	1.3	1.2
Unemployment rate (average annual rate)	9.8	9.6	9.4	9.2	9.1	9.0
10-year OATs (annual average)	0.0	0.0	0.2	0.4	0.6	0.8
CAC40 (annual growth rate)	7.7	2.5	2.5	2.5	2.5	0.0
Property prices (annual growth rate)	3.7	0.6	0.7	0.9	1.2	1.5

	Previous scenario					
Variables	**OR**	**N+1**	**N+2**	**N+3**	**N+4**	**N+5**
GDP France (annual growth rate)	(10.0)	7.0	1.5	1.3	1.2	1.2
Unemployment rate (average annual rate)	10.2	10.5	10.1	9.6	9.3	9.0
10-year OATs (annual average)	0.0	0.1	0.3	0.5	0.7	0.8
CAC40 (annual growth rate)	(22.3)	9.6	3.2	3.2	3.2	3.2
Property prices (annual growth rate)	4.3	(5.0)	2.0	1.8	1.7	1.7

- **Low interest rate scenario:** this scenario includes a recessive GDP shock (health, financial or cyclical), with a decline in equity markets and interest rates in the year of the shock. Potential growth is weakened after the shock, limiting the cyclical rebound, so that interest rates remain structurally low.

This scenario is a scenario proposed by Caisse des Dépôts and its projections are detailed below:

	SCENARIO AS AT 31 DECEMBER 2021					
Variables	**OR**	**N+1**	**N+2**	**N+3**	**N+4**	**N+5**
GDP France (annual growth rate)	4.0	(0.5)	0.0	0.6	0.6	0.6
Unemployment rate (average annual rate)	9.8	10.5	10.9	11.1	11.2	11.2
10-year OATs (annual average)	0.0	(0.7)	(0.7)	(0.2)	0.0	0.0
CAC40 (annual growth rate)	7.7	(20.3)	1.8	1.8	1.8	1.8
Property prices (annual growth rate)	3.7	(2.5)	(3.5)	(1.5)	0.0	0.0

	Previous scenario					
Variables	**OR**	**N+1**	**N+2**	**N+3**	**N+4**	**N+5**
GDP France (annual growth rate)	(10.0)	(0.5)	0.0	0.6	0.6	0.6
Unemployment rate (average annual rate)	10.2	10.9	11.3	11.5	11.6	11.6
10-year OATs (annual average)	0.0	(0.9)	(0.7)	(0.2)	0.0	0.0
CAC40 (annual growth rate)	(22.3)	(11.3)	4.7	4.7	4.7	4.7
Property prices (annual growth rate)	4.3	(5.5)	(3.0)	(1.5)	0.0	0.0

- **Alternative scenario** of a gradual rise in rates: The health crisis is easing rapidly, thanks in particular to effective vaccination campaigns leading to collective immunity in the second half of 2021, both in the United States and in Europe. The resulting mobility constraints are quickly being erased. As a result, the economic support measures implemented in recent months in a large number of countries, both monetary and fiscal, are having their full effect. This is reflected in a favourable confidence effect on economic agents (reduction in the savings surplus accumulated by households during the crisis, unfreezing of corporate investment projects). The return to the pre-crisis level of activity is therefore more rapid than in the central scenario.

This scenario is a scenario proposed by La Banque Postale's Economic Studies and its projections are detailed below:

	SCENARIO AS AT 31 DECEMBER 2021					
Variables	**OR**	**N+1**	**N+2**	**N+3**	**N+4**	**N+5**
GDP France (annual growth rate)	4.0	4.5	2.5	2.0	1.6	1.2
Unemployment rate (average annual rate)	9.8	9.3	8.8	8.4	8.2	8.1
10-year OATs (annual average)	0.0	0.2	0.5	0.9	1.1	1.2
CAC40 (annual growth rate)	nd	nd	nd	nd	nd	nd
Property prices (annual growth rate)	nd	nd	nd	nd	nd	nd

nd: non disponible

	Previous scenario					
Variables	**OR**	**N+1**	**N+2**	**N+3**	**N+4**	**N+5**
GDP France (annual growth rate)	(10.0)	9.0	3.5	2.0	1.8	1.4
Unemployment rate (average annual rate)	10.2	9.6	8.3	7.3	6.9	6.5
10-year OATs (annual average)	0.0	0.7	1.3	1.6	1.6	1.6
CAC40 (annual growth rate)	(22.3)	nd	nd	nd	nd	nd
Property prices (annual growth rate)	4.3	nd	nd	nd	nd	nd

nd: non disponible

The probability of occurrence of each of these scenarios is summarised in the table below:

Scenarios	Scenarios 2021	Effective scenarios in 2022
Central	65%	65%
Rate cut	15%	15%
Rise in rates	20%	20%

La Banque Postale chose not to adopt the scenarios proposed by the ECB, for all the reasons mentioned earlier in this section but also to take account of the concentration of its portfolio in France and to rely on the skills of Group CDC and La Banque Postale.

- **Sensitivity analysis of macroeconomic scenarios on expected credit losses:** the sensitivity's analyses were conducted on the credit risk of corporate and retail customers, on the parameters of the statistical ECLs (meaning without the sector specific provisions and the loans guaranteed by the French State concerning the corporates).

These analyses show that the perimeter of retail customers is not very sensitive to macroeconomic scenarios as the changes in ECL observed after modifying the weightings of the scenarios are very small (less than €1.5 million).

However, on the perimeter of corporate customers, a rate increasing scenario weighted at 100% would lead to an ECL reversal of €64 million (36%) and a rate decreasing scenario weighted up to 100% would lead to an ECL allowance of €136 million (77%) if compared to the weightings applied as of 31 December 2021. These impacts mostly concern large corporate customers.

34.2.5 Operational implementation

Impairment is calculated in a centralised way for the entire group by the group Risk Department teams.

34.2.6 Exposure to credit risk

Change in book value and allowances for losses over the period

Allowances for losses correspond to the impairment of assets and provisions on off-balance sheet commitments recognised in net profit/(loss) (Cost of risk) in respect of credit risk.

The different stages of impairment ("Healthy Assets – Bucket 1", "Deteriorated Assets – Bucket 2" and "Impaired Assets – Bucket 3") as well as the definition of impaired assets from acquisition or from issuance are explained in Note 34.2.3 "Significant increase in credit risk – the principles".

The following tables present a conciliation between the opening and closing balances of the allowances for losses recognised in Cost of risk and the associated book values, by accounting category and instrument type.

The "Modifications to flows not resulting in derecognition" line enables the identification of impacts on the gross book value and the allowance for loss relating to a restructuring for risk during the period.

Financial assets at amortised cost

31/12/2021 *(in € million)*	GROSS BOOK VALUE	ALLOWANCE FOR LOSSES	NET AMOUNT
Securities at amortised cost	23,516	(37)	23,480
Loans and receivables - Credit and similar institutions at amortised cost	67,846	(6)	67,840
Customer loans and receivables at amortised cost	124,499	(1,346)	123,152
TOTAL	**215,861**	**(1,390)**	**214,472**

31/12/2020 *(in € million)*	Gross book value	Allowance for losses	Net amount
Securities at amortised cost	24,049	(30)	24,019
Loans and receivables - Credit and similar institutions at amortised cost	114,486	(1)	114,485
Customer loans and receivables at amortised cost	126,471	(1,216)	125,255
TOTAL	**265,006**	**(1,247)**	**263,759**

(in € million)	Assets subject to a 12-month ECL (Bucket 1) Gross book value	Assets subject to a 12-month ECL (Bucket 1) Allowance for losses	Assets subject to a lifetime ECL (Bucket 2) Gross book value	Assets subject to a lifetime ECL (Bucket 2) Allowance for losses	Impaired assets (Bucket 3) Gross book value	Impaired assets (Bucket 3) Allowance for losses	TOTAL GROSS BOOK VALUE (A)	TOTAL ALLOWANCE FOR LOSSES (B)	TOTAL NET BOOK VALUE (A) +(B)
At 1 January 2021	*252,507*	*(173)*	*10,874*	*(448)*	*1,626*	*(627)*	*265,005*	*(1,247)*	*263,758*
Transfers of active assets from one bucket to another	**1,422**	**(6)**	**(1,763)**	**(21)**	**339**	**(55)**	**1**	**(84)**	**(83)**
Transfers of 12-month ECL (Bucket 1) to Lifetime ECL (Bucket 2)	(3,594)	12	3,594	(101)	0	0	0	(90)	(90)
Return of Lifetime ECL (Bucket 2) to 12-month ECL (Bucket 1)	5,097	(19)	(5,097)	67	0	0	0	48	48
Transfers of 12-month ECL (Bucket 1) to Impaired Lifetime ECL (Bucket 3)	(264)	2	0	0	264	(57)	0	(55)	(55)
Transfers of lifetime ECL (Bucket 2) to Impaired Lifetime ECL (Bucket 3)	0	0	(363)	20	363	(59)	0	(39)	(39)
Return of Impaired Lifetime ECL (Bucket 3) to 12-month ECL (Bucket 1)	184	0	0	0	(184)	26	0	26	26
Return of Impaired Lifetime ECL (Bucket 3) to Lifetime ECL (Bucket 2)	0	0	104	(6)	(104)	35	0	28	28
Total after transfer	253,929	(179)	9,112	(469)	1,965	(682)	265,006	(1,331)	263,675
Change in Gross book values and Allowances for losses	**(48,278)**	**(9)**	**(526)**	**(63)**	**(338)**	**13**	**(49,142)**	**(59)**	**(49,200)**
New production: purchase, granting, origination, etc.	65,664	(121)	2,908	(304)	445	(190)	69,018	(615)	68,403
Deconsolidation: sale, redemption, maturity, etc.	(114,241)	112	(3,434)	241	(689)	124	(118,364)	477	(117,887)
Write-offs	0	0	0	0	(84)	79	(84)	79	(6)
Change in flows not giving rise to deconsolidation	0	0	0	0	(10)	0	(10)	0	(10)
Changes in the model/methodology	0	0	0	0	0	0	0	0	0
Changes in consolidation scope	298	0	0	0	0	0	298	0	298
Other	1	(0)	0	0	0	1	1	0	1
TOTAL	**205,652**	**(189)**	**8,586**	**(532)**	**1,627**	**(669)**	**215,864**	**(1,390)**	**214,475**
Impact of fair value adjustments of micro-hedged instruments	(3)	0	0	0	0	0	(3)	0	(3)
As at 31 December 2021	*205,649*	*(189)*	*8,586*	*(532)*	*1,627*	*(669)*	*215,861*	*(1,390)*	*214,472*

(in € million)	Assets subject to a 12-month ECL (Bucket 1) Gross book value	Assets subject to a 12-month ECL (Bucket 1) Allowance for losses	Assets subject to a lifetime ECL (Bucket 2) Gross book value	Assets subject to a lifetime ECL (Bucket 2) Allowance for losses	Impaired assets (Bucket 3) Gross book value	Impaired assets (Bucket 3) Allowance for losses	Total Gross book value (a)	Total Allowance for losses (b)	Total Net book Value (a) +(b)
At 1 January 2020	*208,681*	*(100)*	*3,106*	*(150)*	*1,374*	*(580)*	*213,160*	*(829)*	*212,331*
Transfers of active assets from one bucket to another	**(5,906)**	**9**	**5,479**	**(181)**	**427**	**(65)**	**0**	**(237)**	**(237)**
Transfers of 12-month ECL (Bucket 1) to Lifetime ECL (Bucket 2)	(6,808)	14	6,808	(232)	0	0	0	(217)	(217)
Return of Lifetime ECL (Bucket 2) to 12-month ECL (Bucket 1)	1,217	(6)	(1,217)	43	0	0	0	36	36
Transfers of 12-month ECL (Bucket 1) to Impaired Lifetime ECL (Bucket 3)	(480)	2	0	0	480	(79)	0	(77)	(77)
Transfers of lifetime ECL (Bucket 2) to Impaired Lifetime ECL (Bucket 3)	0	0	(222)	13	222	(53)	0	(40)	(40)
Return of Impaired Lifetime ECL (Bucket 3) to 12-month ECL (Bucket 1)	165	(2)	0	0	(165)	30	0	28	28
Return of Impaired Lifetime ECL (Bucket 3) to Lifetime ECL (Bucket 2)	0	0	111	(5)	(111)	37	0	32	32
Total after transfer	202,775	(91)	8,585	(331)	1,801	(645)	213,160	(1,066)	212,094
Change in Gross book values and Allowances for losses	**49,732**	**(82)**	**2,289**	**(117)**	**(175)**	**18**	**51,845**	**(181)**	**51,664**
New production: purchase, granting, origination, etc.	95,861	(113)	3,598	(177)	436	(172)	99,895	(462)	99,433
Deconsolidation: sale, redemption, maturity, etc.	(50,542)	32	(1,319)	60	(466)	83	(52,328)	175	(52,153)
Write-offs	0	0	0	0	(133)	106	(133)	106	(27)
Change in flows not giving rise to deconsolidation	0	0	0	0	(12)	0	(12)	0	(12)
Changes in the model/methodology	0	0	0	0	0	0	0	0	0
Changes in consolidation scope	4,217	0	10	0	0	0	4,227	0	4,227
Other	196	(1)	0	0	0	1	196	0	196
TOTAL	**252,507**	**(173)**	**10,874**	**(448)**	**1,626**	**(627)**	**265,005**	**(1,247)**	**263,758**
Impact of fair value adjustments of micro-hedged instruments	0	0	0	0	0	0	0	0	0
As at 31 December 2020	*252,507*	*(173)*	*10,874*	*(448)*	*1,626*	*(627)*	*265,005*	*(1,247)*	*263,758*

FINANCIAL ASSETS AT FAIR VALUE THROUGH RECYCLABLE EQUITY

	31/12/2021	
(in € million)	**FAIR VALUE**	**O/W ALLOWANCE FOR LOSSES**
Debt instruments at fair value through equity	228,121	(465)
TOTAL	**228,121**	**(465)**

	31/12/2020	
(in € million)	**Fair Value**	**o/w allowance for losses**
Debt instruments at fair value through equity	230,388	(372)
TOTAL	**230,388**	**(372)**

	Assets subject to a 12-month ECL *(Bucket 1)*		Assets subject to a lifetime ECL *(Bucket 2)*		Impaired assets *(Bucket 3)*		TOTAL	
(in € million)	**Gross book value**	**Allowance for losses**	**Gross book value**	**Allowance for losses**	**Gross book value**	**Allowance for losses**	**GROSS BOOK VALUE**	**ALLOWANCE FOR LOSSES**
At 1 January 2021	*229,731*	*(361)*	*656*	*(12)*	*0*	*0*	*230,386*	*(373)*
Transfers of active assets from one bucket to another	**(140)**	**1**	**141**	**1**	**0**	**0**	**2**	**2**
Transfers of 12-month ECL (Bucket 1) to Lifetime ECL (Bucket 2)	(140)	1	141	0	0	0	1	1
Return of Lifetime ECL (Bucket 2) to 12-month ECL (Bucket 1)								
Transfers of 12-month ECL (Bucket 1) to Impaired Lifetime ECL (Bucket 3)								
Transfers of lifetime ECL (Bucket 2) to Impaired Lifetime ECL (Bucket 3)								
Return of Impaired Lifetime ECL (Bucket 3) to 12-month ECL (Bucket 1)								
Return of Impaired Lifetime ECL (Bucket 3) to Lifetime ECL (Bucket 2)								
Total after transfer	229,591	(360)	797	(11)	0	0	230,389	(371)
Change in gross book values and allowances for losses	**(1,849)**	**(96)**	**(418)**	**2**	**0**	**0**	**(2,267)**	**(93)**
New production: purchase, granting, origination, etc.	34,921	0	122	0	0	0	35,043	0
Deconsolidation: sale, redemption, maturity, etc.	(45,743)	0	(545)	0	0	0	(46,288)	0
Write-offs	0	0	0	0	0	0	0	0
Change in flows not giving rise to deconsolidation	0	0	0	0	0	0	0	0
Change in the model/methodology	0	0	0	0	0	0	0	0
Changes in consolidation scope	14,099	0	0	0	0	0	14,099	0
Other	(5,127)	(96)	5	2	0	0	(5,122)	(93)
As at 31 December 2021	*227,742*	*(456)*	*379*	*(9)*	*0*	*0*	*228,121*	*(465)*

(in € million)	Assets subject to a 12-month ECL (Bucket 1) Gross book value	Assets subject to a 12-month ECL (Bucket 1) Allowance for losses	Assets subject to a lifetime ECL (Bucket 2) Gross book value	Assets subject to a lifetime ECL (Bucket 2) Allowance for losses	Impaired assets (Bucket 3) Gross book value	Impaired assets (Bucket 3) Allowance for losses	Total Gross book value	Total Allowance for losses
At 1 January 2020	14,663	(3)	38	(1)			14,700	(4)
Transfers of active assets from one bucket to another	**(509)**	**1**	**501**	**(9)**	**0**	**0**	**(8)**	**(8)**
Transfers of 12-month ECL (Bucket 1) to Lifetime ECL (Bucket 2)	(509)	1	501	(9)			(8)	(8)
Return of Lifetime ECL (Bucket 2) to 12-month ECL (Bucket 1)								
Transfers of 12-month ECL (Bucket 1) to Impaired Lifetime ECL (Bucket 3)								
Transfers of lifetime ECL (Bucket 2) to Impaired Lifetime ECL (Bucket 3)								
Return of Impaired Lifetime ECL (Bucket 3) to 12-month ECL (Bucket 1)								
Return of Impaired Lifetime ECL (Bucket 3) to Lifetime ECL (Bucket 2)								
Total after transfer	14,154	(2)	539	(10)	0	0	14,692	(12)
Change in gross book values and allowances for losses	**215,577**	**(359)**	**117**	**(2)**	**0**	**0**	**215,694**	**(361)**
New production: purchase, granting, origination, etc.	30,505		73				30,578	
Deconsolidation: sale, redemption, maturity, etc.	(35,483)		(179)				(35,662)	
Write-offs								
Change in flows not giving rise to deconsolidation								
Change in the model/methodology								
Changes in consolidation scope	218,213	(37)	186				218,399	(37)
Other	2,342	(322)	37	(2)			2,379	(324)
As at 31 December 2020	*229,731*	*(361)*	*656*	*(12)*	*0*	*0*	*230,386*	*(373)*

OFF-BALANCE SHEET (FINANCING AND GUARANTEE COMMITMENT)

(in € million)	31/12/2021 GROSS BOOK VALUE	31/12/2021 ALLOWANCE FOR LOSSES	31/12/2021 NET AMOUNT
Financing and guarantee commitments	31,389	0	0
Provisions for financing and guarantee commitments	0	(97)	0
TOTAL FINANCING AND GUARANTEE COMMITMENTS	**31,389**	**(97)**	**31,292**

	31/12/2020		
(in € million)	**Gross book value**	**Allowance for losses**	**Net amount**
Financing and guarantee commitments	28,521	0	
Provisions for financing and guarantee commitments	0	(99)	
TOTAL FINANCING AND GUARANTEE COMMITMENTS	**28,521**	**(99)**	**28,422**

	Assets subject to a 12-month ECL (Bucket 1)		Assets subject to a lifetime ECL (Bucket 2)		Impaired assets (Bucket 3)		TOTAL		
(in € million)	Gross book value	Allowance for losses	Gross book value	Allowance for losses	Gross book value	Allowance for losses	GROSS BOOK VALUE (A)	ALLOWANCE FOR LOSSES (B)	NET BOOK VALUE (A) -(B)
At 1 January 2021	*27,358*	*(46)*	*1,128*	*(50)*	*35*	*(3)*	*28,521*	*(99)*	*28,422*
Transfers of active assets from one bucket to another	**(56)**	**1**	**49**	**(2)**	**7**	**(1)**	**(0)**	**(2)**	**(2)**
Transfers of 12-month ECL (Bucket 1) to Lifetime ECL (Bucket 2)	(284)	2	284	(7)	0	0	0	(5)	(5)
Return of Lifetime ECL (Bucket 2) to 12-month ECL (Bucket 1)	232	(1)	(232)	5	0	0	(0)	4	4
Transfers of 12-month ECL (Bucket 1) to Impaired Lifetime ECL (Bucket 3)	(14)	0	0	0	14	(1)	0	(1)	(1)
Transfers of Lifetime ECL (Bucket 2) to Impaired Lifetime ECL (Bucket 3)	0	0	(4)	0	4	0	0	0	0
Return of Impaired Lifetime ECL (Bucket 3) to 12-month ECL (Bucket 1)	9	0	0	0	(9)	0	0	0	0
Return of Impaired Lifetime ECL (Bucket 3) to Lifetime ECL (Bucket 2)	0	0	2	0	(2)	0	0	0	0
Total after transfer	27,302	(45)	1,178	(52)	42	(4)	28,521	(101)	28,420
Change in gross book values and Allowances for losses	**3,147**	**(7)**	**(271)**	**12**	**(9)**	**(1)**	**2,868**	**4**	**2,872**
New production: purchase, granting, origination, etc.	15,946	(43)	589	(30)	15	(4)	16,550	(77)	16,473
Deconsolidation: sale, redemption, maturity, etc.	(12,799)	36	(860)	42	(23)	3	(13,682)	81	(13,602)
Others	0	0	0	0	0	0	0	0	0
As at 31 December 2021	*30,448*	*(52)*	*907*	*(40)*	*33*	*(5)*	*31,389*	*(97)*	*31,292*

	Assets subject to a 12-month ECL (bucket 1)		Assets subject to a lifetime ECL (bucket 2)		Impaired assets (bucket 3)		Total		
(in € million)	Gross book value	Allowance for losses	Gross book value	Allowance for losses	Gross book value	Allowance for losses	Gross book value (a)	Allowance for losses (b)	Net book Value (a) -(b)
At 1 January 2020	*28,545*	*(25)*	*475*	*(14)*	*30*	*(1)*	*29,051*	*(40)*	*29,011*
Transfers of active assets from one bucket to another	(405)	0	395	9	10	(2)	0	11	(11)
Transfers of 12-month ECL (Bucket 1) to Lifetime ECL (Bucket 2)	(490)	1	490	(13)	0	0	0	(12)	(12)
Return of Lifetime ECL (Bucket 2) to 12-month ECL (Bucket 1)	93	(1)	(93)	4	0	0	0	3	3
Transfers of 12-month ECL (Bucket 1) to Impaired Lifetime ECL (Bucket 3)	(17)	0	0	0	17	(2)	0	(2)	(2)
Transfers of Lifetime ECL (Bucket 2) to Impaired Lifetime ECL (Bucket 3)	0	0	(4)	0	4	0	0	0	0
Return of Impaired Lifetime ECL (Bucket 3) to 12-month ECL (Bucket 1)	9	0	0	0	(9)	0	0	0	0
Return of Impaired Lifetime ECL (Bucket 3) to Lifetime ECL (Bucket 2)	0	0	2	0	(2)	0	0	0	0
Total after transfer	28,140	(25)	870	(23)	40	(3)	29,051	(51)	29,000
Change in gross book values and Allowances for losses	**(782)**	**21**	**258**	**(26)**	**(5)**	**(1)**	**(530)**	**(48)**	**(578)**
New production: purchase, granting, origination, etc.	9,715	(31)	582	(31)	14	(1)	10,311	(63)	0
Deconsolidation: sale, redemption, maturity, etc.	(10,497)	10	(324)	5	(19)	0	(10,841)	15	0
Others	0	0	0	0	0	0	0	0	0
As at 31 December 2020	*27,358*	*(46)*	*1,128*	*(50)*	*35*	*(4)*	*28,521*	*(99)*	*28,422*

Modified financial assets

Modified financial assets correspond to assets restructured for financial difficulties. These are receivables for which the entity has modified the initial financial conditions (interest rate, duration) for economic or legal reasons due to the borrower's financial difficulties, under conditions that would not have been envisaged in other circumstances. They concern receivables classified as defaulting, and since 1 January 2014, healthy receivables, at the time of their restructuring. A more detailed definition is provided in Note 3 "Accounting rules and policies". An asset retains modified financial asset status when a restructuring event occurs, up to its derecognition.

For assets subject to restructuring during the period, the book value established after the restructuring is as follows:

(in € million) **31/12/2021**	BOOK VALUE BEFORE TRANSFER UNDER RESTRUCTURING	AMOUNT OF DISCOUNT RECOGNISED IN THE INCOME STATEMENT	GROSS BOOK VALUE
Loans and receivables – Customers	107	(10)	97
Debt securities			
TOTAL MODIFIED FINANCIAL ASSETS	**107**	**(10)**	**97**

(in € million) **31/12/2020**	Book value before transfer under restructuring	Amount of discount recognised in the income statement	Gross book value
Loans and receivables – Customers	135	(12)	123
Debt securities			
TOTAL MODIFIED FINANCIAL ASSETS	**135**	**(12)**	**123**

Restructured assets whose stage of impairment corresponds to bucket 2 (degraded assets) or bucket 3 (impaired assets) may be returned to bucket 1 (healthy assets) in the event of subsequent improvement in the credit quality leading to the view that there is no longer a significant deterioration in credit quality. The amount of the impairment loss is then reduced to a level of expected losses within 12 months.

The gross carrying amount of the modified assets concerned by this reclassification during the period is:

	31/12/2021
(in € million)	**TRANSFER TO BUCKET 1**
Loans and receivables – Customers	10
Debt securities	
TOTAL MODIFIED FINANCIAL ASSETS	**10**

	31/12/2020
(in € million)	**Transfer to Bucket 1**
Loans and receivables – Customers	7
Debt securities	
TOTAL MODIFIED FINANCIAL ASSETS	**7**

MAXIMUM EXPOSURE TO CREDIT RISK

(in € million)	31/12/2021 MAXIMUM NET EXPOSURE TO CREDIT RISK	ASSETS HELD AS COLLATERAL AND OTHER CREDIT ENHANCEMENT TECHNIQUES	WITHOUT GUARANTEED
Financial assets at fair value through profit or loss	113,659	4,411	109,247
Financial assets held for trading	5,946	4,411	1,534
Financial assets designated at fair value option	5,717	0	5,717
Financial assets at fair value non-SPII	101,996	0	101,996
Hedging derivatives	1,022	1,022	
Financial assets measured at fair value through recyclable equity	228,121	22	228,098
Debt securities	228,121	22	228,098
Financial assets measured at amortised cost	214,472	79,103	135,369
Loans and advances to credit institutions	67,840	332	67,508
Loans and advances to customers	123,152	78,770	44,382
Debt securities	23,480		23,480
Off-balance sheet (financing and guarantee commitment)	31,292	1,334	29,958
Funding commitments given	28,849	1,333	27,516
Guaranteed commitments given	2,443	0	2,443
TOTAL MAXIMUM EXPOSURE TO CREDIT RISK	**588,566**	**85,893**	**502,673**

(in € million)	31/12/2020 Maximum net exposure to credit risk	Assets held as collateral and other credit enhancement techniques	Without guaranteed
Financial assets at fair value through profit or loss	100,362	7,068	93,294
Financial assets held for trading	7,815	7,068	747
Financial assets designated at fair value option	6,012		6,012
Financial assets at fair value non-SPII	86,535		86,535
Hedging derivatives	1,443	1,443	
Financial assets measured at fair value through recyclable equity	230,388	153	230,234
Debt securities	230,388	153	230,234
Financial assets measured at amortised cost	263,757	87,364	176,394
Loans and advances to credit institutions	114,484	2,804	111,681
Loans and advances to customers	125,255	84,560	40,695
Debt securities	24,018		24,018
Off-balance sheet (financing and guarantee commitment)	28,422	1,227	27,195
Funding commitments given	25,796	1,227	24,569
Guaranteed commitments given	2,626		2,626
TOTAL MAXIMUM EXPOSURE TO CREDIT RISK	**624,372**	**97,255**	**527,117**

CREDIT RISK CONCENTRATION

Credit risk concentration by economic agent

	AS AT 31/12/2021			
	BOOK VALUE			
Financial assets at amortised cost	HEALTHY OR DEGRADED ASSETS			
	ASSETS SUBJECT TO A 12-MONTH ECL	ASSETS SUBJECT TO A LIFETIME ECL	IMPAIRED ASSETS	
(in € million)	*(BUCKET 1)*	*(BUCKET 2)*	*(BUCKET 3)*	TOTAL
Retail clients[(a)]	70,081	4,725	1,049	75,855
Administration	97,291	101	4	97,396
Central banks	0	0	0	0
Credit institutions	2,756	50	0	2,806
Financial companies	8,839	293	0	9,132
Non-financial companies	26,682	3,417	573	30,672
Impairment	(189)	(532)	(669)	(1,390)
TOTAL	**205,460**	**8,054**	**958**	**214,472**

(a) Without loans granted to Real estate investment companies (called in French Sociétés Civiles Immobilières – SCI). These loans are presented within the retail clients in the balance sheet but here within the non-financial companies because of the breaking down by economic agent.

	As at 31/12/2020			
	Book value			
Financial assets at amortised cost	Healthy or degraded assets			
	Assets subject to a 12-month ECL	Assets subject to a lifetime ECL	Impaired assets	
(in € million)	*(Bucket 1)*	*(Bucket 2)*	*(Bucket 3)*	Total
Retail clients[(a)]	65,569	6,597	1,165	73,331
Administration	100,157	42	2	100,201
Central banks	41,500	-	0	41,500
Credit institutions	5,609	50	0	5,659
Financial companies	14,672	158	15	14,845
Non-financial companies	25,000	4,027	444	29,471
Impairment	(173)	(448)	(626)	(1,247)
TOTAL	**252,334**	**10,426**	**1,000**	**263,760**

(a) Without loans granted to Real estate investment companies (called in French Sociétés Civiles Immobilières – SCI). These loans are presented within the retail clients in the balance sheet but here within the non-financial companies because of the breaking down by economic agent.

Financial assets at fair value through recyclable equity	AS AT 31/12/2021			
	BOOK VALUE			
	HEALTHY OR DEGRADED ASSETS			
	ASSETS SUBJECT TO A 12-MONTH ECL	ASSETS SUBJECT TO A LIFETIME ECL	IMPAIRED ASSETS	
(in € million)	*(BUCKET 1)*	*(BUCKET 2)*	*(BUCKET 3)*	TOTAL
Retail clients	0	0	0	0
Administration	127,888	21	0	127,908
Central banks	1,785	0	0	1,785
Credit institutions	47,299	7	0	47,306
Financial companies	6,144	51	0	6,195
Non-financial companies	44,626	301	0	44,927
TOTAL	**227,742**	**379**	**0**	**228,121**
Of which impairment	*(456)*	*(9)*	*0*	*(465)*

Financial assets at fair value through recyclable equity	As at 31/12/2020			
	Book value			
	Healthy or degraded assets			
	Assets subject to a 12-month ECL	Assets subject to a lifetime ECL	Impaired assets	
(in € million)	*(Bucket 1)*	*(Bucket 2)*	*(Bucket 3)*	Total
Retail clients	0	0	0	0
Administration	128,139	42	0	128,181
Central banks	2,612	0	0	2,612
Credit institutions	46,018	45	0	46,063
Financial companies	6,017	0	0	6,017
Non-financial companies	46,946	569	0	47,515
TOTAL	**229,732**	**656**	**0**	**230,388**
Of which impairment	*(361)*	*(11)*	*0*	*(372)*

Off-balance sheet (financing and guarantee commitment)	AS AT 31/12/2021			
	COMMITMENT AMOUNT			
	HEALTHY OR DEGRADED COMMITMENTS			
	COMMITMENTS SUBJECT TO A 12-MONTH ECL	COMMITMENTS SUBJECT TO A LIFETIME ECL	IMPAIRED COMMITMENTS	
(in € million)	***(BUCKET 1)***	***(BUCKET 2)***	***(BUCKET 3)***	**TOTAL**
Retail clients	11,425	352	22	11,799
Administration	5,965	3	0	5,968
Central banks	0	0	0	0
Credit institutions	3,047	26	0	3,073
Financial companies	1,244	0	0	1,244
Non-financial companies	8,767	527	11	9,305
Provisions [(a)]	*(52)*	*(40)*	*(5)*	*(97)*
TOTAL	**30,397**	**867**	**28**	**31,292**

(a) Expected or realised losses relating to off balance sheet commitments are recognised as provisions under liabilities on the balance sheet.

Off-balance sheet (financing and guarantee commitment)	As at 31/12/2020			
	Commitment amount			
	Healthy or degraded commitments			
	Commitments subject to a 12-month ECL	Commitments subject to a lifetime ECL	Impaired commitments	
(in € million)	***(Bucket 1)***	***(Bucket 2)***	***(Bucket 3)***	**Total**
Retail clients	10,433	423	28	10,884
Administration	5,583	4	0	5,587
Central banks	0	0	0	0
Credit institutions	2,794	24	0	2,818
Financial companies	1,694	8	0	1,702
Non-financial companies	6,854	670	7	7,531
Provisions[(a)]	*(46)*	*(50)*	*(3)*	*(99)*
TOTAL	**27,312**	**1,079**	**32**	**28,423**

(a) Expected or realised losses relating to off-balance sheet commitments are recognised as provisions under liabilities on the balance sheet.

RETAIL CREDIT RISK EXPOSURE

Financial assets at amortised cost	AS AT 31/12/2021 GROSS BOOK VALUE HEALTHY OR DEGRADED ASSETS			
	ASSETS SUBJECT TO A 12-MONTH ECL	ASSETS SUBJECT TO A LIFETIME ECL	IMPAIRED ASSETS	
(in € million)	*(BUCKET 1)*	*(BUCKET 2)*	*(BUCKET 3)*	TOTAL
PD < 1%	60,213	988	0	61,201
1% < PD < 3%	7,654	641	0	8,295
3% < PD < 10%	1,799	1,534	0	3,333
PD > 10%	415	1,562	0	1,977
Doubtful contracts - disputes	0	0	1,049	1,049
TOTAL	**70,081**	**4,725**	**1,049**	**75,855**

Financial assets at amortised cost	As at 31/12/2020 Gross book value Healthy or degraded assets			
	Assets subject to a 12-month ECL	Assets subject to a lifetime ECL	Impaired assets	
(in € million)	*(Bucket 1)*	*(Bucket 2)*	*(Bucket 3)*	Total
PD < 1%	52,212	3,265	0	55,477
1% < PD < 3%	10,355	1,090	0	11,445
3% < PD < 10%	2,574	636	0	3,210
PD > 10%	428	1,606	0	2,034
Doubtful contracts - disputes	0	0	1,165	1,165
TOTAL	**65,569**	**6,597**	**1,165**	**73,331**

Off-balance sheet (financing and guarantee commitment)	AS AT 31/12/2021			
	COMMITMENT AMOUNT			
	HEALTHY OR DEGRADED COMMITMENTS			
	COMMITMENTS SUBJECT TO A 12-MONTH ECL	COMMITMENTS SUBJECT TO A LIFETIME ECL	IMPAIRED COMMITMENTS	
(in € million)	*(BUCKET 1)*	*(BUCKET 2)*	*(BUCKET 3)*	TOTAL
PD < 1%	9,168	89	0	9,256
1% < PD < 3%	1,707	72	0	1,779
3% < PD < 10%	368	81	0	449
PD > 10%	182	110	0	293
Doubtful contracts - disputes	0	0	22	22
TOTAL	**11,425**	**352**	**22**	**11,799**

Off-balance sheet (financing and guarantee commitment)	As at 31/12/2020			
	Commitment amount			
	Healthy or degraded commitments			
	Commitments subject to a 12-month ECL	Commitments subject to a lifetime ECL	Impaired commitments	
(in € million)	*(Bucket 1)*	*(Bucket 2)*	*(Bucket 3)*	Total
PD < 1%	7,959	186	0	8,145
1% < PD < 3%	2,002	76	0	2,078
3% < PD < 10%	358	41	0	399
PD > 10%	114	120	0	234
Doubtful contracts - disputes	0	0	28	28
TOTAL	**10,433**	**423**	**28**	**10,884**

CORPORATE CREDIT RISK EXPOSURE

Financial assets at amortised cost	AS AT 31/12/2021			
	GROSS BOOK VALUE			
	HEALTHY OR DEGRADED ASSETS			
(in € million)	ASSETS SUBJECT TO A 12-MONTH ECL *(BUCKET 1)*	ASSETS SUBJECT TO A LIFETIME ECL *(BUCKET 2)*	IMPAIRED ASSETS *(BUCKET 3)*	TOTAL
AAA	1,047	42	0	1,089
AA	6,749	84	0	6,833
A	5,444	182	1	5,627
Other	22,281	3,402	573	26,256
TOTAL	**35,521**	**3,709**	**574**	**39,804**

Financial assets at amortised cost	As at 31/12/2020			
	Gross book value			
	Healthy or degraded assets			
(in € million)	Assets subject to a 12-month ECL *(Bucket 1)*	Assets subject to a lifetime ECL *(Bucket 2)*	Impaired commitments *(Bucket 3)*	Total
AAA	1,411	136	0	1,547
AA	5,152	322	48	5,522
A	12,856	352	15	13,223
Other	20,253	3,375	396	24,024
TOTAL	**39,672**	**4,185**	**459**	**44,316**

Financial assets at fair value through recyclable equity	AS AT 31/12/2021			
	FAIR VALUE			
	HEALTHY OR DEGRADED ASSETS			
	ASSETS SUBJECT TO A 12-MONTH ECL	ASSETS SUBJECT TO A LIFETIME ECL	IMPAIRED ASSETS	
(in € million)	*(BUCKET 1)*	*(BUCKET 2)*	*(BUCKET 3)*	TOTAL
AAA	1,829	0	0	1,829
AA	7,442	0	0	7,442
A	18,002	40	0	18,042
Other	23,496	312	0	23,808
TOTAL	**50,770**	**352**	**0**	**51,122**

Financial assets at fair value through recyclable equity	As at 31/12/2020			
	Fair value			
	Healthy or degraded assets			
	Assets subject to a 12-month ECL	Assets subject to a lifetime ECL	Impaired assets	
(in € million)	*(Bucket 1)*	*(Bucket 2)*	*(Bucket 3)*	Total
AAA	2,464	0	0	2,464
AA	9,183	0	0	9,183
A	19,554	0	0	19,554
Other	21,763	569	0	22,332
TOTAL	**52,964**	**569**	**0**	**53,533**

Off-balance sheet (financing and guarantee commitment)	AS AT 31/12/2021			
	COMMITMENT AMOUNT			
	HEALTHY OR DEGRADED COMMITMENTS			
	COMMITMENTS SUBJECT TO A 12-MONTH ECL	COMMITMENTS SUBJECT TO A LIFETIME ECL	IMPAIRED COMMITMENTS	
(in € million)	*(BUCKET 1)*	*(BUCKET 2)*	*(BUCKET 3)*	TOTAL
AAA	1,586	29	0	1,615
AA	70	0	0	70
A	1,964	50	0	2,014
Other	6,390	448	11	6,849
TOTAL	**10,010**	**527**	**11**	**10,549**

Off-balance sheet (financing and guarantee commitment)	As at 31/12/2020			
	Commitment amount			
	Healthy or degraded commitments			
	Commitments subject t o a 12-month ECL	Commitments subject to a lifetime ECL	Impaired commitments	
(in € million)	*(Bucket 1)*	*(Bucket 2)*	*(Bucket 3)*	Total
AAA	469	80	0	549
AA	1,213	89	0	1,302
A	1,814	56	0	1,870
Other	5,052	453	7	5,512
TOTAL	**8,548**	**678**	**7**	**9,233**

ADMINISTRATION AND CENTRAL BANKS CREDIT RISK EXPOSURE

	AS AT 31/12/2021			
	GROSS BOOK VALUE			
Financial assets at amortised cost	HEALTHY OR DEGRADED ASSETS			
	ASSETS SUBJECT TO A 12-MONTH ECL	ASSETS SUBJECT TO A LIFETIME ECL	IMPAIRED ASSETS	
(in € million)	*(BUCKET 1)*	*(BUCKET 2)*	*(BUCKET 3)*	TOTAL
AAA	2,416	0	0	2,416
AA	81,196	0	0	81,196
A	549	60	0	609
Other	13,129	41	4	13,175
TOTAL	**97,291**	**101**	**4**	**97,396**

	As at 31/12/2020			
	Gross book value			
Financial assets at amortised cost	Healthy or degraded assets			
	Assets subject to a 12-month ECL	Assets subject to a lifetime ECL	Impaired assets	
(in € million)	*(Bucket 1)*	*(Bucket 2)*	*(Bucket 3)*	Total
AAA	2,271	0	0	2,271
AA	127,308	4	0	127,312
A	4,882	4	1	4,887
Other	7,195	34	1	7,230
TOTAL	**141,656**	**42**	**2**	**141,700**

Financial assets at fair value through recyclable equity	AS AT 31/12/2021			
	FAIR VALUE			
	HEALTHY OR DEGRADED ASSETS			
	ASSETS SUBJECT TO A 12 MONTH ECL	ASSETS SUBJECT TO A LIFETIME ECL	IMPAIRED ASSETS	
(in € million)	*(BUCKET 1)*	*(BUCKET 2)*	*(BUCKET 3)*	TOTAL
AAA	4,078	0	0	4,078
AA	94,551	0	0	94,551
A	5,496	0	0	5,496
Other	25,546	21	0	25,567
TOTAL	**129,672**	**21**	**0**	**129,693**

Financial assets at fair value through recyclable equity	As at 31/12/2020			
	Fair value			
	Healthy or degraded assets			
	Assets subject to a 12 month ECL	Assets subject to a lifetime ECL	Impaired assets	
(in € million)	*(Bucket 1)*	*(Bucket 2)*	*(Bucket 3)*	Total
AAA	5,159	0	0	5,159
AA	102,296	0	0	102,296
A	4,161	0	0	4,161
Other	19,135	42	0	19,177
TOTAL	**130,751**	**42**	**0**	**130,793**

Off-balance sheet (financing and guarantee commitment)	AS AT 31/12/2021			
	COMMITMENT AMOUNT			
	HEALTHY OR DEGRADED COMMITMENTS			
	COMMITMENTS SUBJECT TO A 12-MONTH ECL	COMMITMENTS SUBJECT TO A LIFETIME ECL	IMPAIRED COMMITMENTS	
(in € million)	*(BUCKET 1)*	*(BUCKET 2)*	*(BUCKET 3)*	TOTAL
AAA	375	0	0	375
AA	150	0	0	150
A	473	0	0	473
Other	4,969	3	0	4,971
TOTAL	**5,966**	**3**	**0**	**5,969**

Off-balance sheet (financing and guarantee commitment)	As at 31/12/2020			
	Commitment amount			
	Healthy or degraded commitments			
	Commitments subject to a 12-month ECL	Commitments subject to a lifetime ECL	Impaired commitments	
(in € million)	*(Bucket 1)*	*(Bucket 2)*	*(Bucket 3)*	Total
AAA	120	0	0	120
AA	854	3	0	857
A	2,123	1	0	2,124
Other	2,487	0	0	2,487
TOTAL	**5,584**	**4**	**0**	**5,588**

CREDIT INSTITUTIONS CREDIT RISK EXPOSURE

Financial assets at amortised cost	AS AT 31/12/2021 GROSS BOOK VALUE HEALTHY OR DEGRADED ASSETS			
	ASSETS SUBJECT TO A 12-MONTH ECL	ASSETS SUBJECT TO A LIFETIME ECL	IMPAIRED ASSETS	
(in € million)	*(BUCKET 1)*	*(BUCKET 2)*	*(BUCKET 3)*	TOTAL
AAA	116	0	0	116
AA	472	0	0	472
A	992	0	0	992
Other	1,176	50	0	1,226
TOTAL	**2,756**	**50**	**0**	**2,806**

Financial assets at amortised cost	As at 31/12/2020 Gross book value Healthy or degraded assets			
	Assets subject to a 12-month ECL	Assets subject to a lifetime ECL	Impaired assets	
(in € million)	*(Bucket 1)*	*(Bucket 2)*	*(Bucket 3)*	Total
AAA	0	0	0	0
AA	954	0	0	954
A	1,852	0	0	1,852
Other	2,803	50	0	2,853
TOTAL	**5,609**	**50**	**0**	**5,659**

Financial assets at fair value through recyclable equity	AS AT 31/12/2021			
	FAIR VALUE			
	HEALTHY OR DEGRADED ASSETS			
	ASSETS SUBJECT TO A 12-MONTH ECL	ASSETS SUBJECT TO A LIFETIME ECL	IMPAIRED ASSETS	
(in € million)	*(BUCKET 1)*	*(BUCKET 2)*	*(BUCKET 3)*	TOTAL
AAA	7,491	0	0	7,491
AA	7,732	0	0	7,732
A	21,967	5	0	21,972
Other	10,110	1	0	10,111
TOTAL	**47,299**	**7**	**0**	**47,306**

Financial assets at fair value through recyclable equity	As at 31/12/2020			
	Fair value			
	Healthy or degraded assets			
	Assets subject to a 12-month ECL	Assets subject to a lifetime ECL	Impaired assets	
(in € million)	*(Bucket 1)*	*(Bucket 2)*	*(Bucket 3)*	Total
AAA	8,723	0	0	8,723
AA	10,272	0	0	10,272
A	20,677	25	0	20,702
Other	6,345	20	0	6,365
TOTAL	**46,017**	**45**	**0**	**46,062**

Off-balance sheet (financing and guarantee commitment)	AS AT 31/12/2021			
	COMMITMENT AMOUNT			
	HEALTHY OR DEGRADED COMMITMENTS			
	COMMITMENTS SUBJECT TO A 12-MONTH ECL	COMMITMENTS SUBJECT TO A LIFETIME ECL	IMPAIRED COMMITMENTS	
(in € million)	*(BUCKET 1)*	*(BUCKET 2)*	*(BUCKET 3)*	TOTAL
AAA	229	9	0	237
AA	737	0	0	737
A	272	0	0	272
Other	1,809	17	0	1,826
TOTAL	**3,047**	**26**	**0**	**3,073**

Off-balance sheet (financing and guarantee commitment)	As at 31/12/2020			
	Commitment amount			
	Healthy or degraded commitments			
	Commitments subject to a 12-month ECL	Commitments subject to a lifetime ECL	Impaired commitments	
(in € million)	*(Bucket 1)*	*(Bucket 2)*	*(Bucket 3)*	Total
AAA	85	9	0	94
AA	1,645	0	0	1,645
A	844	0	0	844
Other	219	15	0	234
TOTAL	**2,793**	**24**	**0**	**2,817**

CREDIT RISK EXPOSURE BY GEOGRAPHICAL AREA

Financial assets at amortised cost	AS AT 31/12/2021 GROSS BOOK VALUE			
	HEALTHY OR DEGRADED ASSETS			
(in € million)	ASSETS SUBJECT TO A 12-MONTH ECL *(BUCKET 1)*	ASSETS SUBJECT TO A LIFETIME ECL *(BUCKET 2)*	IMPAIRED ASSETS *(BUCKET 3)*	TOTAL
France (including overseas territories - DOM-TOM)	191,172	7,931	1,568	200,671
Other EU countries	13,639	263	52	13,954
Other European countries	556	66	2	623
Other	282	326	5	613
Impairment	*(189)*	*(532)*	*(669)*	*(1,390)*
TOTAL	**205,460**	**8,054**	**958**	**214,472**

Financial assets at amortised cost	As at 31/12/2020 Gross book value			
	Healthy or degraded assets			
(in € million)	Assets subject to a 12-month ECL *(Bucket 1)*	Assets subject to a lifetime ECL *(Bucket 2)*	Impaired assets *(Bucket 3)*	Total
France (including overseas territories - DOM-TOM)	239,830	10,346	1,513	251,689
Other EU countries	12,248	288	76	12,612
Other European countries	51	36	1	88
Other	377	204	36	617
Impairment	*(173)*	*(448)*	*(626)*	*(1,247)*
TOTAL	**252,333**	**10,426**	**1,000**	**263,759**

Financial assets at fair value through recyclable equity	AS AT 31/12/2021			
	FAIR VALUE			
	HEALTHY OR DEGRADED ASSETS			
	ASSETS SUBJECT TO A 12-MONTH ECL	ASSETS SUBJECT TO A LIFETIME ECL	IMPAIRED ASSETS	
(in € million)	*(BUCKET 1)*	*(BUCKET 2)*	*(BUCKET 3)*	TOTAL
France (including overseas territories - DOM-TOM)	113,758	21	0	113,778
Other EU countries	72,128	256	0	72,384
Other European countries	8,879	10	0	8,889
Other	32,977	92	0	33,069
TOTAL	**227,742**	**379**	**0**	**228,121**
Of which impairment	*(456)*	*(9)*	*0*	*(465)*

Financial assets at fair value through recyclable equity	As at 31/12/2020			
	Fair value			
	Healthy or degraded assets			
	Assets subject to a 12-month ECL	Assets subject to a lifetime ECL	Impaired assets	
(in € million)	*(Bucket 1)*	*(Bucket 2)*	*(Bucket 3)*	Total
France (including overseas territories - DOM-TOM)	121,038	60	0	121,098
Other EU countries	67,693	308	0	68,001
Other European countries	8,469	125	0	8,594
Other	32,532	163	0	32,695
TOTAL	**229,732**	**656**	**0**	**230,388**
Of which impairment	*(361)*	*(11)*	*0*	*(372)*

Off-balance sheet (financing and guarantee commitment)	AS AT 31/12/2021			
	COMMITMENT AMOUNT			
	HEALTHY OR DEGRADED COMMITMENTS			
	COMMITMENTS SUBJECT TO A 12-MONTH ECL	COMMITMENTS SUBJECT TO A LIFETIME ECL	IMPAIRED COMMITMENTS	
(in € million)	*(BUCKET 1)*	*(BUCKET 2)*	*(BUCKET 3)*	TOTAL
France (including overseas territories - DOM-TOM)	29,773	749	33	30,556
Other EU countries	598	154	0	752
Other European countries	63	3	0	66
Other	14	0	0	14
Provisions[(a)]	(52)	(40)	(5)	(97)
TOTAL	**30,397**	**867**	**28**	**31,292**

Off-balance sheet (financing and guarantee commitment)	As at 31/12/2020			
	Commitment amount			
	Healthy or degraded commitments			
	Commitments subject to a 12-month ECL	Commitments subject to a lifetime ECL	Impaired commitments	
(in € million)	*(Bucket 1)*	*(Bucket 2)*	*(Bucket 3)*	Total
France (including overseas territories - DOM-TOM)	26,912	1,120	34	28,066
Other EU countries	425	8	0	433
Other European countries	8	0	0	8
Other	13	1	0	14
Provisions[(a)]	(46)	(50)	(3)	(99)
TOTAL	**27,312**	**1,079**	**31**	**28,422**

(a) Expected or realised losses relating to off-balance sheet commitments are recognised as provisions under liabilities on the balance sheet.

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34.2.7 Additional information on sovereign exposure

The list of sovereign exposures was prepared in accordance with the scope defined by the European Banking Authority (EBA), in other words by including the exposure data relative to regional authorities, central authorities and businesses guaranteed by the French government. These exposures include deposits centralised at Caisse des Dépôts.

31/12/2021 *(in € million)*	Bank portfolio	Assets at fair value through profit or loss	TOTAL DIRECT EXPOSURE[(A)]	Repo	Off-balance sheet	TOTAL DIRECT AND INDIRECT EXPOSURE[(B)]	Exposure (as a%)
Germany	5,910	287	6,198	114	0	6,312	2.5%
Austria	543	5	549	0	0	549	0.2%
Belgium	10,173	236	10,408	2,200	(0)	12,608	4.9%
Spain	14,866	142	15,008	44	0	15,051	5.9%
France	164,472	3,561	168,034	8,018	942	176,993	69.5%
Ireland	88	15	103	0	0	103	0.0%
Italy	14,800	501	15,300	11	0	15,311	6.0%
Netherlands	305	4	309	0	0	309	0.1%
Poland	337	25	362	0	0	362	0.1%
Portugal	1,873	77	1,949	0	0	1,949	0.8%
Romania	174	1	175	0	0	175	0.1%
Other European countries	217	62	279	0	1	280	0.1%
Supranational	5,330	739	6,070	2	0	6,072	2.4%
Total Europe	**219,088**	**5,656**	**224,743**	**10,389**	**943**	**236,075**	**92.6%**
Brazil	2,176	15,117	17,293	0	0	17,293	6.8%
Canada	750	1	750	0	0	750	0.3%
Japan	105	0	105	0	0	105	0.0%
Other countries	547	56	603	0	0	603	0.2%
Total rest of the world	**3,578**	**15,174**	**18,752**	**0**	**0**	**18,752**	**7.4%**
TOTAL	**222,666**	**20,829**	**243,495**	**10,389**	**943**	**254,827**	**100%**

(a) Direct exposure: net book value (including impairment) of the Bank's proprietary exposure.
(b) Direct and indirect exposure: direct exposure, plus indirect exposure through the guarantees granted to some of the group's UCITS.

31/12/2020 *(in € million)*	Bank portfolio	Assets at fair value through profit or loss	Total direct exposure[a]	Repo	Off-balance sheet	Total direct and indirect exposure[b]	Exposure (as a%)
Germany	4,716	291	5,007	393		5,400	1.8%
Austria	2,488	6	2,494	133		2,627	0.9%
Belgium	10,448	312	10,760	1,521		12,281	4.2%
Spain	12,911	124	13,035	0		13,035	4.5%
France	208,599	3,527	212,126	12,375	1,036	225,537	77.1%
Italy	8,389	783	9,172	154		9,326	3.2%
Netherlands	341	5	346	0		346	0.1%
Poland	355	36	391	0		391	0.1%
Portugal	1,370	80	1,450	0		1,450	0.5%
Other European countries	208	55	263	9	1	273	0.1%
Supranational	4,814	732	5,546	16	0	5,562	1.9%
Total Europe	254,639	5,951	260,590	14,601	1,037	276,228	94.4%
Brazil	2,918	12,216	15,134	0	0	15,134	5.2%
Canada	269	0	269	0	0	269	0.1%
Korea, South	64	0	64	94	0	158	0.1%
Japan	65	474	539	0	0	539	0.2%
Other countries	153	57	210	0	0	210	0.1%
Total rest of the world	3,469	12,747	16,216	94	0	16,310	5.6%
TOTAL	**258,108**	**18,698**	**276,806**	**14,695**	**1,037**	**292,538**	**100%**

(a) Direct exposure: net book value (including impairment) of the Bank's proprietary exposure.
(b) Direct and indirect exposure: direct exposure, plus indirect exposure through the guarantees granted to some of the group's UCITS.

34.3 Market risk and hedging accounting

34.3.1 Derivatives operations: breakdown by maturity (notional)

The breakdown of derivatives market value is presented by contractual residual maturity

Hedging derivatives

	31/12/2021							
	LESS THAN 1 YEAR	1 TO 5 YEARS	> 5 YEARS	TOTAL	LESS THAN 1 YEAR	1 TO 5 YEARS	> 5 YEARS	TOTAL
(in € million)				ASSETS				LIABILITIES
Interest rate instruments	13	658	295	967	21	176	85	282
Interest rate swaps	13	658	295	967	21	176	85	282
Caps-floors-collars				0				
Foreign currency instruments	0	0	55	55	0	0	51	51
Firm foreign exchange transactions			55	55			51	51
Credit instruments				0				0
Other instruments				0				0
TOTAL FAIR VALUE HEDGING DERIVATIVES	**13**	**658**	**351**	**1,022**	**21**	**176**	**136**	**333**

	31/12/2020							
	Less than 1 year	1 to 5 years	> 5 years	Total	Less than 1 year	1 to 5 years	> 5 years	Total
(in € million)				Assets				Liabilities
Interest rate instruments	11	766	665	1,442	11	327	346	684
Interest rate swaps	11	766	665	1,442	11	327	346	684
Caps-floors-collars								0
Foreign currency instruments	0	0	0	0	7	0	72	79
Firm foreign exchange transactions				0	7	0	72	79
Credit instruments				0				0
Other instruments				0				0
TOTAL FAIR VALUE HEDGING DERIVATIVES	**11**	**766**	**665**	**1,442**	**18**	**327**	**418**	**763**

Trading derivatives

	31/12/2021							
	LESS THAN 1 YEAR	1 TO 5 YEARS	> 5 YEARS	TOTAL	LESS THAN 1 YEAR	1 TO 5 YEARS	> 5 YEARS	TOTAL
(in € million)				ASSETS				LIABILITIES
Interest rate instruments	41	558	695	1,293	33	349	408	791
Interest rate swaps	9	215	462	686	7	159	314	480
Options Caps-floors-collars	33	343	233	608	26	191	94	311
Foreign currency instruments	73	32	82	188	32	440	380	853
Firm foreign exchange transactions	73	32	82	188	32	440	380	853
Credit instruments	0	2	0	2	0	13	0	13
Equity and index instruments	142	664	12	818	73	554	0	627
Other instruments	0	0	0	0	1	4	0	4
TOTAL FAIR VALUE TRADING DERIVATIVES	**256**	**1,257**	**789**	**2,302**	**139**	**1,360**	**788**	**2,288**

	31/12/2020							
	Less than 1 year	1 to 5 years	> 5 years	Total	Less than 1 year	1 to 5 years	> 5 years	Total
(in € million)				Assets				Liabilities
Interest rate instruments	11	264	606	881	10	233	584	827
Interest rate swaps	6	225	545	776	5	203	554	762
Options Caps-floors-collars	5	39	61	105	5	30	30	65
Foreign currency instruments	11	65	81	157	110	322	449	881
Firm foreign exchange transactions	11	65	81	157	110	322	449	881
Credit instruments	0	5	0	5	0	14	0	14
Equity and index instruments	0	0	0	0	0	0	0	0
Other instruments	89	302	8	399	14	70	0	84
TOTAL FAIR VALUE TRADING DERIVATIVES	**111**	**636**	**695**	**1,442**	**134**	**639**	**1,033**	**1,806**

34.3.2 General risk management strategy framework

General framework

Market risks reflect the potential impact of changes in the financial markets on the Bank's net profit/(loss) or its balance sheet. They include price risk, currency risk and commodity risk.

Most of the items in the balance sheet generate interest income and expenses whose amounts are exposed to interest rate changes, either through the implementation of new transactions where the rate is unknown, or through the comparative assessment of the rate at which existing transactions would have been implemented. In the first case, it is a cash flow risk, whereas in the second case, it is a fair value risk.

Since 1 January 2020, La Banque Postale applies the provisions of IFRS 9 to its hedging relationships except for macro-hedging relationships for which it continues to apply the provisions of IAS 39 as adopted by the European Union.

Reform of benchmark interest rates

The Benchmark Regulation (EU) No. 2016/1011 (BMR) is the European legislative response to strengthen the regulatory framework applicable to benchmark interest rates, in particular to InterBank Offered Rates (IBORs). The reform of the benchmark interest rates entails the replacement of or change of the market-wide calculation method of a current benchmark interest rate with an alternative reference rate. It affects both Euro zone (EONIA, EURIBOR) and non-Euro zone (LIBOR) rates.

The deadline for applying the new BMR-compliant benchmark rates is 1 January 2022. However, it is expected that this project will remain active because of the various actions to be carried out in the future, such as the modification of contracts (amendments) and systems (updating calculations to use new rates) to the potential (LIBOR) or expected (EONIA) disappearance of certain rates at the beginning of 2022 or 2023.

In 2021, the project structured by La Banque Postale addressed especially the following issues:

- updating of contracts to comply with BMR requirements and new market practices;
- remediation of existing contracts for the inclusion or improvement of fallback clauses in the event of the disappearance of a benchmark rate as of 1 January 2022;
- adaptation of systems to support a new benchmark rate such as the €STR, the SOFR or the SONIA.

As a result of the reform, the contractual cash flows of financial instruments indexed to a reference rate will be changed when switching to an alternative benchmark rate. As the benchmark rates differ from one market to another, the replacement will not take place on the same date or under the same terms and conditions.

The group is mainly exposed to EONIA and EURIBOR and to a lesser extent to USD LIBOR.

EURIBOR

The group does not envisage that EURIBOR will cease to exist in the foreseeable future nor the change of the hedged risk to a new benchmark rate.

EONIA

Following the announcement of the end of the publication of the EONIA from 31 December 2021, the Working Group of the European Central Bank (ECB) recommended that the Euro Short Term Rate (€STR), increased by 0.085%, be used as a fallback rate for EONIA. As a reminder, since 1st October 2019, the EONIA is determined by adding 0.085% to the €STR.

La Banque Postale has thus begun a process of replacing the EONIA rate by €STR+0.085% or by €STR but with a payment in compensation for the absence of any increase.

In 2021 and early 2022, the following products were mainly modified under EONIA:

- **derivatives (swaps) cleared by the LCH and Eurex clearing houses** that La Banque Postale held *via* clearing brokers. With the approach of the disappearance of EONIA, these two clearing houses decided to switch the index-linking of these products from EONIA to €STR by cancelling the contracts in existence on 15 October and by booking new €STR contracts on 16 October. The difference of 0.085% between EONIA and €STR was offset *via* balances paid or received by the clearing houses in order to safeguard the economic equivalence, for each counterparty, between the situations before and after;
- **concerning derivatives (swaps) held by La Banque Postale and whose counterparty was not a clearing house,** amendments to the framework agreements were signed. These amendments consisted in replacing the EONIA index by €STR+8.5 bps at the time of the disappearance of the EONIA. This also applies to intra-group swaps;
- **concerning the financing products proposed by La Banque Postale**, generally loans or short-term financing such as overdrafts or cash lines, for which La Banque Postale was the customer's sole counterparty (bilateral financing), the EONIA index was replaced by €STR+0.085% from 3 January 2022 (inclusive), the first day of interest for which the EONIA was not published.

LIBOR

Ice Benchmark Administrator (IBA), LIBOR Director, announced the cessation of the publication of the CHF, EUR, JPY, GBP and USD LIBOR indices as of 31 December 2021 (one week, two months). The USD LIBOR 1, 3, 6 and 12 months would cease to be published on 30 June 2023. Unlike EONIA, however, LIBOR has not enjoyed a single rate of decline that can replace LIBOR in contracts without any other modification. However, guidelines on the rates to be used and the calculation methods have generally been proposed by the competent authorities or the associations governing framework contracts.

La Banque Postale was keen to comply with market practices and proceeded as follows to amend its LIBOR contracts:

- derivatives. The Bank did not hold any derivatives in LIBOR other than USD LIBOR; therefore, no change in the LIBOR index occurred on these products;
- financing products. The Bank has been able to use LIBOR indices as part of its financing product offering, in particular for revolving credit facilities and term loans. These products were subject to two distinct changes: either they were modified to switch to the corresponding RFR index, calculated according to the recommendations of the authorities, and increased by a spread accepted by market practices (generally the spread selected by ISDA), or they relied on the use of the synthetic LIBORs published by ICE for contracts that are difficult to modify (tough legacy). All these changes were the subject of a prior study by both the legal and technical teams (business line, support) to ensure a smooth transition with minimal operational risk.

At 31 December 2021, the breakdown by significant reference index of the instruments based on the old benchmark rates and which must be transferred to the new rates before their maturity was as follows:

(in € million) **2021**	BOOK VALUES OF FINANCIAL ASSETS (EXCLUDING DERIVATIVES)	BOOK VALUES OF FINANCIAL LIABILITIES (EXCLUDING DERIVATIVES)	NOTIONAL OF DERIVATIVES
EONIA	381	0	8,493
EURIBOR	12,331	1,625	81,566
LIBOR EURO	0	0	0
LIBOR USD	257	522	1,536
LIBOR GBP	243	0	104
LIBOR CHF	0	0	0
TIBOR	0	0	0
LIBOR JPY	0	0	0
Other rate	215	0	173

Type of hedging – Management of related risks

As part of the management of market risk associated with asset/liability balances and the risk management policy, La Banque Postale implements hedging using derivative instruments.

This economic hedging leads to different accounting types.

When derivatives are held for trading, they do not fall under the accounting category of derivatives used for hedging. Therefore, the hedging purpose is not achieved by the hedging accounting but by the symmetry with the underlying hedged item.

Hedging derivatives that qualify as hedging instruments are classified in "Fair value hedges" or "cash flow hedges".

Fair value hedges

Fair value hedging enables to hedge exposure to fluctuations in the fair value of financial assets or liabilities; it is mainly used to hedge interest rate risk on fixed-rate assets and liabilities and on demand deposits, as part of the options allowed by the European Union. The derivatives used to hedge fair value stabilise the value by evolving in an opposite direction to that of the hedged item. The valuation difference between the derivative and the hedged item is the inefficient portion of the hedging relationship and as such will be recognised in the income statement.

Cash flow hedges: cash flow Hedge and all-in-one cash flow Hedge

Cash flow hedges are used to hedge exposure to movements in cash flows from financial assets or liabilities, firm commitments or future transactions. More specifically, they are used to cover interest-rate risk on reviewable-rate assets and liabilities. The derivatives used for cash flow hedging must effectively enable cash flows to be fixed. In the specific case of forward contracts, they are all-in-one cash flow hedges which are, by construction, effective given that these contracts hedge the underlying specified for delivery (the contracts incorporate both the derivative and the underlying, which explains the name "all-in-one").

Macro-hedging

La Banque Postale applies the provisions of IAS 39 as adopted by the European Union to macro-hedging transactions performed as part of the asset and liability management of fixed-rate positions.

Macro-hedging instruments are primarily interest rate swaps designed as fair value hedges for the group's fixed-rate resources and uses. The flow rate of these hedging swaps is systematically shorter than the probable flow rate of the fixed rate hedged items. This is known as the bottom-layer approach. In the event of over-hedging, the effectiveness test conducted by La Banque Postale shows that it is not complied with and the ineffective portion of the hedging derivative is systematically cancelled.

Hedging instruments

La Banque Postale uses several types of hedging derivatives to manage the interest rate and currency risks of balance sheet items.

For interest rate swaps (over the counter contracts enabling the exchange, based on a nominal amount, of interest rate flows calculated using a fixed rate against interest rate flows calculated using a floating rate), La Banque Postale favours OIS swaps.

For options (over the counter contracts between two counterparties giving the buyer the option of hedging beyond a certain level), La Banque Postale used Caps to hedge against an increase in interest rates beyond a predetermined level (ceiling or exercise rate, also called the strike rate), against the – generally immediate – payment of a premium.

For currency swaps, La Banque Postale uses cross currency swaps (currency swaps that pays the rate in currency and receives of the floating rate in euros). The cross currency swap ensures both financing in foreign currency and currency hedging (financing and interest). Currency flows for the security and swap are completely matched in terms of amounts, dates and outflows.

34.3.3. Scopes and economic ties with the hedged risk (underlying)

Underlyings

La Banque Postale carries out hedging of transactions in the group's balance sheet (for both customer and financial origins) with derivatives traded with market counterparties. These transactions depend on the portfolio's accounting business model.

The transactions use different hedging strategies aiming mainly to hedge interest rate risk.

Covered item	Scenarios 2021 (effective)	
	Derivatives	**Coverage**
Fixed rate loans	Fixed Payor Swap	Macro-hedging "carve-out" of fair value (CO-FVH: Carve-out Fair value hedge)
	Fixed Payor Swap	Fair value hedge (FVH: Fair value Hedge)
	Fixed Payor Swap	Cash flow Hedge (CFH)
Fixed-rate securities purchased	Fixed Payor Swap	Macro-hedging "carve-out" of fair value (CO-FVH: Carve-out Fair value hedge)
	Fixed Payor Swap	Fair value hedge (FVH: Faur value Hedge)
Fixed-rate securities purchased forward	Forward	All-in-one cash flow hedge ("all-in-one CFH": all-in-one cash flow hedge)
Capped revisable rate assets	Cape purchased	Macro-hedging "carve-out" of fair value (CO-FVH: Carve-out Fair value hedge)
Fixed rate customer deposits	Fixed receiver swap	Macro-hedging "carve-out" of fair value (CO-FVH: Carve-out Fair value hedge)
Fixed-rate bond issue	Fixed receiver swap	Fair value hedge (FVH: Fair value Hedge)

Underlying hedged assets

The hedged risk corresponds to the interest rate risk in value attached to fixed rate bonds and customer loans (real estate, consumer), and to cash flow interest rate risk (purchase of term bonds).

Underlying hedged liabilities

The hedged risk corresponds to the interest rate risk in value attached to fixed rate customer deposits (on demand, Home loan savings plans), and fixed rate bond issues.

Sources of ineffectiveness

Hedging of a security by a swap

There are two types of fair value hedging:

Hedging against EURIBOR: Hedges against EURIBOR are valued using a EURIBOR discount curve for securities, whilst derivatives are valued using an EONIA curve. The introduction of two different discount curves creates a slight hedge ineffectiveness, which will be all the more significant as the EONIA-EURIBOR spread will vary over time (the ineffectiveness stems from changes in the fair value of the variable component of the swap, since this rate is not a daily rate [such as EONIA] but a prefixed rate [such as EURIBOR]);

Hedging against EONIA: Hedges against EONIA are valued using an EONIA discount curve for securities and derivatives. Thus, the mathematical hedging between the security and the swap (security discounted against EONIA with restatement of the credit component and swap discounted against EONIA) is perfect – for this reason they are considered to be 100% effective.

Hedging of several securities by several swaps

The defined principles enable the attainment of simplified hedging documentation that is considered to be 100% effective, whilst correctly managing the accounting treatment of the hedged rate component and, in particular, the recycling of hedging results according to the securities' transactions carried out.

The securities and their hedging (a swap, more exceptionally several swaps) are grouped by macro-hedging "strategy". Each macro-hedging strategy complies with the following constraints:

1. the maturity of the strategy's swap and securities are comprised in the same bucket of one year long or less;
2. the notional amount of the strategy's swap must be strictly lower than the total principal amount of the securities;

3. the maturity of a swap in a strategy has to be smaller or equal to the smallest maturity of the securities in the same strategy;
4. the sensitivity of the strategy's swap must be less than or equal to the overall sensitivity of the securities;
5. if there are several swaps in the strategy, they must be executed on the same day;
6. once the securities and swap(s) have been matched, no additional securities can be purchased under the strategy, only the sales of securities and unwinding of swaps are authorised.

   This guarantees that during the hedging period, all the securities and swaps have had homogeneous value changes (in respect of interest rate risk) over time.

La Banque Postale has set itself unwinding rules by following the principal amount of the securities sold, strategy by strategy, to constantly comply with the defined constraints, and by partially cancelling swap outstandings that exceed the principal of the remaining securities on the same day the securities are sold. In the event of over-hedging, the effectiveness test put in place by La Banque Postale is not met; in this event, an "ineffectiveness" figure is then calculated, and the over-hedged amount of the hedging derivative is systematically cancelled.

Macro-hedging: the sources of ineffectiveness mainly consist of the disappearance of the underlying item.

Hedging ratio

The hedging ratio (quantity of items hedged/quantity of hedging instruments) corresponds to the ratio used by La Banque Postale in its operational risk management.

The hedging ratio is calculated as follows: at each closing date, the retrospective documentation consists of checking that the change in value of the hedged item since the origin is consistent with the change in the hedging item. The valuation difference is the inefficient portion of the hedging relationship and as such will be recognised in the income statement.

Effectiveness test

La Banque Postale conducts an effectiveness test at least twice per half year.

Cash flow hedging

La Banque Postale uses the hypothetical derivative method for cash flow hedges. This hypothetical derivative method consists of comparing the changes in value of the derivative instrument to the changes in value of a fictional derivative instrument called the hypothetical derivative that perfectly represents the hedged risk.

Fair Value Hedge

Hedging of a security by a swap

La Banque Postale uses the hypothetical derivative method for micro-hedging on EURIBOR swaps. Working from the assumption that swaps against EONIA are 100% effective in micro-hedging, the method consists of creating an EONIA swap that could have been set up during the hedging (exactly replicating the security) and it assesses the change in value of this swap compared to the change in value of the swap that was actually set up.

The residual ineffectiveness corresponds to the sum of changes in value of the hedged item and the hedging item. The security and swap are valued using an identical and constant rate curve, with only the market exchange rate taken into account. Thus, the change in value of the security valued in this way is independent from changes in interest rates and is only impacted by the change in exchange rates. In cases where the effectiveness test is not complied with, La Banque Postale requires that all or part of the hedging underlying is cancelled. For this, effectiveness tests are carried out before and after disposals to ensure the cancellation operation is compliant.

Hedging of several securities by a swap

To ensure the monitoring of the hedging strategy, La Banque Postale has set up rolling documentation of hedging strategies to substantiate the absence of new or additional securities on existing positions.

Hedging of several loans by several swaps (bottom-layer/carve out)

For a sub-group of fixed-rate customer contracts, La Banque Postale carries out tests to ensure that the flow of the hedged underlyings is much higher than that of the nominal amount of the derivatives (swaps or options) used for hedging. If the nominal amount of the derivatives is higher, this ends the hedging relationship and the derivative(s) is/are systematically cancelled.

FAIR VALUE AND CASH FLOW HEDGING DERIVATIVES

	AS AT 31/12/2021		
(in € million)	**ASSETS**	**LIABILITIES**	**NOTIONAL**
Interest rate instruments	967	282	45,305
Interest rate swaps	967	282	45,305
Caps-floors-collars-interest-rate options	0	0	0
Foreign currency instruments	0	0	1,152
Firm foreign exchange transactions	0	0	1,152
Other instruments	0	0	0
TOTAL FAIR VALUE HEDGING DERIVATIVES	**967**	**282**	**46,458**
Interest rate instruments	0	0	0
Foreign currency instruments	55	50	1,060
Firm foreign exchange transactions	55	50	1,060
Other instruments	0	0	0
TOTAL CASH FLOW HEDGING DERIVATIVES	**55**	**50**	**1,060**
TOTAL HEDGING DERIVATIVES	**1,022**	**333**	**47,517**

The notional amounts of hedging derivatives that fall within the scope of the amendment to IFRS 9, IAS 39 and IFRS 7 – "Interest Rate Benchmark Reform are as follows":

Notional amount of FVH derivatives by maturity	3 years	> 3 years
EONIA	5,130	3,056
LIBOR USD	728	171

The notional amounts of hedging derivatives are broken down before or after the maturity of three years that starts as of 1 January 2022 and ends as of 31 December 2024. When a bank contributing to the calculation of a critically important benchmark decides to leave this panel, it remains bound to it for a period of three years from 1 January 2022, and is then renewed from year to year.

	As at 31/12/2020		
(in € million)	**Assets**	**Liabilities**	**Notional**
Interest rate instruments	**1,443**	**684**	**51,596**
Interest rate swaps	1,443	684	51,477
Caps-floors-collars-interest-rate options	0	0	119
Foreign currency instruments	**0**	**0**	**798**
Firm foreign exchange transactions	0	0	798
Other instruments	**0**	**0**	**0**
TOTAL FAIR VALUE HEDGING DERIVATIVES	**1,443**	**684**	**52,394**
Interest rate instruments	**0**	**0**	**140**
Foreign currency instruments	**0**	**79**	**741**
Firm foreign exchange transactions	0	79	741
Other instruments	**0**	**0**	**0**
TOTAL CASH FLOW HEDGING DERIVATIVES	**0**	**79**	**881**
TOTAL HEDGING DERIVATIVES	**1,443**	**763**	**53,275**

HEDGING DERIVATIVES OPERATIONS: BREAKDOWN BY MATURITY (NOTIONAL)

The breakdown of the notional amounts of derivative instruments is presented by residual contractual maturity.

	AS AT 31/12/2021			
(in € million)	**< 1 YEAR**	**1 TO 5 YEARS**	**> 5 YEARS**	**TOTAL**
Interest rate instruments	**5,555**	**32,619**	**7,131**	**45,305**
Interest rate swaps	5,555	32,619	7,131	45,305
Caps-floors-collars-interest-rate options	0	0	0	0
Foreign currency instruments	**0**	**100**	**1,053**	**1,152**
Firm foreign exchange transactions	0	100	1,053	1,152
Other instruments				
TOTAL FAIR VALUE HEDGING DERIVATIVE NOTIONALS	**5,555**	**32,718**	**8,184**	**46,458**
Interest rate instruments	**0**	**0**	**0**	**0**
Foreign currency instruments	**0**	**0**	**1,060**	**1,060**
Firm foreign exchange transactions	0	0	1,060	1,060
Other instruments				
TOTAL CASH FLOW HEDGING DERIVATIVE NOTIONALS	**0**	**0**	**1,060**	**1,060**
TOTAL HEDGING DERIVATIVE NOTIONALS	**5,555**	**32,718**	**9,244**	**47,517**

	As at 31/12/2020			
(in € million)	< 1 year	1 to 5 years	> 5 years	Total
Interest rate instruments	5,597	35,263	10,736	51,596
Interest rate swaps	5,555	35,208	10,714	51,477
Caps-floors-collars-interest-rate options	42	55	22	119
Foreign currency instruments	340	0	459	799
Firm foreign exchange transactions	340	0	459	799
Other instruments				
TOTAL FAIR VALUE HEDGING DERIVATIVE NOTIONALS	**5,937**	**35,263**	**11,195**	**52,395**
Interest rate instruments	140	0	0	140
Foreign currency instruments	334	0	407	741
Credit instruments	0	0	0	0
Other instruments				
TOTAL CASH FLOW HEDGING DERIVATIVE NOTIONALS	**474**	**0**	**407**	**881**
TOTAL HEDGING DERIVATIVE NOTIONALS	**6,411**	**35,263**	**11,602**	**53,276**

FAIR VALUE HEDGE

Hedged items

	31/12/2021			
Fair value micro-hedging	**EXISTING HEDGING**		**DISCONTINUED HEDGES**	**FAIR VALUE ADJUSTMENT OVER THE PERIOD RELATED TO THE HEDGE (INCLUDING DISCONTINUED HEDGES DURING THE PERIOD)**
(in € million)	**BOOK VALUE**	**OF WHICH TOTAL FAIR VALUE ADJUSTMENTS RELATED TO THE HEDGE**	**TOTAL FAIR VALUE ADJUSTMENTS RELATED TO THE HEDGE STILL TO BE AMORTISED**	
ASSETS				
Interest rate	8,916	(7)	0	(332)
Foreign exchange	100	0	0	0
Other	0	0	0	0
Financial instruments at fair value through equity	9,015	(7)	0	(332)
Interest rate	639	4	0	(11)
Foreign exchange	0	0	0	0
Other	0	0	0	0
Financial instruments at amortised cost	639	4	0	(11)
LIABILITIES				
Interest rate	10,063	257	0	(308)
Foreign exchange	0	0	0	0
Other	0	0	0	0
Financial instruments at amortised cost	10,063	257	0	(308)

	31/12/2020			
Fair value micro-hedging	**Existing hedging**		**Discontinued hedges**	**Fair value adjustment over the period related to the hedge (including discontinued hedges during the period)**
(in € million)	**Book value**	**of which total fair value adjustments related to the hedge**	**Total fair value adjustments related to the hedge still to be amortised**	
ASSETS				
Interest rate	12,333	325	0	105
Foreign exchange	0	0	0	0
Other	0	0	0	0
Financial instruments at fair value through equity	**12,333**	**325**	**0**	**105**
Interest rate	1,000	14	0	2
Foreign exchange	0	0	0	0
Other	182	0	0	0
Financial instruments at amortised cost	**1,182**	**14**	**0**	**2**
LIABILITIES				
Interest rate	11,195	565	0	88
Foreign exchange	0	0	0	0
Other	0	0	0	0
Financial instruments at amortised cost	**11,195**	**565**	**0**	**88**

Fair value macro-hedging	**31/12/2021**	**31/12/2020**
(in € million)	**BOOK VALUE**	**Book value**
Debt instruments recognised at fair value through equity	0	0
Debt instruments classified at amortised cost	11,585	13,300
Total assets	11,585	13,300
Debt instruments classified at amortised cost	14,079	14,144
Total liabilities	14,079	14,144
TOTAL FAIR VALUE HEDGING OF THE INTEREST RATE RISK EXPOSURE OF A PORTFOLIO OF FINANCIAL INSTRUMENTS	**25,664**	**27,444**

Fair value hedge accounting result

	31/12/2021		
	NET RESULT (HEDGE ACCOUNTING RESULT)		
(in € million)	CHANGE IN FAIR VALUE ON HEDGING INSTRUMENTS (INCLUDING DISCONTINUATIONS)	CHANGE IN FAIR VALUE ON HEDGED ITEMS (INCLUDING DISCONTINUATIONS)	INEFFECTIVE PART OF THE HEDGE
Interest rate	(130)	125	(5)
Foreign exchange	1	(1)	0
Other	0	0	0
TOTAL	**(129)**	**124**	**(5)**

	31/12/2020		
	Net result (hedge accounting result)		
(in € million)	Change in fair value on hedging instruments (including discontinuations)	Change in fair value on hedged items (including discontinuations)	Ineffective part of the hedge
Interest rate	(145)	145	0
Foreign exchange	9	(8)	0
TOTAL	**(136)**	**137**	**0**

CASH FLOW HEDGE

Hedging items

	31/12/2021		
	EXISTING HEDGING	DISCONTINUED HEDGES	FAIR VALUE ADJUSTMENT OVER THE PERIOD RELATED TO THE HEDGE (INCLUDING DISCONTINUED HEDGES DURING THE PERIOD)
(in € million)	OF WHICH TOTAL FAIR VALUE ADJUSTMENTS RELATED TO THE HEDGE	TOTAL FAIR VALUE ADJUSTMENTS RELATED TO THE HEDGE STILL TO BE AMORTISED	
ASSETS			
Interest rate	0	27	0
Foreign exchange	0	20	42
Other	0	0	0
TOTAL	**0**	**47**	**42**

	31/12/2020		
	Existing hedging	Discontinued hedges	
(in € million)	of which total fair value adjustments related to the hedge	Total fair value adjustments related to the hedge still to be amortised	Fair value adjustment over the period related to the hedge (including discontinued hedges during the period)
ASSETS			
Interest rate	0	31	0
Foreign exchange	(22)	0	(1)
Other	0	0	0
TOTAL	**(22)**	**31**	**(1)**

Cash flow hedge accounting result

	31/12/2021		
	OTHER COMPREHENSIVE INCOME		NET RESULT (HEDGE ACCOUNTING RESULT)
(in € million)	EFFECTIVE PART OF THE HEDGE RECOGNISED DURING THE PERIOD	AMOUNT RECOGNIZED IN RECYCLABLE EQUITY RECLASSIFIED UNDER INCOME DURING THE PERIOD	INEFFECTIVE PART OF THE HEDGE
Interest rate	0	(4)	0
Foreign exchange	106	(64)	0
Other	0	0	0
TOTAL	**106**	**(67)**	**0**

	31/12/2020		
	Other comprehensive income		Net result (hedge accounting result)
(in € million)	Effective part of the hedge recognised during the period	Amount recognized in recyclable equity reclassified under income during the period	Ineffective part of the hedge
Interest rate	0	(16)	0
Foreign exchange	(67)	66	9
Other	0	0	0
TOTAL	**(67)**	**50**	**9**

34.3.4 Assessment of risk

Value at risk (VaR)

Value at risk (VaR) is a risk indicator used to assess the potential loss which La Banque Postale could face. It provides an estimate of the maximum potential loss at a given horizon with a given probability. This indicator does not provide an estimate of the potential loss which could result from rare events.

The VaR indicator covers transaction portfolios as well as certain banking portfolios. A global VaR is also calculated on all positions.

The VaR indicator is available for each activity included in the market portfolio.

The Bank has decided to apply a Value at Risk indicator (1-day, 99%) to all its marked-to-market positions as a cautionary measure. The VaR implemented at La Banque Postale is a parametric VaR, which is calculated based on a variance-covariance matrix covering interest-rate risk, spread risk, currency risk and the risk of fluctuations in the equity indices to which the Bank is exposed.

The VaR calculated in this way partially covers option risks as second-tier risks are not taken into account. The development of optional positions, which to date have not been very significant in relation to the overall positions, could lead the group Risk Department (DRG) to deploy a more appropriate methodology. Indicators dedicated to option risk monitoring are also implemented.

The group Risk Department back-tests the results of the model used to calculate the VaR, in order to assess its quality.

Stress scenarios

The VaR estimate, based on the assumption of a normal distribution law, is calculated under normal market conditions and does not provide any information on the amount of the potential loss when the VaR is exceeded. It is therefore necessary to be able to estimate potential losses by assuming exceptional market conditions (attacks, bankruptcy of a large group, etc.), and it is in this manner that stress scenarios are implemented.

A stress scenario is used to simulate an extreme situation in order to evaluate its financial consequences on the results or the equity of La Banque Postale. Using scenarios is a tool to analyse and monitor market risks.

34.4 Liquidity risk

Liquidity risk is defined by the Decree of 3 November 2014 as a company's risk of not being able to meet its commitments or not being able to resolve or offset a position due to the market situation (systemic risk) or idiosyncratic factors (its own credit risk), within a determined time frame and at a reasonable cost.

The liquidity risk reporting systems cover the entire La Banque Postale at the prudential level. Some of the limits and indicators used in management refer to corporate units of the group, notably La Banque Postale, the largest entity.

The management of liquidity risk is based on:

- a risk mapping;
- a guidelines and limits system;
- a financing plan which ensures the *ex ante* La Banque Postale balanced funding position;
- a buffer of high-quality, liquid, unencumbered securities (and its central bank deposit equivalent).

In April 2021, La Banque Postale's bodies (Supervisory Board) approved the entire system for assessing liquidity and its adequacy – ILAAP (Internal Liquidity Adequacy Assessment Process).

La Banque Postale has a strong liquidity position based on:

- customer deposits in excess of loans to customers. La Banque Postale has a very large, diversified deposit base (in excess of €200 billion), principally consisting of deposits by French individual customers;
- a significant HQLA (High Quality Liquidity Assets) portfolio, La Banque Postale has traditionally invested a large part of its balance sheet in sovereign bonds, due to its long-standing business of collecting deposits, while the customer loans business only developed as of 2006. This portfolio exclusively contains liquid, high quality assets in line with the provisions of Delegated Regulation (EU) No. 2015/61, which brings its short-term liquidity ratio above 150%;
- a regularly adjusted provisional financing plan;
- proven access to capital markets financing.

As the resources from customers are for the most part without maturity and payable at any time (deposits, saving accounts), their outflow is modelled in order to determine its time profile. La Banque Postale selected a conservative approach for its liquidity valuation, and used very conservative assumptions to estimate outflows. Resources are thus valued using increased outstanding volatility and decreased liquidity duration.

Managing the liquidity risk

Responsibility for managing the liquidity risk rests with the dedicated Committee in line with the principles and limitations approved by the group's Risk Management Committee. This responsibility is partially delegated to the ALM Committee and Treasury for the liquidity risk.

Operationally, La Banque Postale has implemented an internal liquidity assessment system, or ILAAP (Internal Liquidity Adequacy Assessment Process), which covers all of the arrangements on limits, assessment, monitoring, reporting and management of liquidity. These arrangements include:

- a guidelines and limits system;

- a financing plan which ensures *ex ante* the Bank's balanced funding position as regards budget planning for La Banque Postale;
- maintaining and monitoring of changes to a high-quality, unencumbered liquid securities; buffer, as well as the amounts referred to the central bank's deposit facility;
- the emergency financing plan (PFU), the main objectives of which are (cf. *infra*):
  - to define the alert thresholds for the early detection of tensions on liquidity, whether these be idiosyncratic (specific to La Banque Postale) or systemic,
  - to identify all available capacities to generate liquidity (liquidity reserves and financing capacities),
  - to mobilise a governance able to manage a crisis with the required expediency and a stress test system aimed at measuring the room for manoeuvre of La Banque Postale in situations of historically high tensions on La Banque Postale liquidity.

The prudential liquidity risk declaration systems apply to the entire scope of prudential consolidation. Some entities within the group are also subject to individual reporting requirements.

Assessment of liquidity risk

Short-term liquidity monitoring

This system is mainly based on the survival horizon and the short-term liquidity coverage ratio (LCR).

The LCR is a monthly short-term liquidity ratio which measures La Banque Postale's ability to resist during 30 days to a severely degraded situation in a context of a systemic shock.

The LCR must be above 100%, a regulatory limit respected by La Banque Postale (which sets a higher internal target, previously mentioned) at the end of 2021.

This ratio is calculated by dividing the sum of high-quality, liquid assets free of commitments by the liquidity requirement under stress over 30 days. A LCR proxy is calculated daily.

The survival horizon indicator measures the length of time that La Banque Postale would remain able to meet its maturities during a period of stress combining systemic and idiosyncratic shocks.

The LCR is also one of the limitations to be adhered to under the dynamic liquidity projections.

A LCR proxy is calculated daily.

Long-term liquidity monitoring

The steering system also relies on:

- the Net Stable Funding Ratio (NSFR);
- a financing plan, which ensures that the projected budget path is accompanied by forward-looking liquidity management;
- as part of the implementation of the financing plan, the projected LCR is evaluated, and the La Banque Postale ensures that an adequate level is maintained over time;
- within the framework of the ILAAP, several stresses on the LCR have been developed;
- the concentration, cost and structure of refinancing, as well as the concentration of the asset cushion are regularly reviewed and are subject to regulatory reports (ALMM) in addition to the disclosing of the LCR;
- bi-annual testing of market access in different currencies;
- a liquidity gap assessment, detailed below;
- La Banque Postale uses a liquidity gap to assess its long-term liquidity level. This gap comprises projections of static gaps by maturity and limits set for one, three and five years. The assumptions taken into account follow a stressed approach, resulting in a prudent estimation of the group's liquidity situation;
- the methods used to evaluate the liquidity gap are determined depending on the type on assets and liabilities in the balance sheet;
- amounts breaking down by maturity (contractual outflows, corrected or not by a model);
- amounts un-breaking down by maturity (outflow agreement);
- liquidity profile of transferable assets;
- off-balance sheet commitments (liquidity commitments and guarantees).

Operations without contractual maturities (including on demand deposits and savings accounts) are taken into account using outflow agreements reviewed by the ALM Committee and the group Risk Department.

Off-balance sheet commitments are taken into account using drawing assumptions.

The transferable nature of certain operations can in some cases be taken into account.

The NSFR is the ratio of the amount of available and stable funding divided by the required amount of stable funding. This ratio should, at all times, be at least 100%. "Available Stable Funding" refers to the portion of resources that are not due over the relevant time horizon, *i.e.* one year under the NSFR. The amount of "Required Stable Funding" of a bank depends on the liquidity features and the residual maturity of the assets (and off-balance-sheet positions) held.

Emergency Financing Plan

The Emergency Financing Plan is designed to be monitored by the financial management governance bodies (ALM Committee, COGOB, Group Risk Management Committee) and executed operationally by the Financing and Investment Bank.

The Emergency Financing Plan (PFU in French) is part of the internal liquidity assessment process that La Banque reports on every year. The PFU presents the indicators used to determine the health of the markets (financial or banking) on which the liquidity of La Banque Postale is exposed.

These indicators are broken down into two main families:

- systemic indicators;
- idiosyncratic indicators.

A threshold is set for each indicator (comfort, vigilance or alert).

The Emergency Financing Plan also includes arrangements to be implemented in the event of an incurred crisis, whether it be systemic or idiosyncratic. This arrangement mainly takes the form of an analysis of the various sources of financing (or liquidities) which La Banque Postale can access, depending on the amounts represented and the speed of implementation. The PFU also provides for specific governance *via* Committees, which monitor the indicators. The aim of this governance is to provide a higher level of surveillance of La Banque Postale's liquidity risk. The disclosure (during normal periods) of the indicators is carried out weekly for the Scale and Refinancing Committee and periodically at the CPRG. Finally, the selected indicators and the proposed responses are tested on the markets to assess their relevance and the liquidity of the market.

The financing test involves testing the market by carrying our short-term borrowings. The aim of this type of test is to regularly check the Bank's ability to quickly secure funds on the markets to ensure that the estimates on the Bank's ability to borrow remain valid. It is envisaged that this type of test will take place at least twice a year.

Liquidity reserve

The liquidity reserve represents the amount of cash and liquidity available rapidly for transfer or repurchase agreements, in order to deal with a liquidity crisis.

The liquidity reserve comprises:

- cash deposits with the central bank (excluding average obligatory reserves calculated over the maintenance period);
- securities forming the HQLA (High Quality Liquid Assets) cushion, comprising mainly state securities, covered bonds and corporate securities complying with prudential liquidity criteria, as defined by regulation rules for the calculation of the LCR, for which valuation of investments is affected by a haircut according to prudential rules;
- other securities transferable to the ECB (mainly banking securities) affected by the ECB haircut.

High quality guaranteed home loans, which are convertible through the issue of covered bonds by the Home Financing Company of the group, are also a significant liquidity resource.

Capacity to access external financing

In addition to the prudent liquidity risk management guidelines implemented by the ALM Committee and the Risk Committee, La Banque Postale has established diversified sources of funding:

- a €20 billion Neu-CP (Negotiable European Commercial Paper) program and a €10 billion ECP (European Commercial Paper) program with the goal of refinancing part of La Banque Postale's short- term financing needs, and to satisfy institutional clients;
- a €2 billion Neu-MTN program with the goal of refinancing part of the La Banque Postale's short- and medium-term financing needs, and to satisfy institutional clients;
- a €20 billion EMTN program, in retail format, allowing the issuance of senior debt (vanilla and structured), senior non-preferred and Tier 2 debt;
- a €10 billion bond program, in retail format, dedicated to structured senior debt;
- a €30 billion EMTN program, for the issue of a Home Lending Bond (OFH) *via* its secured financing vehicle implemented in 2013, LBP Home Loan SFH, subsidiary of La Banque Postale SA;
- access to refinancing by the BEI as part of La Banque Postale's commitment for eligible funds;
- a portfolio of HQLA (High Quality Liquid Asset) securities, which mainly consists of high-quality government bonds, which are rapidly convertible and provides a permanent source of eligible securities granting access to the ECB's refinancing transactions or to the repurchase agreements market;
- access to the repurchase platforms: Brokertec, Eurex Repo et Eurex GC pooling et NGT Bondlend;
- access to the inter-bank market.

La Banque Postale also has access to a secured financing vehicle *via* la Caisse de Financement Local (CAFFIL), to which it regularly assigns loans to local authorities.

In addition, following the ECB's relaxation of the criteria for access to targeted long-term refinancing operations (TLTRO III), at the beginning of 2021, La Banque Postale has drawn the full available allocation.

34.5 Interest-rate risk

Interest rate risk represents the likelihood of seeing La Banque Postale future margins or economic value affected by fluctuations in interest rates. Managing the interest rate risk includes managing the sensitivity of the Economic Value of Equity (EVE) and the Net Interest Margin (NIM).

The unit in charge of monitoring and managing overall interest rate risk is inside the group Risk Department of La Banque Postale.

The department has several missions:

- ensuring the periodic monitoring of the indicators that control the overall interest rate risk for La Banque Postale and its banking subsidiaries on a consolidated basis;
- auditing the calculation processes of the different indicators (static and dynamic) and checking the integrity of the exposure calculations;
- auditing the methodologies used.

This risk is monitored *via* future margin sensitivity and economic value sensitivity to interest rates indicators, as well as scenarios designed to assess the ability of the institution to withstand exogenous shocks.

The interest rates movements in these scenarios affect both uncertain inflows from financial products and results from retail banking operations, *via* customer behaviour models, in particular regarding the implicit options available to customers.

The interest rate risk monitoring is the responsability of the ALM and Treasury Committee. This Committee monitors the indicators, anticipates their evolution according to the orientations of the commercial policy and the observation of customer behaviour. Rate risk indicators are also reviewed in CPRG. The frequency of review of interest rate risks is essentially on a monthly basis.

Goals

The interest rate risk is monitored to cover the sensitivity of La Banque Postale's future net interest margin, subject to compliance with value sensitivity indicators. This monitoring is a dynamic one and relies on the business plan. It leads to set up interest rate derivatives (hedging) or changes in the commercial policy. Balance sheet includes implicit and explicit options that conduct to a non-linearity of the economical value depending on the rates. That is why ALM regularly propose a rebalancing of the structural positions with instruments of the market.

Scope

As required by the Basel Comittee, the significant rate risks include in the banking book are identified and measured. When relevant, some of them are monitored more specifically.

The interest rate risk is measured by maturity, by type of index for floating or revisable rate instruments (Euribor, Inflation, Eonia, etc.) taking into account the likely outflow models that depend on market conditions.

It encompasses several risk factors:

- fixation risk, linked to the differences between the interest rate new expositions in the assets and the liabilities (according to references and maturities);
- curve risk, linked to the fixation risk: generated by the changes of the rate curve (translation, rotation, etc.);
- basis risk linked to the multiplicity of rate references used that induced risks. These risks are caused by the imperfect correlation between the rate references used;
- optional risks (contractual or behavioural);
- risks induced by the amounts exposed to real rate and/or inflation.

Therefore, the change in the net interest margin is measured using several rate scenarios. The interest-rate risk in the balance sheet is simulated dynamically, taking into account future changes in amounts outstanding (early redemptions, new productions, etc.) in accordance with the behavioural models developed and in the business plan.

The bond portfolio transactions classified at fair value through profit or loss are not part of the overall interest-rate risk, as their risk is monitored and contained by the limits specific to each portfolio. These portfolios, which relate to the trading floor, are contained by market risk type limits.

Assessment of general interest rate

Conventions and procedures

The methods used to evaluate the interest rate gap and sensibilities are determined depending on the type on assets and liabilities in the balance sheet:

- amounts breaking down by maturity (contractual outflows, corrected or not by a model);
- amounts un-breaking down by maturity (outflow agreement);
- off-balance sheet commitments (liquidity commitments and guarantees).

Operations without maturities (including on demand deposits and savings accounts) are taken into account using outflow agreements reviewed by the relevant Committee and the group Risk Department.

Off-balance sheet commitments are taken into account using drawing assumptions.

Rate gaps

For a given currency, the nominal rate gap is calculated for fixed-rate and variable-rate transactions, and can be reviewed until their next review or setting date. The nominal rate gap does not take rate drops into account.

The rate gap is the difference between the average amounts of fixed-rate assets and the average amounts of fixed-rate liabilities including the impacts of off-balance sheet items (swaps and depreciation on payments) by maturity.

Sensitivity of the Economic Value of Equity (EVE)

This corresponds to a negative change in value following an instantaneous shock of ±2% applied to La Banque Postale's regulatory own funds. Regulatory capital is calculated using static modelling, based on the contractual maturities of balance sheet items.

Net interest margin (NIM) sensitivity

Net interest margin (NIM) sensitivity is defined as the difference between the NIM in a modified interest rate scenario and the NIM in a baseline interest rate scenario.

NIM sensitivity is calculated for each interest rate scenario taking into account interest rate-dependent behavioural models, and by maintaining levels of loan origination and deposits from the commercial business, along with assumptions related to equivalent financial transactions in the baseline scenario.

NOTE 35 ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS

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35.1 Fair value and ranking of financial instruments

The fair value ranking levels defined in IFRS 7 are as follows:

- level 1: valuation determined by prices listed on an active market;
- level 2: valuation determined by techniques using observable data;
- level 3: valuation determined by techniques using unobservable data.

(in € million)	BOOK VALUE	FAIR VALUE[a]	31/12/2021 FAIR VALUE RANKING[b] LEVEL 1	LEVEL 2	LEVEL 3
ASSETS					
Bank assets					
Customer loans and receivables	123,117	125,901	0	0	0
Credit institutions loans and receivables	67,823	67,837	0	0	0
Financial assets at fair value through profit or loss	231,420	231,420	182,357	30,587	18,476
Hedging derivatives	1,022	1,022	0	1,022	0
Financial assets at fair value through OCI	228,310	228,310	222,356	3,064	2,890
Investment properties	3,393	3,877	0	2,050	0
Financial assets classified at amortised cost	23,480	24,256	0	0	0
Non-bank assets					
Other non-current financial assets	500	500	0	44	334
Trade and other receivables	5,554	5,554	0	0	0
Other current financial assets	436	436	230	134	0
Cash and cash equivalents	2,895	2,895	634	2,261	0
LIABILITIES					
Bank liabilities					
Liabilities to credit institutions	30,393	30,723	0	0	0
Customer transactions	234,582	233,333	0	0	0
Financial liabilities at fair value through profit or loss	4,253	4,253	470	3,783	0
Hedging derivatives	333	333	0	333	0
Debt evidenced by a certificate	21,693	22,495	0	0	0
Subordinated debt	10,110	10,376	0	0	0
Non-banking liabilities					
Bonds and other financial debt	13,909	14,176	0	657	0
Trade and other payables	9,140	9,140	0	0	0

(a) Including fair value of items recognised at amortised cost.
(b) For items recognised at fair value.

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Transfers on securities:

Reclassifications from Level 2 to Level 1: €226 million (17 fixed-rate investments whose transactions now meet the criteria for volume and frequency).

Reclassifications from Level 1 to Level 2: €28 million (two fixed-rate investments whose transactions do not meet the criteria for volume and frequency any more).

			31/12/2020		
			Fair value ranking[b]		
(in € million)	**Book value**	**Fair value[a]**	**Level 1**	**Level 2**	**Level 3**
ASSETS					
Bank assets					
Customer loans and receivables	125,222	131,030	0	0	0
Credit institutions loans and receivables	114,434	114,446	0	0	0
Financial assets at fair value through profit or loss	195,629	195,629	148,285	33,035	14,309
Hedging derivatives	1,443	1,443	0	1,443	0
Financial assets at fair value through OCI	230,559	230,559	226,826	1,964	1,769
Investment properties	3,083	4,109	0	1,705	0
Financial assets classified at amortised cost	24,018	25,842	0	0	0
Non-bank assets			**0**	**0**	**0**
Other non-current financial assets	501	501	0	75	323
Trade and other receivables	5,100	5,100	0	0	0
Other current financial assets	382	382	0	314	0
Cash and cash equivalents	2,763	2,763	450	2,314	0
LIABILITIES					
Bank liabilities					
Liabilities to credit institutions	33,533	33,533	0	0	0
Customer transactions	229,793	232,109	0	0	0
Financial liabilities at fair value through profit or loss	3,279	3,279	400	2,879	0
Hedging derivatives	763	763	0	763	0
Debt evidenced by a certificate	21,639	22,697	0	0	0
Subordinated debt	10,187	10,586	0	0	0
Non-banking liabilities			**0**	**0**	**0**
Bonds and other financial debt	12,399	12,988	0	705	0
Trade and other payables	8,724	8,724	0	0	0

(a) Including fair value of items recognised at amortised cost.
(b) For items recognised at fair value.

Transfers on securities:

Reclassifications from Level 2 to Level 1: €117.6 million (four fixed-rate investments whose transactions now meet the criteria for volume and frequency).

Reclassifications from Level 1 to Level 2: €64.1 million (eight fixed-rate investments whose transactions do not meet the criteria for volume and frequency any more).

Transfers on derivatives:

Reclassifications from Level 1 to Level 2: €8.5 million (This is a change of method between 2019 and 2020 applied to CDS on nine cases).

Level 3 fair values: reconciliation of opening and closing balances (banking activities)

(in € million)	Assets at fair value through profit or loss	Financial assets at fair value through OCI	TOTAL
Opening balance	*14,308*	*1,989*	*16,297*
Gains and losses recorded in income	1,500	0	1,500
Gains and losses recorded in equity	0	(80)	(80)
Purchases	4,086	719	4,805
Sales	(1,029)	0	(1,029)
Redemptions	(2,005)	0	(2,005)
Reclassifications to or from Level 3	(16)	(283)	(298)
Change of scope	2,962	745	3,707
Other movements	(1,332)	4	(1,328)
CLOSING BALANCE	**18,476**	**3,094**	**21,571**

Level 3 fair values: profits and losses for the period recognised in income

None

35.2 Methods for calculating the fair value of financial instruments

35.2.1 Financial instruments excluding banking activities

The fair value of the bond debt and of the related swaps is measured using a calculation method based on observable data, which corresponds to Level 2 of the fair value ranking established in IFRS 7. Details of this calculation method are provided below.

Every financial product is assessed as a series of future cash flows regardless of whether they are determined at the calculation date. The fair value calculation is based on discounting these future cash flows. The discounting factors are deduced from a zero coupon curve. To calculate the fair value of the bond debt, La Poste's credit spread is added to the zero coupon curve. La Poste's implied credit spread is determined based on price brackets supplied by various market participants (brokers).

In the case of cash flows dependent on a floating-rate not yet determined at the calculation date, future rates are estimated based on the future structure of interest rates.

In the case of financial products with cash flows in different currencies, the cash flows are discounted for each currency based on discounting factors specific to each currency. The currency market values obtained are then translated into euros at the ECB exchange rate on the day of the calculation.

Option products are determined by factoring in implied market volatility, in view of the option exercise dates.

The fair value of current financial assets and liabilities is deemed equivalent to their book value, in view of their short-term maturity.

The fair value of bonds and UCITS units is determined according to listed prices.

35.2.2 Financial instruments used in banking activities

IFRS 13 defines the fair value as the exit price meaning the price that would be received for the sale of an asset or paid for the transfer of a liability during a normal transaction between market participants at the measurement date.

When an instrument is first recognised, its fair value is usually the transaction price.

IFRS 13 recommends initially using a listed price on an active market to determine the fair value of a financial asset or liability. A market is considered to be active if prices are easily and regularly available from a stock exchange, a broker (multi contribution), a trader or a regulatory agency, and if these prices represent actual transactions (volume, price range) carried out at arm's length. In the absence of an active market, fair value must be determined using valuation techniques. These techniques include the use of recent arm's length transactions. They are based on market data, the fair values of substantially identical instruments, discounted cash flow models or option pricing models, and use recognised valuation methods. The aim of a valuation technique is to establish what the instrument's price would have been in a normal market. For example, the fair value of fixed-income securities, equity securities and futures is determined using listed prices. Valuation techniques referring to market data are used mainly for over-the-counter derivatives, discount securities (*e.g.* commercial paper, and certificates of deposit, etc.) and repurchase agreement deposits.

The financial instruments are presented in Note 34.1 according to three levels based on the observability of values, in descending order, and the parameters used for their valuation:

- **level 1:** Instruments valued using (unadjusted) listed prices on an active market for identical assets or liabilities.
  These are mainly listed shares and derivatives on organised markets (futures, options, etc.);
- **level 2:** Instruments valued using data other than the prices indicated in level 1 and which are observable for the asset and liability concerned, either directly (*i.e.* prices) or indirectly (*i.e.* data derived from prices).
  These are instruments which are valued with techniques using observable parameters and standard models or instruments that are valued by referring to similar instruments listed on an active market. This classification concerns rate swaps, caps, etc;
- **level 3:** Instruments valued using unobservable market data.
  These are mainly unlisted equity investments, FCPR or FCPI funds.

The market value for unlisted equity investments is set by referring to certain criteria such as net assets, profitability outlook and discounting of future cash flows.

The listed price for an asset held or a liability to be issued is usually the bid price, and the ask price for a liability held or an asset to be acquired.

Fair value of loans

The scope applied is that of all loans drawn down and included on La Banque Postale's balance sheet. Loans that have been granted but not yet released are not taken into account, as it is assumed that, since their rate has just been fixed, their value will not be different from the amount advanced.

For the types of loans sold by the Bank, the main assumptions underlying the calculation are as follows:

- the fair value of overdrafts on sight accounts is assumed to correspond to the accounting value due to the very short length of the loans (less than one month);
- the fair value of loans is determined on the basis of internal models, which consist in discounting future recoverable capital and interest flows over the residual maturity, which are discounted based on opportunity interest rates.

Fair value of deposits

The main underlying assumptions for the calculation are as follows:

- for deposits where the remuneration rate is regulated, *Livret B* (savings passbook) accounts, Youth passbook savings accounts, National savings accounts and term deposits accounts, fair value is assumed to correspond to the net book value of the amount outstanding;
- the fair value of on demand deposits is assumed to correspond to the net book value of the amount outstanding, net of the fair cost value of the swaps used to hedge overnight deposits (*via* the carve-out option).

Fair value of held or issued debt instruments

The fair value of listed financial instruments corresponds to the closing market price. The fair value of unlisted financial instruments is determined by discounting future cash flows at the market rate in effect at the closing date.

35.3 Impact of financial instrument on net profit/(loss) and equity

Non-banking activities

The impact of the group's financial instruments on income (excluding Banking activities) is described in Note 13 "financial profit/(loss)".

Banking activities

The table below details the impact of the Banking activities financial instruments on income and equity.

2021

(in € million)	INTEREST INCOME (EXPENSE)	CHANGES IN FAIR VALUE		IMPAIRMENT	DECONSOLIDATION AND DIVIDENDS	NET GAIN (LOSS)
		FAIR VALUE THROUGH PROFIT OR LOSS	FAIR VALUE THROUGH EQUITY			
Assets and liabilities classified at amortised cost	1,977	0	0	0	0	1,977
Assets classified at fair value through OCI	1,763	0	(952)	0	(1,208)	(397)
Financial instruments at fair value through profit or loss	0	12,575	0	0	1,399	13,974
Hedging	205	(5)	38	0	0	238
TOTAL	**3,946**	**12,570**	**(914)**	**0**	**191**	**15,793**

2020

(in € million)	Interest income (expense)	Changes in fair value		Impairment	Deconsolidation and dividends	Net gain (loss)
		Fair value through profit or loss	Fair value through equity			
Assets and liabilities classified at amortised cost	1,921	0	0	0	297	2,218
Assets classified at fair value through OCI	438	0	1,109	0	(157)	1,390
Financial instruments at fair value through profit or loss	0	3,678	0	0	1,275	4,953
Hedging	227	9	(37)	0	0	199
TOTAL	**2,586**	**3,687**	**1,072**	**0**	**1,415**	**8,760**

35.4 Financial hedging instruments

Non-banking activities

See Note 28.

Banking activities

See Note 34.3.

35.5 Reclassification of financial assets

In 2008, La Banque Postale chose the option provided by the 13 October 2008 amendment to IAS 39 and IFRS 7 to reclassify certain available-for-sale financial assets under "loans and receivables". The transfer of part of the securities in the available-for-sale financial assets portfolio that no longer had the expected liquidity to the loans and receivables category enables the financial statements to provide a better view of La Banque Postale's allocation of resources. The net book value and fair value of securities reclassified on 1st July 2008 remain immaterial as at 31 December 2021.

35.6 Offsetting of financial instruments

The following disclosures present the information required by IFRS 7 on financial instruments that are offset on the balance sheet, as well as on financial instruments that are not offset on the balance sheet, but are subject to an enforceable master netting arrangement or a similar agreement.

35.6.1 Non-banking derivative instruments

2021

(in € million)	GROSS AMOUNT A	OFFSET AMOUNT ON BALANCE SHEET B	NET AMOUNT ON BALANCE SHEET C=A-B	AMOUNTS NOT OFFSET ON BALANCE SHEET		NET AMOUNTS F=C-D-E
				DERIVATIVE INSTRUMENTS D	COLLATERAL CASH E	
Derivative assets	58	0	58	30	29	(1)
Derivative liabilities	35	0	35	30	3	2

2020

(in € million)	Gross amount A	Offset amount on balance sheet B	Net amount on balance sheet C=A-B	Amounts not offset on balance sheet		Net amounts F=C-D-E
				Derivative instruments D	Collateral cash E	
Derivative assets	89		89	59	31	(1)
Derivative liabilities	59		59	59		0

La Poste has put framework agreements in place with all of its market counterparties in order to reduce its exposure if its market counterparties default. These agreements result in the losing counterparty paying a guarantee deposit to the winning counterparty in cash, equivalent to the net position of the derivatives. Margin calls occur weekly or daily, according to the counterparties. These agreements do not comply with the criteria in IAS 32 governing the offset of derivative assets and liabilities on the balance sheet. They do, however, fall within the scope of disclosures under the IFRS 7 standard on offsetting.

35.6.2 Banking financial instruments

2021

(in € million)	GROSS AMOUNT A	OFFSET AMOUNT ON BALANCE SHEET B	NET AMOUNT ON BALANCE SHEET C=A-B	AMOUNTS NOT OFFSET ON BALANCE SHEET		SECURITIES RECEIVED/ GIVEN AS GUARANTEES E	NET AMOUNTS F=C-D-E
				FINANCIAL INSTRUMENTS D	COLLATERAL CASH D		
Assets							
Financial instruments at fair value through profit or loss	232,524	0	232,524	2,237	961		229,326
Of which repurchase agreements	1	0	1				1
Of which derivatives (including hedging derivatives)	3,368	0	3,368	2,237	961		170
Customer and credit institutions loans and receivables	192,957	1,965	190,992	82	60	5,119	185,731
Of which securities under repurchase agreements	9,228	1,965	7,263	82	60	5,119	2,002
Accruals and other assets	33,415	0	33,415	5			33,410
Of which deposits and guarantees paid	5	0	5	5			0
Other assets not offset	315,379	0	315,379				315,379
TOTAL ASSETS	**774,275**	**1,965**	**772,310**	**2,324**	**1,021**	**5,119**	**763,846**
Liabilities							
Financial instruments at fair value through profit or loss	4,667	0	4,667	2,237	338	0	2,092
Of which derivatives (including hedging derivatives)	2,612	0	2,612	2,237	338	0	37
Customer and credit institutions liabilities	267,396	1,965	265,431	87	635	27,416	237,293
Of which securities under repurchase agreements	46,035	1,965	44,070	87	635	27,416	15,932
Other liabilities not offset (excluding equity)	470,433	0	470,433	0	0	0	470,433
TOTAL LIABILITIES	**742,496**	**1,965**	**740,531**	**2,324**	**973**	**27,416**	**709,818**

2020

(in € million)	Gross amount A	Offset amount on balance sheet B	Net amount on balance sheet C=A-B	Amounts not offset on balance sheet: Financial instruments D	Amounts not offset on balance sheet: Collateral cash D	Securities received/ given as guarantees E	Net amounts F=C-D-E
Assets							
Financial instruments at fair value through profit or loss	197,215		197,215	2,095	667		194,453
Of which derivatives (including hedging derivatives)	2,980		2,980	2,095	667		218
Customer and credit institutions loans and receivables	242,453	2,713	239,740	1,820	1	11,811	226,108
Of which securities under repurchase agreements	18,696	2,713	15,983	1,820	1	11,811	2,351
Accruals and other assets	31,907		31,907	7			31,900
Of which deposits and guarantees paid	17	0	17	7			10
Other assets not offset	268,314		268,314				268,314
TOTAL ASSETS	**739,889**	**2,713**	**737,176**	**3,922**	**668**	**11,811**	**720,775**
Liabilities							
Financial instruments at fair value through profit or loss	4,184		4,184	2,095	453		1,636
Of which derivatives (including hedging derivatives)	2,568		2,568	2,095	453		20
Customer and credit institutions liabilities	266,639	2,713	263,926	1,820	212	34,237	227,657
Of which securities under repurchase agreements	50,628	2,713	47,915	1,820	212	34,237	11,646
Other liabilities not offset (excluding equity)	436,623		436,623				436,623
TOTAL LIABILITIES	**707,446**	**2,713**	**704,733**	**3,915**	**665**	**34,237**	**665,916**

NOTE 36 RELATED PARTY TRANSACTIONS

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36.1 Relations with the French State and public sector companies

36.1.1 Relations with the French State

Since the 10 February 2010 Act reaffirming the provisions of the July 1990 Act on the restructuring of the postal and telecommunications public service, La Poste has been a *Société Anonyme* (public limited company) overseen by the Minister for Industry under the Minister for the Economy, and subject to economic and financial control by the French State, and to the control procedures of the French Court of Auditors and the French Parliament.

A new Public Service Agreement was approved by the Board of Directors on 19 December 2017, and signed on 16 January 2018 between La Poste and the French State for the 2018-2022 period. This agreement is an extension of the previous agreement, and aims at ensuring and modernising the exercise of the four public service missions of La Poste. These missions benefit from the support of the French State, in exchange for which La Poste commits to respecting ambitious quality indicators.

Moreover, the agreement develops the use of citizen commitments to promote the development of a digital society, of local services, and of a sustainable and responsible development.

The French Postal Regulation Act of 20 May 2005 provided *ARCEP* (French relevant Authority) with the power to regulate pricing for the universal postal service on a multi-year basis, after reviewing La Poste's proposals. The Act also confirmed and clarified La Poste's regional development responsibilities.

In the case of the group's banking activities, the French State sets the commission rates on regulated savings products, *i.e. Livret A* passbook savings accounts, sustainable development savings accounts and Popular savings accounts. The change in these rates has a direct impact on La Banque Postale's net banking income.

36.1.2 Relations with public sector companies

La Poste Groupe enters into transactions, under market conditions, with public sector companies in the normal course of its business.

36.2 Relations with consolidated companies

Transactions performed between fully consolidated group companies are eliminated on consolidation and are therefore not discussed in this note.

Transactions with companies consolidated by Caisse des Dépôts group mainly concern transactions carried out with the Savings Funds managed by Caisse des Dépôts and are detailed in the following table:

(in € million)	31/12/2021	31/12/2020
Income	1,082	946
Expenses	(7)	(10)
Accounts receivable	66,115	68,682
Liabilities	452	184

Transactions with other equity associates and joint ventures are not material.

36.3 Remuneration of administration and management bodies

The remuneration of La Poste Groupe senior executives amounted to €5.6 million in total for the year ended 31 December 2021 (€5.8 million in 2020). Senior executives do not benefit from any specific post-employment benefits.

The group's main senior executives are the members of the Executive Committee and the members of the Board of Directors (whose remuneration comprises attendance fees, for the most part paid back to the State or to Caisse des Dépôts, and the salaries of employee representatives). Attendance fees paid in 2021 amounted to €0.3 million (€0.2 million in 2020).

NOTE 37 STRUCTURED ENTITIES

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37.1 Consolidated structured entities

Structured entities are entities that have been designed in such a way that voting rights or similar rights are not the determining factor in establishing who controls the entity; this is particularly the case when the relevant activities are conducted through contractual agreements. Structured entities generally have a specific and well-defined purpose or well-defined activities.

Consolidated structured entities include:

- undertakings for Collective Investments managed by the group's subsidiaries as part of its banking activities or in which the group invests on behalf of policyholders subscribing with group entities as well as on its own behalf;
- securitization Mutual Funds whose units are issued by structured entities whose purpose is to diversify the underlying credit risks and which may be divided into tranches.

37.2 Unconsolidated structured entities

The information presented below concerns structured entities by the group and not controlled. This information has been grouped by entities engaged in similar activities: Securitization, Investment Funds and Other.

Securitization

Securitization transactions include Securitization Mutual Funds and equivalent structures which issue financial instruments that can be subscribed by investors, carry inherent credit risks and can be divided into tranches. Securitization is a financial technique by which traditionally illiquid receivables held by their holders until maturity are transformed into marketable and liquid securities. The purpose of this operation is to:

- allow the transformation of an illiquid portfolio into liquid securities;
- encourage the raising of funds on advantageous terms: refinancing tool;
- improve risk management: mechanism for transferring risk to the investor;
- transfer credit risk and its components (interest rate risk, liquidity risk, etc.) and thus reduce constraints on equity capital;
- facilitate the structuring of the balance sheet (balance sheet management instrument).

Investment funds

This activity consists in responding to investor demand in:

- the fund management. This activity uses structured entities such as undertakings for collective investment or real estate funds and other equivalent structures;
- the investment of insurance premiums received from clients of insurance companies in accordance with the regulatory provisions of the Insurance Code. The investments of the insurance companies make it possible to guarantee the commitments made to policyholders throughout the life of the insurance contracts. Their value and return are correlated to these commitments.

Others

This is a grouping of the rest of the activities.

Interests in non-consolidated structured entities

The group's interest in an unconsolidated structured entity relates to contractual or non-contractual relationships that expose it to a risk of variable returns associated with the performance of this structured entity. The interests may be evidenced in particular by the holding of equity instruments or debt securities, but also by financing, cash credit, credit enhancement, the granting of guarantees or structured derivatives.

The table below provides information by grouping by activity, on a cumulative basis, the exhaustiveness of the entities in which the group has an interest without any particular restriction:

(in € million)	Securitization	Investment funds	Other
Financial assets at fair value through profit or loss	6,177	119,083	435
Hedging derivatives			
Financial assets at fair value through OCI	3		40
Financial assets measured at amortised cost		170	2,773
Total recognized assets to non-consolidated structured entities	**6,180**	**119,253**	**3,248**
Provisions			
Total recognized liabilities to non-consolidated structured entities	**0**	**0**	**0**
Funding commitment		120	836
Commitment given			
Maximum exposure risk of loss	**6,180**	**119,373**	**4,084**
Guarantees received and other credit enhancements			
NET EXPOSURE TO RISK OF LOSS	**6,180**	**119,373**	**4,084**

The maximum exposure to the risk of loss corresponds to the amount of interest recorded on the assets side of the balance sheet and commitments given less provisions for contingencies and losses recorded on the liabilities side, less guarantees received.

The maximum exposure to the risk of loss is generally limited to the units held in the funds, with the exception of funds in which La Banque Postale provides a capital and performance guarantee.

Information on non-consolidated structured entities sponsored by the group.

Are defined as non-consolidated structured entities those funds that are structured by a management company controlled by the group, in particular funds managed by the subsidiary La Banque Postale Asset Management.

A structured entity is deemed to be sponsored by the group if its name incorporates the name of the group or one of its subsidiaries.

Revenues generated by the group on these entities amounted to 98 million euros at 31 December 2021 and are mainly made up of non-recurring commissions.

NOTE 38 OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES

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38.1 Banking activities commitments

The contractual value of commitments given and received as part of La Banque Postale's business activities is as follows:

(in € million)	31/12/2021	31/12/2020
Financing and guarantee commitments and commitments on securities given		
Financing commitments		
● to credit institutions	1,949	1,838
● to customers	26,992	24,053
Guarantee commitments		
● to credit institutions	1,123	980
● to customers[(a)]	1,324	1,650
Commitments on securities to be delivered	17,438	15,135
Financing and guarantee commitments and commitments on securities received		
Financing commitments		
● from credit institutions[(b)]	17,185	15,619
● from customers	400	495
Guarantee commitments		
● from credit institutions	36,937	36,712
● from customers	6,980	6,515
Commitments on securities to be received	216	365
Other commitments given[(b)(c)]	**51,044**	**46,668**
Other commitments received	**27,297**	**27,589**

(a) Includes capital and performance guarantees granted to holders of shares of UCITS managed by group entities.
(b) Of which commitments given (€9,099 million) and received (€702 million) as part of the "3 G" guarantee management arrangement with the Banque de France, which allows banks to jointly manage all collateral relating to their refinancing transactions with Banque de France.
(c) In 2021, this includes commitments of €23,798 million (€21,725 million in 2020) relating to home loans given in guarantees of bonds issued by La Banque Postale Home Loan SFH, the housing financing company of the group.

Commitments related to Crédit Logement

La Poste Groupe has undertaken to maintain Crédit Logement's basic equity, in proportion to its 6% interest, so that Crédit Logement can meet its solvency ratio.

The group has undertaken, where applicable, to replenish Crédit Logement's mutual guarantee fund, which covers borrower default on the loans held on Crédit Logement's books. This commitment, which corresponds to the proportion of loans distributed by La Poste's network, amounted to €184 million as at 31 December 2021 (€197 million as at 31 December 2020).

38.2 Other commitments given

38.2.1 Guarantees and endorsements

Total guarantees and endorsements given amounted to €41 million as at 31 December 2021.

38.2.2 Commitments relating to the acquisition of Seur

Under the shareholders' agreement signed on 10 March 2008 with Seur franchisees who were shareholders in Seur SA, GeoPost granted each shareholder an individual put option with the following terms and conditions:

- sale of all the shares in Seur SA to GeoPost. The group recorded the corresponding debt;
- sale of the shares in the franchises owned.

These options are exercisable over a period of 20 years as from 10 March 2008, subject to the acquisition of a franchise by GeoPost subsequent to this agreement. The purchase obligation guaranteed by GeoPost is subject to an annual ceiling of €100 million.

These options have been in place since the acquisition of the Teruel franchise by GeoPost in March 2009.

38.2.3 Sponsorship

La Poste committed to finance several sponsorship projects for a total amount of €11 million as at 31 December 2021.

38.3 Other commitments received

38.3.1 Guarantees and endorsements

Total guarantees and endorsements received amounted to €82 million as at 31 December 2021, including €65 million for La Poste.

38.3.2 Credit facilities

The group has access to a €1 billion renewable credit facility with a 5-year maturity until March 2023, for which it received commitments from the eleven banks in the banking pool. This facility had not been used as at 31 December 2021.

38.3.3 Property sale commitments

La Poste has entered into property sale commitments that are expected to be completed in 2022 or later. As at 31 December 2021, the commitments received in this respect amounted to €60 million in total.

38.3.4 Liabilities guarantees

As part of it business acquisition transactions, the group was granted by the sellers liabilities guarantees which cannot be precisely estimated, as they depend on trigger thresholds and/or caps.

38.3.5 Non-compete clauses

As part of the acquisition of Seur franchises en Spain and Portugal, the sellers committed to non-compete clauses whose violation would require the sellers to pay compensation in the total amount of €8.5 million.

38.4 Contingent liabilities

The group is not aware of any material risks for which no provision has been recorded in the consolidated financial statements.

NOTE 39 ADDITIONAL DETAILS ON BANKING AND INSURANCE ACTIVITIES

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39.1 La Banque Postale sub-group balance sheet (in banking format)

Assets

(in € million)	31/12/2021	31/12/2020
Cash on hand and at central banks	50,812	1,783
Financial assets at fair value through profit or loss	231,420	195,629
Hedging derivatives	1,022	1,443
Financial assets at fair value through OCI	228,509	230,779
Financial assets classified at amortised cost	23,480	24,018
Loans and receivables – Credit institutions	67,823	114,434
Loans and receivables - Customers	123,117	125,222
Revaluation adjustment on interest-rate hedged portfolios	101	220
Tax assets	831	969
Accruals and other assets	33,268	31,696
Assets held for sale	178	0
Investments in equity associates	948	696
Tangible and intangible assets, and investment properties	9,796	9,149
Net goodwill – Assets	142	142
Elimination of investments	(8,879)	(8,879)
TOTAL	**762,568**	**727,301**

Liabilities

(in € million)	31/12/2021	31/12/2020
Financial liabilities at fair value through profit or loss	4,253	3,279
Hedging derivatives	333	763
Inter-bank and similar transactions: Liabilities to credit institutions	30,393	33,533
Customer transactions	234,584	229,793
Debt evidenced by a certificate	21,693	21,639
Revaluation adjustment on interest-rate hedged portfolios	422	726
Tax liabilities	1,355	1,592
Accruals and sundry liabilities	21,226	21,456
Underwriting reserves of insurance companies	414,398	379,830
Provisions	1,075	1,025
Subordinated debt	10,110	10,187
Non-controlling interests	**11,690**	**13,593**
Equity, Group share	**10,845**	**9,688**
Consolidated reserves and other	10,289	5,567
Net profit/(loss) Group share	556	4,121
Balance of transactions with the rest of the group – Impact on income	0	0
Balance of transactions with the rest of the group – Impact on the balance sheet	193	197
TOTAL	**762,568**	**727,301**

39.2 Banking assets and liabilities by residual maturity

(in € million)	Maturities of under 1 year	Maturities of over 1 year	TOTAL
Assets by residual maturity			
Cash and central bank deposits	50,812	(0)	50,812
Financial assets at fair value through profit or loss	7,774	223,646	231,420
Hedging derivatives	13	1,009	1,022
Financial assets at fair value through OCI	24,616	203,840	228,456
Financial assets classified at amortised cost	1,581	21,899	23,480
Receivables from credit institutions	67,372	451	67,823
Customer loans and receivables	21,908	101,209	123,117
Revaluation adjustment on portfolio interest rate hedging - Assets	0	101	101
Liabilities by residual maturity			
Financial liabilities at fair value through profit or loss	140	4,113	4,253
Hedging derivatives	21	312	333
Liabilities to credit institutions	23,611	6,782	30,393
Liabilities to customers	218,668	15,915	234,584
Debt evidenced by a certificate	8,004	13,689	21,693
Subordinated debt	1,123	8,987	10,110
Revaluation adjustment on portfolio interest rate hedging - Liabilities	0	421	422

39.3 Insurance business investments

(in € million)	31/12/2021	31/12/2020
Financial assets at fair value through profit or loss[(a)]	226,404	187,678
Hedging derivatives	55	0
Financial assets at fair value through OCI[(b)]	216,584	216,883
Financial assets classified at amortised cost	84	155
Investment properties	3,393	3,083
INSURANCE BUSINESS INVESTMENTS	**446,520**	**407,799**

(a) Financial assets at fair value through profit or loss
(b) Financial assets at fair value through recyclable equity

(in € million)	31/12/2021	31/12/2020
Debt instruments	**180,952**	**149,028**
Government securities and similar	4,316	4,744
Bonds and other fixed income securities	20,439	17,523
OPCVM	76,848	62,680
Assets backing unit-linked liabilities	73,742	57,236
Loans and advances	5,607	6,845
Equity instruments	**44,038**	**38,120**
Equity and other variable income securities	39,301	34,049
Assets backing unit-linked liabilities	4,737	4,071
Derivatives	**1,413**	**531**
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**226,403**	**187,679**

	31/12/2021		
(in € million)	**FAIR VALUE**	**IMPAIRMENT**	**UNREALIZED GAINS/LOSSES**
Government securities and similar	121,945	(70)	(1,669)
Bonds and other fixed income securities	94,639	(359)	491
Total debt instruments	216,584	(429)	(1,178)
FINANCIAL ASSETS AT FAIR VALUE THROUGH RECYCLABLE EQUITY	**216,584**	**(429)**	**(1,178)**
Tax	0	0	603
GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY ON DEBT INSTRUMENTS AT FAIR VALUE THROUGH RECYCLABLE EQUITY (NET OF TAX) ON INSURANCE INVESTMENTS			**(575)**

	31/12/2020		
(in € million)	**Fair Value**	**Impairment**	**Unrealized gains/losses**
Government securities and similar	122,018	(56)	1,847
Bonds and other fixed income securities	94,865	(308)	2,017
Total debt instruments	216,883	(364)	3,864
FINANCIAL ASSETS AT FAIR VALUE THROUGH RECYCLABLE EQUITY	**216,883**	**(364)**	**3,864**
Tax	0	0	(815)
GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY ON DEBT INSTRUMENTS AT FAIR VALUE THROUGH RECYCLABLE EQUITY (NET OF TAX) ON INSURANCE INVESTMENTS			**3,049**

39.4 Net income on insurance activities

(in € million)	31/12/2021	31/12/2020
Premiums written	32,849	23,169
Change in unearned premiums reserve	(176)	(169)
Earned premiums	**32,673**	**23,000**
Revenue from other activities	**90**	**135**
Other operating revenue	**14**	**0**
Net investment income	5,289	4,886
Gains and losses on disposal of investments	(1,209)	(2,180)
Change in fair value of financial assets at fair value through profit or loss	10,457	526
Change in impairment losses on financial instruments	(68)	(333)
Impact of the overlay approach	(1,074)	(679)
Investment income before finance costs	**13,396**	**2,221**
Income from ordinary activities	**46,173**	**25,356**
Claims and benefits expenses	(39,215)	(21,042)
Reinsurance result	205	120
Expenses of other businesses	5	(1)
Acquisition costs	(4,013)	(3,286)
Amortisation of value of in-Force business and distribution agreements	(552)	(431)
Contract administration expenses	(285)	(246)
Other recurring operating income and expense net	(489)	(455)
Total other recurring operating income and expense net	**(44,345)**	**(25,340)**
Recurring operating profit	**1,828**	**16**
Other non-recurring operating income and expense, net	(4)	(28)
Operating profit	**1,823**	**(12)**
Finance costs	(99)	(56)
Change in fair value of intangible assets	(122)	(11)
Share of profit of equity-accounted companies	88	688
Change in value of acquisition purchases	0	4,578
Income tax expense	(469)	(420)
NET PROFIT FOR THE PERIOD	**1,222**	**4,767**
Non-controlling interests	**474**	**491**
Net profit attributable to owners of the parent	**748**	**4,276**

39.5 Impact of the overlay approach

The net impact of the overlay approach by type of financial asset is detailed as follows:

	31/12/2021				31/12/2020			
(in € million)	BOOK VALUE	IMPACT OVERLAY BRUT	DEFERRED TAX	IMPACT OVERLAY NET	Book Value	Impact Overlay brut	Deferred tax	Impact Overlay net
OPCVM	46,964	131	(32)	99	45,751	152	(6)	146
Equity and other variable income securities	33,598	943	(56)	887	29,263	529	(172)	357
Bonds	6,160	(9)	2	(7)	6,230	(4)	(41)	(46)
Others financial assets	18,559	9	36	45	19,028	2	6	8
TOTAL	**105,281**	**1,074**	**(50)**	**1,024**	**100,272**	**679**	**(213)**	**465**

The impacts of the overlay approach on the income statement are detailed as follows:

	31/12/2021			31/12/2020		
(in € million)	IAS 39	IFRS 9	IMPACT OVERLAY	IAS 39	IFRS 9	Impact Overlay
Net banking income excluding Overlay	51	1,125	-	(68)	611	0
Impact Overlay	-	-	(1,074)	0	0	(679)
Net banking income	**51**	**1,125**	**(1,074)**	**(68)**	**611**	**(679)**
Deferred tax	(25)	(75)	50	16	(198)	214
TOTAL	**26**	**1,050**	**(1,024)**	**(52)**	**413**	**(465)**

NOTE 40 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

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40.1 Reconciliation between net profit/(loss) and cash flows from operating activities before the cost of net financial debt and tax

(in € million)	Note	2021	2020
Consolidated net profit/(loss) for Industrial and Commercial activities		1,556	(1,993)
Share in profits of equity associates		23	14
Unrealised gains and losses on fair value adjustments (excluding Banking activities)		(7)	(0)
Gains and losses on disposal (including dilution)		(47)	(2)
Net changes in provisions		6	90
Depreciation, amortisation and impairment	40.2	800	2,539
Other non-cash income and expenses		(24)	(77)
Operating cash flow after the cost of net financial debt and tax		2,307	570
Cost of net financial debt[(a)]		240	234
Corporation tax (including deferred taxes)		27	413
TOTAL INDUSTRIAL AND COMMERCIAL ENTITIES OF THE GROUP		**2,574**	**1,217**
Contribution of banking and insurance activities (see EBITDA, Note 40.10)		2,820	2,947
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE COST OF NET DEBT AND TAXES		**5,394**	**4,163**

(a) Excluding change in unrealised gains and losses on fair value adjustments.

40.2 Depreciation, amortisation and impairment

(in € million)	2021	2020
Additions to and reversals of amortisation of operating profit/(loss)	800	2,506
Additions to and reversals of amortisation of financial profit/(loss)	(3)	0
Impairment of goodwill	3	33
TOTAL	**800**	**2,539**

40.3 Change in working capital requirement

(in € million)	2021	2020
Change in inventories and work-in-progress	31	(65)
Change in operating receivables	(486)	(591)
Change in operating payables and other operating assets and liabilities	11	1,106
TOTAL	**(444)**	**450**

40.4 Change in balance of banking sources and uses

(in € million)	2021	2020
Change in financial assets at fair value through profit or loss	(22,361)	(6,742)
Change in financial hedging derivatives	471	119
Change in financial assets at fair value through OCI	16,367	1,992
Change in securities classified at amortised cost	539	4,179
Change in credit institutions loans and receivables at amortised cost	5,711	1,186
Change in customer loans and receivables at amortised cost	2,079	(9,006)
Change in revaluation adjustment on hedged portfolios -fair value hedges	119	(13)
Change in other financial assets and accrual accounts	(314)	597
Change in investment property	(438)	81
Change in financial liabilities at fair value through profit or loss	(12,639)	(9,491)
Change in financial hedging derivatives	(494)	93
Change in liabilities to credit institutions and similar transactions	(2,912)	2,922
Change in liabilities to customers	4,633	26,291
Change in debt evidenced by a certificate	54	(2,100)
Change in revaluation adjustment on hedged portfolios -fair value hedges	(304)	(113)
Change in other financial liabilities and accrual accounts	11,420	8,038
Change in specific provisions for the insurance and Banking activities and shadow accounting	6,980	4,999
TOTAL	**8,911**	**23,033**

40.5 Outflows for acquisitions of tangible, intangible assets and investment property

(in € million)	2021	2020
Acquisitions of intangible assets	(587)	(3,578)
Acquisitions of tangible assets	(1,144)	(910)
Acquisitions of investment property	0	(185)
Change in payables to suppliers of non-current assets	(17)	25
TOTAL	**(1,747)**	**(4,649)**

40.6 Proceeds from new borrowings

(in € million)	2021	2020
Bonds	2,226	1,799
Commercial paper	725	1,039
Other borrowings and similar debt	1,875	1,756
TOTAL	**4,826**	**4,594**

40.7 Redemption of borrowings

(in € million)	2021	2020
Bonds	(1,000)	0
Borrowings from credit institutions	(25)	(24)
La Poste savings bonds	(1)	(1)
Commercial paper	(725)	(1,039)
Borrowings on finance leases	0	0
Other borrowings and similar debt	(1,789)	(1,578)
TOTAL	**(3,540)**	**(2,641)**

40.8 Other cash flows from financing activities

(in € million)	2021	2020
Collection of deposits and guarantees received	17	7
Repayment of deposits and guarantees received	(5)	(46)
Other	(6)	(32)
TOTAL	**6**	**(72)**

40.9 Change in net cash from banking activities

(in € million)	Note	2021	2020
Opening cash and central bank deposits (assets)		1,783	22,412
Sight loans and receivables - credit institutions (assets)		43,652	372
Sight loans and receivables - credit institutions (liabilities)		(1,181)	(1,178)
Opening		44,254	21,607
Closing cash and central bank deposits (assets)	24.2	50,812	1,783
Sight loans and receivables - credit institutions (assets)	22.5	2,261	43,652
Sight loans and receivables - credit institutions (liabilities)	31.3	(1,065)	(1,181)
Closing		52,008	44,254
NET DECREASE (INCREASE) IN CASH AND CASH EQUIVALENTS FROM BANKING ACTIVITIES		**7,753**	**22,648**
Of which impact of changes in consolidation scope		298	1,439
NET DECREASE (INCREASE) IN CASH AND CASH EQUIVALENTS FROM BANKING ACTIVITIES ON THE BALANCE SHEET BEFORE IMPACT OF CHANGES IN CONSOLIDATION SCOPE		**7,455**	**21,208**

40.10 Transition from Operating profit to EBITDA

		2021			2020		
		GROUP	NON-BANKING	BANKING AND INSURANCE ACTIVITIES	Group	Non-banking	Banking and insurance activities
Operating profit/(loss) before share in results of joint ventures	(a)	3,431	1,808	1,624	3,149	(1,327)	4,476
Of which non-cash movements to neutralize:							
Share in profit of joint ventures	(a)	87	(2)	89	41	(7)	48
Impact of takeover of CNP Assurances		0	0	0	3,007	0	3,007
Impairment, net depreciation of assets and net amortisation included in net banking income	(b)	(379)	0	(379)	(441)	0	(441)
Change in employee provisions	Note 9	15	23	(8)	(106)	(102)	(4)
Depreciation, amortisation, provisions and impairment	(a)	(1,772)	(859)	(912)	(3,736)	(2,572)	(1,165)
Proceeds from asset disposals	(a)	23	22	1	84	2	81
Revenue recorded following an acquisition of control	Note 12	18	18	0	76	76	0
Other		17	4	13	(2)	1	(3)
EBITDA	CFS	5,422	2,602	2,820	4,226	1,274	2,953
Reinstatement of change in provisions for current assets and irrecoverable (non banking activities)	(c)	(29)	(29)	0	(52)	(52)	0
Miscellaneous financial income and expenses		(0)	(0)	0	(11)	(5)	(6)
Cash flows from operating activities before cost of net debt and taxes	CFS	5,394	2,574	2,820	4,163	1,217	2,947

(a) See the Consolidated income statement.
(b) Of which €349 million of depreciation related to an intangible asset – customer relationship.
(c) Change in provisions for current assets and irrecoverable of non banking activities are non-cash movements excluded from the calculation of EBITDA. In accordance with the ANC's recommendation on the financial statements of industrial and commercial companies, these movements are neutralized on the line "Change in working capital requirement", hence their reintegration after EBITDA for the calculation of cash flow before cost of net financial debt and tax. This restatement is no longer carried out for banking activities.

NOTE 41 FEES PAID TO THE STATUTORY AUDITORS

Pursuant to Decree No. 2008-1487 of 30 December 2008, the fees paid to the Statutory Auditors recognised by La Poste and its consolidated companies in the income statement are set out below.

2021

(€ million excl. tax)	KPMG	%	MAZARS	%
Statutory audit, certification, review of separate and consolidated financial statements				
● parent company	0.6	5%	0.5	6%
● fully consolidated subsidiaries	6.4	58%	3.4	40%
	6.9	**63%**	**3.9**	**46%**
Service other than Statutory Auditor's assignment				
● parent company	0.2	2%	0.0	0%
● fully consolidated subsidiaries	3.9	35%	4.5	54%
	4.1	**37%**	**4.5**	**54%**
TOTAL	**11.0**	**100%**	**8.4**	**100%**

2020

(€ million excl. tax)	KPMG	%	PWC	%
Statutory audit, certification, review of separate and consolidated financial statements				
● parent company	0.7	8%	0.7	10%
● fully consolidated subsidiaries	5.4	64%	5.4	76%
	6.1	**72%**	**6.1**	**86%**
Service other than Statutory Auditor's assignment				
● parent company	0.4	5%	0.2	2%
● fully consolidated subsidiaries	2.0	23%	0.8	12%
	2.4	**28%**	**1.0**	**14%**
TOTAL	**8.5**	**100%**	**7.1**	**100%**

The services provided by Mazars are as follows: statements and agreed procedures, letters of comfort relating to EMTN programme updates or bond issues, training, assessments of internal control procedures, information systems, limited reviews, translation reviews and technical consultations.

The services provided by KPMG are as follows: statements and agreed procedures, letters of comfort to EMTN programme updates or bond issues, assessments of internal control procedures, accounting consultations, and assessments of employment, environmental and social data or indicators.

NOTE 42 POST-BALANCE SHEET EVENTS

Business combinations

Within the GeoPost branch, the group took control in January 2022 of the company CitySprint, the UK's premier same day delivery company. In 2021, this company represents an estimated turnover volume between £150 and £160 million.

NOTE 43 SCOPE OF CONSOLIDATION

		% of interest		% of control		Method of consolidation	
Company	**Country**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**
CONSOLIDATING COMPANY							
La Poste							
9 rue du Colonel Pierre Avia							
75757 PARIS CEDEX 15							
SERVICES-MAIL-PARCELS SEGMENT							
Adimmo	France	52.54	52.54	99.90	99.90	FC	FC
Adir Assistance	France	52.60	0.00	100.00	0.00	FC	
Age d'or Expansion	France	0.00	100.00	0.00	100.00		FC
Aliséo	France	52.60	0.00	100.00	0.00	FC	
Asten Santé	France	52.60	52.60	52.60	52.60	FC	FC
Asten Santé à domicile (Ex Asten Est)	France	52.60	52.60	100.00	100.00	FC	FC
Axeo Developpement	France	76.00	100.00	100.00	100.00	FC	FC
AXEO Partenariats Pro Services (P.P.S)	France	76.00	100.00	100.00	100.00	FC	FC
Axeo Pro Services	France	76.00	100.00	100.00	100.00	FC	FC
Axeo Services	France	76.00	100.00	100.00	100.00	FC	FC
Bien être à la carte (BEAC) (ex EAP France)	France	100.00	100.00	100.00	100.00	FC	FC
BlueSom	France	52.06	52.06	99.00	99.00	FC	FC
Budget Box	France	100.00	100.00	100.00	100.00	FC	FC
Cassiop	France	100.00	100.00	100.00	100.00	FC	FC
Coordination Axeo	France	76.00	100.00	100.00	100.00	FC	FC
Creat Direct	Romania	100.00	100.00	100.00	100.00	FC	FC
Diadom SAS	France	100.00	100.00	100.00	100.00	FC	FC
Economie d'Energie	France	75.68	97.65	100.00	100.00	FC	FC
Edenext	France	75.68	97.65	75.68	97.65	FC	FC
E-SY COM	France	0.00	91.10	0.00	91.10		FC
Ethic Santé	France	100.00	0.00	100.00	0.00	FC	
Financière Axeo	France	76.00	100.00	76.00	100.00	FC	FC
Fluow	France	51.00	51.00	51.00	51.00	FC	FC

		% of interest		% of control		Method of consolidation	
Company	**Country**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**
Geoptis	France	100.00	100.00	100.00	100.00	FC	FC
H2AD	France	50.82	50.82	96.64	96.64	FC	FC
Help Confort	France	72.20	100.00	95.00	100.00	FC	FC
Help Confort ST Nazaire	France	76.00	100.00	100.00	100.00	FC	FC
IM Santé	France	100.00	100.00	100.00	100.00	FC	FC
Inbox Marketing	Romania	99.97	99.97	99.97	99.97	FC	FC
Innovagency	Portugal	75.77	100.00	75.77	100.00	FC	FC
Innovagency Resources	Portugal	75.77	0.00	100.00	0.00	FC	
Interactions Marketing	Romania	95.00	95.00	95.00	95.00	FC	FC
Isoskèle	France	100.00	0.00	100.00	0.00	FC	
Isoskèle (ex Cabestan)	France	100.00	100.00	100.00	100.00	FC	FC
Isoskèle Factory	France	100.00	100.00	100.00	100.00	FC	FC
La Poste E-éducation	France	100.00	100.00	100.00	100.00	FC	FC
La Poste Nouveaux services	France	100.00	100.00	100.00	100.00	FC	FC
La Poste Santé	France	100.00	100.00	100.00	100.00	FC	FC
La Poste Silver	France	100.00	100.00	100.00	100.00	FC	FC
Matching	France	83.76	83.76	83.76	83.76	FC	FC
Media Presse	France		25.00		25.00		EM
Mediapost Distribuiçao Postal	Portugal	100.00	100.00	100.00	100.00	FC	FC
Mediapost Espagne SL	Spain	100.00	100.00	100.00	100.00	FC	FC
Mediapost Hit Mail	Romania	100.00	100.00	100.00	100.00	FC	FC
Mediapost Hit Mail Bulgaria	Bulgaria	100.00	100.00	100.00	100.00	FC	FC
Mediapost Holding	France	100.00	100.00	100.00	100.00	FC	FC
Mediapost SAS	France	100.00	100.00	100.00	100.00	FC	FC
Mediapost SGPS	Portugal	100.00	100.00	100.00	100.00	FC	FC
Metrica	Bulgaria	60.00	60.00	60.00	60.00	FC	FC
Mobile Marketing	Romania	95.00	0	95.00	0	FC	
MSCM2	France	50.82	50.82	100.00	100.00	FC	FC
Neolog	France	100.00	100.00	100.00	100.00	FC	FC
Nouveal	France	66.00	66.00	66.00	66.00	FC	FC
Nouvelle Attitude	France	100.00	100.00	100.00	100.00	FC	FC
Nutrimédical	France		52.60		100.00		FC
Organisme Formation Services	France	76.00	100.00	100.00	100.00	FC	FC
Paramédical de la Plaine	France	52.60	0	100.00	0	FC	
Proximy	France	25.00	0	25.00	0	EM	
Recygo	France	51.00	51.00	51.00	51.00	FC	FC
S2A Oxygène	France	52.59	52.59	100.00	100.00	FC	FC
S2A Santé	France	52.60	0	100.00	0	FC	
Sadimmo	France	47.33	47.33	90.00	90.00	FC	FC
Sadir Assistance	France	52.60	0	100.00	0	FC	

		% of interest		% of control		Method of consolidation	
Company	**Country**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**
SCI STP Immo	France	100.00	100.00	100.00	100.00	FC	FC
SMP	France	100.00	100.00	100.00	100.00	FC	FC
Sogec Datamark Services	France	100.00	0	100.00	0	FC	
Sogec Gestion	France	100.00	100.00	100.00	100.00	FC	FC
Sogec Informatique	France	100.00	100.00	100.00	100.00	FC	FC
Sogec Marketing	France	100.00	100.00	100.00	100.00	FC	FC
Sogefinad	France	100.00	100.00	100.00	100.00	FC	FC
Somepost	France	100.00	100.00	100.00	100.00	FC	FC
STP SA	France	100.00	100.00	100.00	100.00	FC	FC
Tikeasy	France	100.00	100.00	100.00	100.00	FC	FC
TimeOne – Group	France	0	100.00	0	100.00		FC
TimeOne – LMT	France	0	100.00	0	100.00		FC
TimeOne - Media buying	France	0	100.00	0	100.00		FC
TimeOne - Performance	France	0	100.00	0	100.00		FC
TimeOne – Publishing	France	0	100.00	0	100.00		FC
Vertical Mail	France	100.00	0	100.00	0	FC	
Viapost Maintenance	France	100.00	100.00	100.00	100.00	FC	FC
Viapost SAS	France	100.00	100.00	100.00	100.00	FC	FC
Viapost transport Management	France	100.00	100.00	100.00	100.00	FC	FC
GEOPOST SEGMENT							
GeoPost SA	France	100.00	100.00	100.00	100.00	FC	FC
360° Services SAS	France	100.00	100.00	100.00	100.00	FC	FC
A52 Warehouse Inc.	Canada	32.31	32.31	50.00	50.00	FC	FC
ACP Global Forwarding	Poland	100.00	100.00	100.00	100.00	FC	FC
Alas Courier, S.L.	Spain	48.00	100.00	48.00	100.00	EM	FC
Alolomer, S.L.U.	Spain	0.00	24.04	0.00	25.00		EM
Alturing	France	100.00	100.00	100.00	100.00	FC	FC
Andalupaq Express, S.L.	Spain	0.00	100.00	0.00	100.00		FC
Aramex PJSC	United Arab Emirates	0.00	24.93	0.00	24.93		EM
Armadillo Holding GmbH	Germany	100.00	100.00	100.00	100.00	FC	FC
Asendia Austria GmbH	Austria	60.00	60.00	100.00	100.00	FC	FC
Asendia Benelux B.V.	Pays Bas	60.00	60.00	100.00	100.00	FC	FC
Asendia Germany GmbH	Germany	60.00	60.00	100.00	100.00	FC	FC
Asendia Holding AG	Switzerland	60.00	60.00	60.00	60.00	FC	FC
Asendia Honk Kong Ltd	Hong Kong	60.00	60.00	100.00	100.00	FC	FC
Asendia Italy S.p.A.	Italy	60.00	60.00	100.00	100.00	FC	FC
Asendia Mgmt SAS	France	60.00	60.00	100.00	100.00	FC	FC
Asendia Mgmt SAS, branch Bern	Switzerland	60.00	60.00	100.00	100.00	FC	FC
Asendia Nordic AB	Sweden	60.00	60.00	100.00	100.00	FC	FC

		% of interest		% of control		Method of consolidation	
Company	Country	2020	2021	2020	2021	2020	2021
Asendia Norway A/S	Norway	60.00	60.00	100.00	100.00	FC	FC
Asendia Oceania AU	Australia	60.00	60.00	100.00	100.00	FC	FC
Asendia Oceania NZ	New Zeland	60.00	60.00	100.00	100.00	FC	FC
Asendia Opérations (SCL)	Germany	60.00	60.00	100.00	100.00	FC	FC
Asendia Opérations Verwaltung GmbH	Germany	60.00	60.00	100.00	100.00	FC	FC
Asendia Press Edigroup SA	Switzerland	60.00	60.00	100.00	100.00	FC	FC
Asendia Press EDS AG	Switzerland	60.00	0.00	100.00	0.00	FC	
Asendia Singapore	Singapore	60.00	60.00	100.00	100.00	FC	FC
Asendia Spain S.L.	Spain	60.00	60.00	100.00	100.00	FC	FC
Asendia UK Ltd	United Kingdom	60.00	60.00	100.00	100.00	FC	FC
Asendia USA	United States	60.00	60.00	100.00	100.00	FC	FC
Beijing Linehaul Express Co Ltd.	China	64.63	64.63	100.00	100.00	FC	FC
Bio Cair Forwarding International Co Ltd	China	100.00	100.00	100.00	100.00	FC	FC
Biocair Asia Limited	Hong Kong	100.00	100.00	100.00	100.00	FC	FC
Biocair Australia PTY Ltd	Australia	100.00	100.00	100.00	100.00	FC	FC
Biocair Belgium	Belgium	100.00	100.00	100.00	100.00	FC	FC
Biocair Customs Brokerage LLC	United States	100.00	100.00	100.00	100.00	FC	FC
Biocair Germany GmbH	Germany	100.00	100.00	100.00	100.00	FC	FC
Biocair Inc.	United States	100.00	100.00	100.00	100.00	FC	FC
Biocair International Ltd	United Kingdom	100.00	100.00	100.00	100.00	FC	FC
Biocair Singapore Pte Ltd	Singapore	100.00	100.00	100.00	100.00	FC	FC
Biocair South Africa (Pty) Ltd	South Africa	100.00	100.00	100.00	100.00	FC	FC
Bloomsburys Gmbh	Germany	100.00	100.00	100.00	100.00	FC	FC
BK Logistics Group B.V.	Netherlands		100.00		100.00		FC
BK Pharma Logistics B.V.	Netherlands		100.00		100.00		FC
BK Sneltransport B.V.	Netherlands		100.00		100.00		FC
BTB Mailflight	United Kingdom	60.00	60.00	100.00	100.00	FC	FC
BTB Mailflight Holding	United Kingdom	60.00	60.00	100.00	100.00	FC	FC
Buy Online GmbH	Germany	100.00	0.00	100.00	0.00	FC	
Caledonie express	France	60.00	60.00	60.00	60.00	EM	EM
Cargonet Software SARL	France	0.00	100.00	0.00	100.00		FC
Central de Mensajeros Logística 2008, S.L.	Spain	0.00	100.00	0.00	100.00		FC
Chrono Diali	Morocco	0.00	49.00	0.00	49.00		EM
Chronofresh SAS	France	100.00	100.00	100.00	100.00	FC	FC
Chronopost (Mauritius) Ltd	Mauritius	69.00	75.00	75.00	75.00	FC	FC
Chronopost SAS	France	100.00	100.00	100.00	100.00	FC	FC
CI Algérie	Algeria	100.00	100.00	100.00	100.00	FC	FC

		% of interest		% of control		Method of consolidation	
Company	**Country**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**
CI Burkina	Burkina Faso	40.00	40.00	40.00	40.00	EM	EM
CI Côte d'ivoire	Ivory Coast	50.00	50.00	50.00	50.00	FC	FC
CI Maroc	Morocco	34.00	34.00	34.00	34.00	EM	EM
Customs Clearance Ltd.	United Kingdom	64.63	64.63	100.00	100.00	FC	FC
Delifresh IDF	France	100.00	100.00	100.00	100.00	FC	FC
Direct Parcel Distribution CZ s.r.o.	Czech Republic	100.00	100.00	100.00	100.00	FC	FC
Direct Parcel Distribution SK s.r.o.	Slovakia	100.00	100.00	100.00	100.00	FC	FC
DPD (UK) Ltd	United Kingdom	100.00	100.00	100.00	100.00	FC	FC
DPD Austria	Austria	25.57	25.57	25.57	25.57	EM	EM
DPD Bel FLLC	Belarus	100.00	100.00	100.00	100.00	FC	FC
DPD Belgium	Belgium	100.00	100.00	100.00	100.00	FC	FC
DPD Croatia	Croatia	100.00	100.00	100.00	100.00	FC	FC
DPD CZ s.r.o.	Czech Republic	100.00	0.00	100.00	0.00	FC	
DPD Deutschland GmbH	Germany	100.00	100.00	100.00	100.00	FC	FC
DPD Eesti AS	Estonia	100.00	100.00	100.00	100.00	FC	FC
DPD Eurasia LLC	Uzbekistan	100.00	100.00	100.00	100.00	FC	FC
DPD France SAS	France	100.00	100.00	100.00	100.00	FC	FC
DPD fresh BeLux BV	Belgium	100.00	100.00	100.00	100.00	FC	FC
DPD Group International Services GmbH	Germany	100.00	100.00	100.00	100.00	FC	FC
DPD HK Ltd. (ex RPX Ltd.)	Hong Kong	64.63	64.63	100.00	100.00	FC	FC
DPD Hungaria kft	Hungary	100.00	100.00	100.00	100.00	FC	FC
DPD Immobilien GmbH & Co. KG	Germany	0.00	100.00	0.00	100.00		FC
DPD Immobilienverwaltung GmbH	Germany	0.00	100.00	0.00	100.00		FC
DPD Ireland	Ireland	100.00	100.00	100.00	100.00	FC	FC
DPD Kazakhstan LLP	Kazakhstan	100.00	100.00	100.00	100.00	FC	FC
DPD Laser	South Africa	75.00	75.00	75.00	75.00	FC	FC
DPD Latvija SIA	Latvia	100.00	100.00	100.00	100.00	FC	FC
DPD Lietuva UAB	Lithuania	100.00	100.00	100.00	100.00	FC	FC
DPD Local UK Ltd	United Kingdom	100.00	100.00	100.00	100.00	FC	FC
DPD Luxembourg	Luxembourg	100.00	100.00	100.00	100.00	FC	FC
DPD Netherlands	Netherlands	100.00	100.00	100.00	100.00	FC	FC
DPD Polska	Poland	100.00	100.00	100.00	100.00	FC	FC
DPD Portugal	Portugal	100.00	100.00	100.00	100.00	FC	FC
DPD Romania S.A.	Romania	0.00	69.81	0.00	100.00		FC
DPD RUS	Russia	86.80	86.80	100.00	100.00	FC	FC
DPD Schweiz	Switzerland	100.00	100.00	100.00	100.00	FC	FC
DPD Service GmbH	Germany	100.00	100.00	100.00	100.00	FC	FC
DPD SK s.r.o.	Slovekia	100.00	0.00	100.00	0.00	FC	

		% of interest		% of control		Method of consolidation	
Company	Country	2020	2021	2020	2021	2020	2021
DPD Slovenia	Slovenia	100.00	100.00	100.00	100.00	FC	FC
DPDgroup IT Solutions	Poland	100.00	100.00	100.00	100.00	FC	FC
DPDgroup IT Solutions Hungary Kft	Hungary	100.00	100.00	100.00	100.00	FC	FC
DPDgroup UK Ltd	United Kingdom	100.00	100.00	100.00	100.00	FC	FC
DS Russia GmbH & Co. Asset KG	Germany	86.80	86.80	86.80	86.80	FC	FC
DS Russia GP GmbH	Germany	100.00	100.00	100.00	100.00	FC	FC
DS Russia Management GmbH	Germany	88.80	88.80	88.80	88.80	FC	FC
DTDC	India	42.52	42.52	42.52	42.52	EM	EM
Dynamic Parcel Distribution Ltd	United Kingdom	100.00	100.00	100.00	100.00	FC	FC
Dynapresse Marketing SA	Switzerland	60.00	60.00	100.00	100.00	FC	FC
Epicery SAS	France		87.47		87.47		FC
EVOL BORDEAUX	France	60.00	60.00	100.00	100.00	FC	FC
EVOL CENTRE	France	0.00	60.00	0.00	100.00		FC
EVOL CLERMONT FERRAND	France	60.00	60.00	100.00	100.00	FC	FC
EVOL GRENOBLE	France	49.80	49.80	100.00	100.00	FC	FC
EVOL LILLE	France	60.00	60.00	100.00	100.00	FC	FC
EVOL LORRAINE	France	0.00	60.00	0.00	100.00		FC
EVOL LYON	France	60.00	60.00	100.00	100.00	FC	FC
EVOL MARSEILLE AIX TOULON	France	60.00	60.00	100.00	100.00	FC	FC
EVOL MONTPELLIER	France	60.00	60.00	100.00	100.00	FC	FC
EVOL NANTES	France	60.00	60.00	100.00	100.00	FC	FC
EVOL NICE	France	60.00	60.00	100.00	100.00	FC	FC
EVOL PARIS	France	60.00	60.00	100.00	100.00	FC	FC
EVOL RENNES	France	0.00	60.00	0.00	100.00		FC
EVOL ROUEN	France	0.00	60.00	0.00	100.00		FC
EVOL SAINT ETIENNE	France	60.00	0.00	100.00	0.00	FC	
EVOL STRASBOURG	France	0.00	60.00	0.00	100.00		FC
EVOL TOULOUSE	France	60.00	60.00	100.00	100.00	FC	FC
Express Delivery Services	France	52.58	52.58	52.58	52.58	FC	FC
FB On Board Courier Services Inc.	Canada	7.11	7.11	11.00	11.00	EM	EM
FermoPoint S.r.l.	Italy	50.98	50.98	60.00	60.00	FC	FC
Flap Locadora e Trans. Ltda.	Brazil	98.00	98.00	98.00	98.00	FC	FC
Forwarder Line Logistik	Liechtenstein	100.00	100.00	100.00	100.00	FC	FC
GeoPost Americas	United States	100.00	100.00	100.00	100.00	FC	FC
GeoPost Bulgaria EOOD	Bulgaria	0.00	69.81	0.00	100.00		FC
GeoPost Espana, S.L.	Spain	100.00	100.00	100.00	100.00	FC	FC
GeoPost Holdings Ltd	United Kingdom	100.00	100.00	100.00	100.00	FC	FC

		% of interest		% of control		Method of consolidation	
Company	**Country**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**
GeoPost Intermediate Holdings	United Kingdom	100.00	100.00	100.00	100.00	FC	FC
GeoPost Ireland Limited	Ireland	100.00	100.00	100.00	100.00	FC	FC
GeoPost Trans EOOD	Bulgaria	0.00	69.81	0.00	100.00		FC
GLPU	France	100.00	100.00	100.00	100.00	FC	FC
GP IMDH GmbH (ex GeoPost IMDH GmbH)	Germany	100.00	100.00	100.00	100.00	FC	FC
Gruppo BRT	Italy	84.96	84.96	84.96	84.96	FC	FC
Hubez HK Ltd	Hong Kong	0.00	64.63	0.00	100.00		FC
Iloxx GmbH	Germany	100.00	100.00	100.00	100.00	FC	FC
Interlink Express Parcels Ltd	United Kingdom	100.00	100.00	100.00	100.00	FC	FC
Interlink Express Plc	United Kingdom	100.00	100.00	100.00	100.00	FC	FC
Jadlog Logística Ltda	Brazil	98.00	98.00	98.00	98.00	FC	FC
JLGP Brasil Participações Ltda	Brazil	100.00	100.00	100.00	100.00	FC	FC
Jumbo Glory Ltd.	Hong Kong	33.02	0.00	51.10	0.00	FC	
Keyopstech	France	95.00	95.00	95.00	95.00	FC	FC
Keyopstech Ivoire SARL	Ivory Coast	95.00	95.00	100.00	100.00	FC	FC
Keyopstech Sénégal SARL	Senegal	95.00	95.00	100.00	100.00	FC	FC
KOT Ivoire SAS	France	95.00	0.00	100.00	0.00	FC	
La Poste Global Mail	France	100.00	100.00	100.00	100.00	FC	FC
La Poste IMS	France	60.00	60.00	100.00	100.00	FC	FC
Latin America eCommerce Direct, S.A. de C.V.	Mexico	30.06	60.00	100.00	100.00	FC	FC
Lenton Group Ltd	Hong Kong	64.63	64.63	64.63	64.63	FC	FC
Linehaul Express (Cambodia) Co. Ltd.	Cambodia	16.16	16.16	25.00	25.00	EM	EM
Linehaul Express (HK) Ltd.	Hong Kong	64.63	64.63	100.00	100.00	FC	FC
Linehaul Express (India) Private Ltd.	India	64.63	64.63	100.00	100.00	FC	FC
Linehaul Express (NZ) Ltd.	New Zealand	32.96	0.00	51.00	0.00	FC	
Linehaul Express (Shenzhen) Ltd.	China	64.63	64.63	100.00	100.00	FC	FC
Linehaul Express (Taiwan) Ltd.	Taïwan	64.63	64.63	100.00	100.00	FC	FC
Linehaul Express (Thailand) Co. Ltd.	Thaïland	32.31	32.31	50.00	50.00	FC	FC
Linehaul Express (Yiwu) Ltd	China	0.00	64.63	0.00	100.00		FC
Linehaul Express (Zhengzhou) Ltd.	China	48.79	48.79	75.50	75.50	FC	FC
Linehaul Express Co. Ltd.	Canada	64.63	64.63	100.00	100.00	FC	FC
Linehaul Express France SARL	France	64.63	64.63	100.00	100.00	FC	FC
Linehaul Express Korea Ltd.	Republic of Korea	32.96	0.00	51.00	0.00	FC	
Linehaul Express LLC	United Arab Emirates	64.63	64.63	100.00	100.00	FC	FC
Linehaul Express Ltd.	United Kingdom	64.63	64.63	100.00	100.00	FC	FC

		% of interest		% of control		Method of consolidation	
Company	**Country**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**
Linehaul Express Singapore Pte Ltd. (ex Universal Courier Express Pte Ltd)	Singapore	32.96	64.63	51.00	100.00	FC	FC
Linehaul Mac Express (Private) Ltd.	Sri Lanka	32.31	32.31	50.00	50.00	FC	FC
Linex Air Services (Private) Ltd.	South Africa	64.63	64.63	100.00	100.00	FC	FC
Linex Air Services Pty Ltd.	Australia	64.63	0.00	100.00	0.00	FC	
Linex Corporation	Philippines	38.78	38.78	60.00	60.00	FC	FC
Linex Inc.	United States	64.63	64.63	100.00	100.00	FC	FC
Linex Nankai JP Co, Ltd.	Japan	38.78	38.78	60.00	60.00	FC	FC
LUDEV	France	60.00	60.00	60.00	60.00	FC	FC
LWW South Africa	South Africa	100.00	0.00	100.00	0.00	FC	
Madripaq Servicios, S.L.	Spain	24.00	100.00	24.00	100.00	EM	FC
Mail Plus Ltd	United Kingdom	100.00	100.00	100.00	100.00	FC	FC
Menexpres, S.A.	Spain	100.00	100.00	100.00	100.00	FC	FC
Ninja Logistics Pte. Ltd	Singapore	36.60	43.27	36.60	43.27	EM	EM
North America Direct, Inc.	United States	30.06	60.00	100.00	100.00	FC	FC
OMG Mobile EOOD	Bulgaria	0.00	69.81	0.00	100.00		FC
Packcity France	France	25.00	0.00	25.00	0.00	EM	
Packcity GeoPost	France	50.50	34.00	34.00	34.00	EM	EM
Parceline Ltd	United Kingdom	100.00	100.00	100.00	100.00	FC	FC
ParcelLock GmbH	Germany	50.00	50.00	50.00	50.00	EM	EM
PickPoint (Russia) LLC	Russia	29.06	48.95	29.06	48.95	EM	EM
Pickpoint Delivery System Ltd. (Cyprus)	Cyprus	29.06	48.95	29.06	48.95	EM	EM
Pickup At Home	France	0.00	100.00	0.00	100.00		FC
Pickup Logistics	France	100.00	100.00	100.00	100.00	FC	FC
Pickup Personal Services	France	95.00	95.00	95.00	95.00	FC	FC
Pickup Services	France	100.00	100.00	100.00	100.00	FC	FC
Pie Mapping Software Ltd	United Kingdom	100.00	100.00	100.00	100.00	FC	FC
Pour de bon	France	46.76	44.89	46.76	44.89	EM	EM
PT Linehaul Express Indonesia	Indonesia	25.85	25.85	40.00	40.00	EM	EM
Pudo Portugal S.A.	Portugal	0.00	25.00	0.00	25.00		EM
Rapido Express and Logistics EOOD	Bulgaria	0.00	69.81	0.00	100.00		FC
Resto in	France	100.00	100.00	100.00	100.00	FC	FC
RPX MAC Express (Private) Limited (ex 3W Express Ltd)	Sri Lanka	32.31	32.31	100.00	100.00	FC	FC
SCI Exa Immo	France	100.00	100.00	100.00	100.00	FC	FC
SCI Examurs Paris	France	100.00	100.00	100.00	100.00	FC	FC
Sci Intel Immo	France	100.00	100.00	100.00	100.00	FC	FC
Seur España Operaciones, S.A.	Spain	94.71	96.14	100.00	100.00	FC	FC
SEUR GeoPost, S.L.	Spain	100.00	100.00	100.00	100.00	FC	FC

		% of interest		% of control		Method of consolidation	
Company	**Country**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**
Seur Gerencia de Riesgos, S.L.	Spain	94.71	96.14	100.00	100.00	FC	FC
Seur Logística S.A.	Spain	94.71	96.14	100.00	100.00	FC	FC
Seur, S.A.	Spain	94.71	96.14	94.71	96.14	FC	FC
Shanghai E & T Wako Express Co. Ltd.	China	38.78	64.63	60.00	100.00	FC	FC
Siodemka Systemy Sp z o.o.	Poland	100.00	100.00	100.00	100.00	FC	FC
Sodexi	France	35.00	35.00	35.00	35.00	EM	EM
Someva, S.L.U.	Spain	94.71	96.14	100.00	100.00	FC	FC
Speedy AD	Bulgaria	24.81	69.81	24.81	69.81	EM	FC
Speedy EOOD	Bulgaria	0	69.81	0	100.00		FC
SPI UK	United Kingdom	60.00	60.00	100.00	100.00	FC	FC
SRT France Logistics	France	100.00	100.00	100.00	100.00	FC	FC
SRT France SAS (Stuart)	France	100.00	100.00	100.00	100.00	FC	FC
SRT Group SAS	France	100.00	100.00	100.00	100.00	FC	FC
Stuart Delivery LTD	United Kingdom	100.00	100.00	100.00	100.00	FC	FC
Stuart Delivery, S.L.	Spain	100.00	100.00	100.00	100.00	FC	FC
Stuart Logistica, SL	Spain	0	100.00	0	100.00		FC
Stuart Polska sp. zo.o.	Poland	0	100.00	0	100.00		FC
TD Express services	France	100.00	100.00	100.00	100.00	FC	FC
STRT Delivery Portugal, Unipessoal LDA	Portugal		100.00		100.00		FC
Tigers (China) Co. Ltd	China	100.00	0	100.00	0	FC	
Tigers (USA) Global Logistics, Inc.	United States	100.00	0	100.00	0	FC	
Tigers AG	Switzerland	100.00	0	100.00	0	FC	
Tigers Deliver (Aust) Pty Ltd	Australia	100.00	0	100.00	0	FC	
Tigers eShop (HK) Limited	China	100.00	0	100.00	0	FC	
Tigers Eshop (Malaysia) Sdn. Bhd.	Malaysia	100.00	0	100.00	0	FC	
Tigers Express Ltd	China	100.00	0	100.00	0	FC	
Tigers Global Logistics Ltd	United Kingdom	100.00	0	100.00	0	FC	
Tigers GmbH	Germany	100.00	0	100.00	0	FC	
Tigers HK Co. Ltd	Hong Kong	100.00	0	100.00	0	FC	
Tigers Indo China Logistics co., Limited (Myanmar)	Burma	70.00	0	70.00	0	FC	
Tigers Intern. Logistics BV	Netherlands	100.00	0	100.00	0	FC	
Tigers Intern. Transport BV	Netherlands	100.00	0	100.00	0	FC	
Tigers International Solutions Pty	Australia	100.00	0	100.00	0	FC	
Tigers Logistics Group Ltd	United Kingdom	100.00	0	100.00	0	FC	
Tigers Ltd	Hong Kong	100.00	0	100.00	0	FC	
Tigers Malaysia	Malaysia	100.00	0	100.00	0	FC	
Tigers (Philippines) Global Logistics Ltd.Inc.	Philippines	55.05	0	55.05	0	FC	

		% of interest		% of control		Method of consolidation	
Company	Country	2020	2021	2020	2021	2020	2021
Tigers Shared Services	South Africa	100.00	0	100.00	0	FC	
Tigers Trading Company Ltd	China	100.00	0	100.00	0	FC	
Tigers UK Holding Ltd	United Kingdom	100.00	0	100.00	0	FC	
Tigers Worldwide Logistics Ltd	India	74.75	0	74.75	0	FC	
Transciudad Real, S.L.	Spain	100.00	0	100.00	0	FC	
Transporte Integral de Paquetería, S.A.	Spain	50.73	100.00	50.73	100.00	EM	FC
U.S. Direct (singapore) PTE Ltd	Singapore	30.06	60.00	100.00	100.00	FC	FC
U.S. Direct e-commerce AUS PTY Limited	Australia	30.06	60.00	100.00	100.00	FC	FC
U.S. Direct e-commerce Netherlands B.V.	Netherlands	30.06	60.00	100.00	100.00	FC	FC
U.S. Direct e-commerce UK	United Kingdom	30.06	60.00	100.00	100.00	FC	FC
Universal Express LLC	United Arab Emirates	32.96	64.63	51.00	100.00	FC	FC
Universal Express Ltd.	Kenya	32.96	64.63	51.00	100.00	FC	FC
US Direct eCommerce Holding Ltd	Ireland	30.06	60.00	50.10	100.00	FC	FC
US Direct eCommerce Ltd	Ireland	30.06	60.00	100.00	100.00	FC	FC
US Direct eCommerce Nominee DAC	Ireland	30.06	60.00	100.00	100.00	FC	FC
US Direct e-commerce Rus LLC	Russia	30.06	60.00	100.00	100.00	FC	FC
Wako Air Express Co. Ltd	Hong Kong	100.00	0	100.00	0	FC	
Wako Express Co. Ltd.	Taïwan	64.63	64.63	100.00	100.00	FC	FC
Wako Group Ltd	Hong Kong	64.63	0	100.00	0	FC	
WDM (WA) Pty Ltd	Australia	100.00	0	100.00	0	FC	
WLG (Australia) Pty Ltd	Australia	100.00	0	100.00	0	FC	
WLG inc	United States	100.00	0	100.00	0	FC	
WN TPC	United Kingdom	60.00	60.00	100.00	100.00	FC	FC
WnDirect USA, inc	United States	60.00	60.00	100.00	100.00	FC	FC
Your Cargo Contact B.V.	Netherlands	0	48.47	0	75.00		FC
Yurtiçi Kargo Servisi A.S.	Turkey	25.00	25.00	25.00	25.00	EM	EM

		% of interest		% of control		Method of consolidation	
Company	**Country**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**
LA BANQUE POSTALE - CNP - SEGMENT							
La Banque Postale	France	100.00	100.00	100.00	100.00	FC	FC
AEP3 SCI	France	62.84	78.95	100.00	100.00	FC	FC
AEP4 SCI	France	62.84	78.95	100.00	100.00	FC	FC
AEW Europe SA	France	40.00	40.00	40.00	40.00	EM	EM
Arial CNP Assurances	France	25.14	31.58	40.00	40.00	EM	EM
Assurbail Patrimoine	France	62.84	78.95	100.00	100.00	FC	FC
Assurimmeuble	France	62.84	78.95	100.00	100.00	FC	FC
Assuristance	France	41.48	52.11	66.00	66.00	EM	EM
BPE	France	100.00	100.00	100.00	100.00	FC	FC
Caixa Consórcios SA Administradora de Consórcios	Brazil	32.52	40.86	100.00	100.00	FC	FC
Caixa Seguradora Especializada Em Saúde S/A (ex Caixa Saúde SA)	Brazil	32.52	40.86	100.00	100.00	FC	FC
Caixa Seguradora S.A.	Brazil	32.52	40.86	100.00	100.00	FC	FC
Caixa Seguros Assessoria e Consultoria Ltda	Brazil	32.52	40.86	100.00	100.00	FC	FC
Caixa Seguros Participações em Saúde Ltda (ex Holding Caixa Seguros Participaçoes em Saude Ltda)	Brazil	32.52	40.86	100.00	100.00	FC	FC
Caixa Vida e Previdência	Brazil	25.14	31.58	100.00	100.00	FC	FC
CIMO	France	62.84	78.95	100.00	100.00	FC	FC
CNP Asfalistiki	Cyprus	62.84	78.95	100.00	100.00	FC	FC
CNP Assur Trésorerie Plus	France	61.67	77.46	98.13	98.12	FC	FC
CNP Assurances	France	62.84	78.95	68.51	82.12	FC	FC
CNP Assurances Compañia de Seguros	Argentina	48.06	60.37	76.47	76.47	FC	FC
CNP Assurances Latam Holding Ltda (ex CNP Holding Brazil)	Brazil	62.84	78.95	100.00	100.00	FC	FC
CNP Assurances Participações Ltda	Brazil	62.84	78.95	100.00	100.00	FC	FC
CNP Capitalização S.A.	Brazil	16.58	20.84	51.00	51.00	FC	FC
CNP Caution	France	62.84	78.95	100.00	100.00	FC	FC
CNP Cyprialife	Cyprus	62.84	78.95	100.00	100.00	FC	FC
CNP Cyprus Insurance Holdings	Cyprus	62.84	78.95	100.00	100.00	FC	FC
CNP Cyprus Properties	Cyprus	62.84	78.95	100.00	100.00	FC	FC
CNP Cyprus Tower Ltd	Cyprus	62.84	78.95	100.00	100.00	FC	FC
CNP Europe Life	Ireland	62.84	78.95	100.00	100.00	FC	FC
CNP Immobilier	France	62.84	78.95	100.00	100.00	FC	FC
CNP Luxembourg	Luxembourg	62.84	78.95	100.00	100.00	FC	FC
CNP OSTRUM ISR OBLI 12 MOIS (ex LBPAM Court terme)	France	62.84	77.84	100.00	98.59	FC	FC
CNP Participações Securitarias Brasil Ltda	Brazil	32.52	40.86	100.00	100.00	FC	FC
CNP Partners	Spain	62.84	78.95	100.00	100.00	FC	FC
CNP Praktoriaki	Greece	62.84	78.95	100.00	100.00	FC	FC

		% of interest		% of control		Method of consolidation	
Company	**Country**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**
CNP SA de Capitalización y Ahorro p/fines determinados	Argentina	31.42	39.47	65.38	65.38	FC	FC
CNP Santander Insurance Europe Ltd	Ireland	32.05	40.26	51.00	51.00	FC	FC
CNP Santander Insurance Life Ltd	Ireland	32.05	40.26	51.00	51.00	FC	FC
CNP Santander Insurance Services Ireland Ltd	Ireland	32.05	40.26	51.00	51.00	FC	FC
CNP Seguros Holding Brasil S.A.	Brazil	32.52	40.86	51.75	51.75	FC	FC
CNP UniCredit Vita	Italy	36.13	45.40	57.50	57.50	FC	FC
CNP Vita Assicura	Italy		40.26		51.00		FC
CNP Vita Assicurazione	Italy		78.95		100.00		FC
CNP Zois	Greece	62.84	78.95	100.00	100.00	FC	FC
Companhia de Seguros Previdencia Do Sul-Previsul	Brazil	32.52	40.86	100.00	100.00	FC	FC
Easy Bourse	France	100.00	100.00	100.00	100.00	FC	FC
Ecureuil Profil 90	France	35.71	44.89	56.83	56.86	FC	FC
Ecureuil Vie Développement	France	30.79	38.69	49.00	49.00	EM	EM
FCT Elise 2012	France	95.00	95.00	95.00	95.00	FC	FC
Filassistance International	France	41.48	52.11	66.00	66.00	EM	EM
Fundo De Investimento Imobiliario Renda Corporativa Angico - FII (ex OPCI FII Renda Corporativa Angico)	Brazil	26.69	38.54	100.00	100.00	FC	FC
Holding d'Infrastructures Gazières	France	34.19	41.84	54.41	53.00	EM	EM
Holding XS 1 SA	Brazil	25.14	31.58	51.00	51.00	FC	FC
Infra-Invest	Luxembourg	62.84	78.95	100.00	100.00	FC	FC
Infra-invest France	France	0.00	78.95	0.00	100.00		FC
Infra-invest Holding	France	0.00	78.95	0.00	100.00		FC
Issy Cœur de Ville (ICV)	France		78.95		100.00		FC
La Banque Postale Asset Management (ex LBP AM)	France	70.00	70.00	100.00	100.00	FC	FC
La Banque Postale Asset Management Holding (ex LBP AM Holding)	France	70.00	70.00	70.00	70.00	FC	FC
La Banque Postale Assurances Santé	France	51.00	51.00	51.00	51.00	FC	FC
La Banque Postale Assurances IARD	France	100.00	100.00	100.00	100.00	FC	FC
La Banque Postale Collectivités Locales	France	65.00	65.00	65.00	65.00	FC	FC
La Banque Postale Conseil en Assurances	France	100.00	100.00	100.00	100.00	FC	FC
La Banque Postale Consumer Finance	France	100.00	100.00	100.00	100.00	FC	FC
La Banque Postale Home Loan SFH	France	100.00	100.00	100.00	100.00	FC	FC
La Banque Postale Immobilier Conseil	France	100.00	100.00	100.00	100.00	FC	FC
La Banque Postale Leasing & Factoring	France	100.00	100.00	100.00	100.00	FC	FC
La Banque Postale Prévoyance	France	100.00	100.00	100.00	100.00	FC	FC
LBP Actifs Immo	France	62.84	78.95	100.00	100.00	FC	FC
LBP Dutch Mortgage Portfolio 1 BV	Netherlands	100.00	100.00	100.00	100.00	FC	FC
LBP Dutch Mortgage Portfolio 2 BV	Netherlands	100.00	100.00	100.00	100.00	FC	FC

		% of interest		% of control		Method of consolidation	
Company	**Country**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**
Ma French Bank	France	100.00	100.00	100.00	100.00	FC	FC
MFPrévoyance SA	France	40.85	78.95	51.00	100.00	FC	FC
Montparvie V	France	62.84	78.95	100.00	100.00	FC	FC
Odonto Empresas Convênios Dentários Ltda	Brazil	32.52	40.86	100.00	100.00	FC	FC
OPCI AEP247	France	62.84	78.95	100.00	100.00	FC	FC
OPCI AEW Imcom 1	France	62.84	78.95	100.00	100.00	FC	FC
OPCI MTP Invest	France	62.65	78.95	100.00	100.00	FC	FC
OPCI Raspail	France	62.75	78.95	100.00	100.00	FC	FC
OPCVM Caixa Capitalização SA	Brazil	16.58	20.84	100.00	100.00	FC	FC
OPCVM Caixa Consórcios	Brazil	32.52	40.86	100.00	100.00	FC	FC
OPCVM Caixa Seguradora SA	Brazil	32.52	40.86	100.00	100.00	FC	FC
OPCVM Caixa Vida e Previdência	Brazil	25.14	31.58	100.00	100.00	FC	FC
OPCVM Holding Caixa Seguros Holding SA	Brazil	32.52	40.86	100.00	100.00	FC	FC
Ostrum Asset Management	France	31.50	31.50	45.00	45.00	EM	EM
Outlet Invest	France	62.84	78.95	100.00	100.00	FC	FC
SAS Alleray	France	62.84	78.95	100.00	100.00	FC	FC
SICAC	France	62.84	78.95	100.00	100.00	FC	FC
SCI CRSF DOM	France	99.94	99.94	99.94	99.94	FC	FC
SCI CRSF Métropole	France	100.00	100.00	100.00	100.00	FC	FC
SCI Tertiaire Saint Romain	France	100.00	100.00	100.00	100.00	FC	FC
SF 2	France	100.00	0.00	100.00	0.00	FC	
Sofiap	France	66.00	66.00	66.00	66.00	FC	FC
Sogestop K	France	62.84	78.95	100.00	100.00	FC	FC
Tocqueville Finance Holding	France	69.92	0.00	99.89	0.00	FC	
Tocqueville Finance SA	France	69.86	69.93	99.90	99.90	FC	FC
Univers CNP 1 FCP	France	62.84	78.95	100.00	100.00	FC	FC
Vivaccio ISR actions	France	62.84	78.95	100.00	100.00	FC	FC
Wiz Soluçoes e Corretagem de Seguros S.A.	Brazil	8.13	10.22	25.00	25.00	EM	EM
XS2 Vida e Previdência SA	Brazil	25.14	31.58	100.00	100.00	FC	FC
XS5 Administradora de consorcios S.A.	Brazil	0.00	19.74	0.00	50.01		EM
CONSUMER AND DIGITAL SERVICES - SEGMENT							
2B-Softeam Data	France	100.00	100.00	100.00	100.00	FC	FC
Adverline	France	100.00	100.00	99.88	99.88	FC	FC
Ametix SAS	France	100.00	0.00	100.00	0.00	FC	
ARKHINEO	France	100.00	100.00	100.00	100.00	FC	FC
AR 24	France	55.00	55.00	55.00	55.00	FC	FC
Boxtal	France	0.00	100.00	0.00	100.00		FC
Bretagne Routage SA	France	100.00	100.00	100.00	100.00	FC	FC
CER - Docaposte BPO	France	50.98	50.98	50.98	50.98	FC	FC

		% of interest		% of control		Method of consolidation	
Company	Country	2020	2021	2020	2021	2020	2021
Certinomis	France	100.00	100.00	100.00	100.00	FC	FC
CNTP - Docapost BPO	France	66.00	66.00	66.00	66.00	FC	FC
Docapost	France	100.00	100.00	100.00	100.00	FC	FC
Docapost Agility	France	0.00	100.00	0.00	100.00		FC
Docapost Applicam	France	100.00	100.00	100.00	100.00	FC	FC
Docapost BPO IS	France	65.00	65.00	65.00	65.00	FC	FC
Docapost BPO SAS	France	100.00	100.00	100.00	100.00	FC	FC
Docapost Conseil	France	100.00	0.00	100.00	0.00	FC	
Docapost CSP	France	100.00	100.00	100.00	100.00	FC	FC
Docapost DPS	France	100.00	100.00	100.00	100.00	FC	FC
Docaposte E-Santé	France	100.00	100.00	100.00	100.00	FC	FC
Docapost Externalisation	France	100.00	100.00	100.00	100.00	FC	FC
Docapost Fast	France	100.00	100.00	100.00	100.00	FC	FC
Docaposte Trust & Sign	France	0.00	100.00	0.00	100.00		FC
Docapost IOT	France	100.00	100.00	100.00	100.00	FC	FC
Docapost Localéo	France	100.00	100.00	100.00	100.00	FC	FC
ESCENT Luxembourg	Luxembourg	100.00	100.00	100.00	100.00	FC	FC
ESCENT Belgique	Belgium	100.00	100.00	100.00	100.00	FC	FC
Eukles	France	100.00	100.00	100.00	100.00	FC	FC
GENITECH Tunisie	Tunisia	100.00	100.00	100.00	100.00	FC	FC
Icanopée	France	80.00	80.00	80.00	80.00	FC	FC
Inadvans	France	100.00	100.00	100.00	100.00	FC	FC
Index Education France	France	76.60	76.60	100.00	100.00	FC	FC
Index Education Developpement	France	76.60	76.60	100.00	100.00	FC	FC
Index Italie	Italy	76.60	76.60	100.00	100.00	FC	FC
Kidscare	France	0.00	100.00	0.00	100.00		FC
La Poste Telecom	France	51.00	51.00	51.00	51.00	EM	EM
La Poste Services à la Personne	France	100.00	100.00	100.00	100.00	FC	FC
LP11	France	100.00	100.00	100.00	100.00	FC	FC
Maileva	France	100.00	100.00	100.00	100.00	FC	FC
MARKETSHOT	France	83.15	89.86	83.15	89.86	FC	FC
Media Prisme SAS	France	82.05	82.05	82.05	82.05	FC	FC
Modeliosoft	France	100.00	0.00	100.00	0.00	FC	
Openvalue	France	0.00	80.00	0.00	100.00		FC
OPTELO	France	100.00	100.00	100.00	100.00	FC	FC
Oxeva	France	70.03	70.03	70.03	70.03	FC	FC
Probayes	France	100.00	100.00	100.00	100.00	FC	FC
Prosofteam	France		100.00		100.00		FC
Sefas SA	France	100.00	100.00	99.99	99.99	FC	FC
Sefas Espana	Spain	100.00	100.00	100.00	100.00	FC	FC

		% of interest		% of control		Method of consolidation	
Company	**Country**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**
Sefas Inc	United States	100.00	100.00	100.00	100.00	FC	FC
Sefas Ltd	United Kingdom	100.00	100.00	100.00	100.00	FC	FC
Sérès SA	France	66.00	66.00	66.00	66.00	FC	FC
Sérès Allemagne	Germany	66.00	66.00	100.00	100.00	FC	FC
Sérès Espagne	Spain	66.00	66.00	100.00	100.00	FC	FC
Sofadev - Docapost BPO	Morocco	50.98	50.98	100.00	100.00	FC	FC
Softeam	France	100.00	100.00	100.00	100.00	FC	FC
Softeam Agency	France	100.00	100.00	100.00	100.00	FC	FC
Softeam Armonys	France	100.00	100.00	100.00	100.00	FC	FC
Softeam Consulting	France	100.00	100.00	100.00	100.00	FC	FC
Softeam Group	France	100.00	100.00	100.00	100.00	FC	FC
T2IS Docapost BPO	Morocco	50.98	50.98	100.00	100.00	FC	FC
Voxaly	France	100.00	100.00	100.00	100.00	FC	FC
REAL ESTATE SEGMENT							
Poste Immo	France	100.00	100.00	100.00	100.00	FC	FC
Akatea 2 TPF2 SAS	France	20.02	20.02	20.02	20.02	EM	EM
Akatea TPF2	France	20.02	20.02	20.02	20.02	EM	EM
Arkadea Lyon Girondins	France	50.00	50.00	50.00	50.00	EM	EM
Ciposte SAS	France	100.00	100.00	100.00	100.00	FC	FC
Fréjorgues Energy SAS	France	46.00	46.00	46.00	46.00	EM	EM
Holding PI	France	46.00	46.00	46.00	46.00	EM	EM
Holding PI2	France	46.00	46.00	46.00	46.00	EM	EM
ImmoStoc SAS	France	100.00	100.00	100.00	100.00	FC	FC
LocaPoste SAS	France	100.00	100.00	100.00	100.00	FC	FC
Lumin' Toulouse SAS	France	44.00	44.00	44.00	44.00	EM	EM
Lumin' Logistique urbaine	France	44.00	44.00	44.00	44.00	EM	EM
PI Energy	France	46.00	46.00	46.00	46.00	EM	EM
PI Energy 2	France	46.00	46.00	46.00	46.00	EM	EM
PI Logistique Urbaine	France	0.00	100.00	0.00	100.00		FC
Poste Immo Tertiaire	France	100.00	100.00	100.00	100.00	FC	FC
SAS Arkadea	France	50.00	50.00	50.00	50.00	EM	EM
SAS PI Développement	France	100.00	100.00	100.00	100.00	FC	FC
SAS PI Energies Renouvelables	France	100.00	100.00	100.00	100.00	FC	FC
SAS PI Invest	France	100.00	100.00	100.00	100.00	FC	FC
SAS Starway	France	28.00	28.00	28.00	28.00	EM	EM
SAS Starway Partners	France	79.97	79.97	79.97	79.97	FC	FC
SC Pyxis	France	100.00	100.00	100.00	100.00	FC	FC
SCCV 56, rue Cler	France	49.00	49.00	49.00	49.00	EM	EM
SCCV Paris Campagne Première	France	49.00	49.00	49.00	49.00	EM	EM

		% of interest		% of control		Method of consolidation	
Company	**Country**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**
SCI Activités Annexes	France	100.00	100.00	100.00	100.00	FC	FC
SCI Activités Colis	France	100.00	100.00	100.00	100.00	FC	FC
SCI Activités Courrier de Proximité	France	100.00	100.00	100.00	100.00	FC	FC
SCI Activités Courrier Industriel	France	100.00	100.00	100.00	100.00	FC	FC
SCI Arkadea Fort de France	France	49.00	49.00	49.00	49.00	EM	EM
SCI Arkadea Lyon Crepet	France	35.00	35.00	35.00	35.00	EM	EM
SCI Arkadea Lyon Croix Rousse	France	30.00	30.00	30.00	30.00	EM	EM
SCI Arkadea Marseille Saint Victor	France	49.00	49.00	49.00	49.00	EM	EM
SCI Arkadea Rennes Trigone	France	49.00	49.00	49.00	49.00	EM	EM
SCI Bataille	France	35.00	35.00	35.00	35.00	EM	EM
SCI BP	France	100.00	100.00	100.00	100.00	FC	FC
SCI BP Mixte	France	100.00	100.00	100.00	100.00	FC	FC
SCI Centres de Loisirs	France	100.00	100.00	100.00	100.00	FC	FC
SCI DOM	France	100.00	100.00	100.00	100.00	FC	FC
SCI Green Opale	France	100.00	100.00	100.00	100.00	FC	FC
SCI Logement	France	100.00	100.00	100.00	100.00	FC	FC
SCI PI Bordeaux Tourville	France	100.00	100.00	100.00	100.00	FC	FC
SCI PI 17	France	100.00	100.00	100.00	100.00	FC	FC
SCI Route du Moulin Bateau Bonneuil	France	100.00	100.00	100.00	100.00	FC	FC
SCI RSS Strasbourg MEE	France	100.00	59.00	100.00	59.00	FC	EM
SCI Tertiaire	France	100.00	100.00	100.00	100.00	FC	FC
SCI Tertiaire Mixte	France	100.00	100.00	100.00	100.00	FC	FC
Sobre	France	48.33	48.56	48.33	48.56	EM	EM
Sobre GLP	France	74.28	74.28	51.00	51.00	FC	FC
Société SCCV rue du Champ Macret-Roye	France	100.00	100.00	100.00	100.00	FC	FC
SOGARIS Paris: les espaces logistiques urbains	France	0.00	22.50	0.00	22.50		EM
Toulouse Occitanie	France	44.00	44.00	44.00	44.00	EM	EM
TPF2 - SPPICAV	France	20.02	20.02	20.02	20.02	EM	EM
Urba 144	France	46.00	46.00	46.00	46.00	EM	EM
UNALLOCATED							
La Poste Ventures (LP7)	France	0.00	100.00	0.00	100.00		FC
Véhiposte SAS	France	100.00	100.00	100.00	100.00	FC	FC
GIE Véhiposte	France	100.00	0.00	100.00	0.00	FC	
Movivolt	France	0.00	30.00	0.00	30.00		EM

FC: Full consolidation
EM: Equity Method
PC: Proportionate consolidation

NOTE 44 OTHER UNCONSOLIDATED EQUITY INVESTMENTS – EXCLUDING FRANCE

		31/12/2021		31/12/2020
(in € thousand)	Country	PERCENTAGE HELD	BALANCE SHEET VALUE	Balance sheet value
Anchanto	Singapore	18%	6,191	6,191
Tactio Inc.	Canada	29%	3,990	0
Aljutrans Cádiz, S.L.	Spain	28%	2,584	0
Bosta Inc.	United States	11%	1,285	1,285
Livelihoods	Luxembourg	3%	1,000	1,000
Localz Pty Ltd.	Australia	5%	926	926
Wundr Commerce Ltd	United Kingdom	12%	874	0
Sérès Argentine	Argentina	90%	790	581
Citibox Smart Services, S.L.	Spain	3%	750	750
Sérès Colombie	Colombia	100%	707	707
Sérès Mexique	Mexico	100%	553	553
Koiki	Spain	3%	370	0
Mediapost Vietnam	Vietnam	36%	311	311
Sérès Equateur	Ecuador	100%	216	216
Metrica	Bulgaria	60%	95	97
Ofertia Mexico	Mexico	100%	89	89
Sérès Perou	Peru	100%	65	0
Innovagency	Portugal	ns	52	1
CargoNetwork Gm	Germany	11%	40	40
Others	Portugal	ns	26	20
CID Externalizacion de Servici	Spain	10%	25	25
Ofertia Colombia	Colombia	100%	18	18
Kombiverkehr Deu	Germany	ns	16	16
Others	Italy	100%	13	11
Applicam Tunisie	Tunisia	95%	10	10
IG Zollwerk	Swiss	100%	10	9
Bancaja	Spain	ns	9	9
Insercion personal Discapacita	Spain	1%	6	6
Third Parties	Spain	ns	5	0
Others	Spain	ns	3	3
Others	Germany	ns	1	1
Others	United Kingdom	ns	0	1
Packlink Shipping, S.L.[b]	Spain	100%	0	8,000
Logalty Servicios[b]	Spain	11%	0	1,768
Chrono Diali[a]	Morocco	50%	0	347
TOTAL			**21,030**	**22,991**

(a) Companies consolidated in 2021.
(b) Companies sold in 2021.

5.3 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the year ended 31 December 2021

To the annual general meeting of La Poste,

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying consolidated financial statements of La Poste for the year ended 31 December 2021.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the group as at 31 December 2021 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (*code de déontologie*) for statutory auditors for the period from 1st January 2021 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Emphasis of Matter

We draw attention to the following matter described in Note 2.1.1.c to the consolidated financial statements relating to a change in accounting method related to employee benefits. Our opinion is not modified in respect of this matter.

Justification of Assessments - Key Audit Matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Measurement of non-current assets related to the group's Mail business

Description of risk

The Mail Cash-Generating Unit (CGU) corresponds to La Poste's Mail business. This comprises intangible assets (software), property, plant and equipment (handling/sorting machines, fixtures and fittings, IT equipment, etc.) as well as right of use assets under leases.

They are recognised in the balance sheet at their initial cost and amortized over their estimated useful life as determined by management. They are tested for impairment whenever an indication of impairment is identified by management in order to determine a recoverable value and any adjustment that might be required to their carrying amount.

As at 31 December 2021, the depreciation accounted for as at 31 December 2020 was reversed in full for an amount of €900 million of which €288 million on property, plant and equipment and €201 million on intangible assets and €411 million on right of use assets.

Indeed, as indicated in Note 1.4 "Reversal of impairment of the group's Mail business assets" to the consolidated financial statements, the reversal was enabled by the allocation to the mail business of a part of the compensation granted by the French State to support the universal postal service (for an amount of €300 million in the business plan and in the terminal value). The impairment test was carried out following the methodology described in note 20 "Impairment test of goodwill and non-current assets".

We considered the assessment of non-current assets dedicated to La Poste's Mail business to be a key audit matter due to the material nature of these assets and the related reversal of impairment, the degree of judgement surrounding management's projections and estimates at a time of uncertainty linked to the economic environment, the sensitivity of some of the assessments to operational, economic and financial assumptions and the integration of a part of the compensation for the universal postal service.

How our audit addressed this risk

We assessed the consistency of the methodology used with the applicable accounting standards and examined the methodology for implementing impairment tests.

Our work consisted primarily in:

- examining the identification of indications of impairment;
- reconciling the value of the net economic assets tested with the underlying accounting data;
- analysing the components of the book value of the CGUs, and the consistency between the establishment of this value and the way in which projected future cash flows were determined with a view to estimating the recoverable amount;
- examining the process for recording provisions and assessing the consistency of cash flow projections with the information sources available to us, actual cash flows observed, data resulting from the Mail Department's budget process, and the priorities of the new strategic plan;
- with guidance from our internal specialists, analysing the inputs used to calculate recoverable amounts and assessing the appropriateness and reasonableness of the measurement assumptions and inputs used (discount rate, normative growth rate);
- examining the sensitivity tests carried out by management on changes in various inputs and assumptions;
- analyzing the documentation underlying the allocation of part of the universal postal service compensation in the business plan and in the terminal value.

Lastly, we examined the appropriateness of the disclosures provided in Notes 1.4 "Reversal of impairment of the group's Mail business assets" and 20 'Impairment of goodwill and non-current assets".

Measurement of goodwill

Description of risk

As part of its business development, the group carries out external growth transactions and recognises goodwill. Goodwill, which corresponds to the difference between the acquisition price and the fair value of the assets acquired and liabilities assumed, is detailed in Note 15 "Goodwill" to the consolidated financial statements. It is allocated to the cash-generating units (CGUs) of the businesses into which the acquired companies are integrated.

At 31 December 2021, goodwill amounted to €4,464 million on the balance sheet.

The group verifies at least once a year, and whenever there is an indication of impairment, that the carrying amount of goodwill is not greater than its recoverable amount and does not present a risk of impairment.

The impairment tests are conducted for each CGU based on the methodology outlined in the notes to the consolidated financial statements, particularly Note 3.11 "Impairment of goodwill, intangible assets and property, plant and equipment" and Note 20 "Impairment of goodwill and non-current assets".

The group operates in changing economic environments in France and internationally. As a result, Management is required to assess the appropriateness of all assumptions used to determine the recoverable amount of the CGUs to which goodwill has been allocated, and the reasonableness and consistency of the calculation inputs used.

Any decline in the profitability of businesses to which goodwill has been allocated, due for example to the economic and financial environment in which those businesses operate, can have a significant impact on the recoverable amount of goodwill and lead to the recognition of an impairment loss.

We deemed the measurement of goodwill to be a key audit matter because of its significant amount in the consolidated financial statements, and the calculation method used to determine the recoverable amount, which relies on judgements made by Management, particularly in terms of projecting future cash flows and determining the discount rates to be used.

How our audit addressed this risk

We assessed the consistency of the methodology applied by the group for measuring recoverable amounts with current accounting standards and examined how the methodology is implemented.

With regard to the CGUs that we tested, our work consisted in:

- assessing the relevance of the approach adopted to determine the level of CGUs used for impairment testing;
- analysing the components of the carrying amount of the CGUs, and the consistency of the method used to determine the carrying amount with the methods used to determine projected future cash flows with a view to estimating the recoverable amount;

- assessing the appropriateness of the assumptions used by the group, in particular the reasonableness of the cash flow projections based on our knowledge of the economic context of each geographic area in which the CGUs operate, as well as the reliability of the procedure for making estimates, by analysing any significant differences between projected and actual cash flows in the year covered by the audit;
- comparing projected future cash flows with Management's most recent estimates used for the group budget process;
- with the guidance of our internal specialists, analysing the inputs used to calculate the discount rates and the consistency of the growth rates applied for cash flow estimates;
- verifying the analysis conducted by the group of the sensitivity of the recoverable amount to changes in the main assumptions used.

Lastly, we assessed the appropriateness of the disclosures provided in the notes to the consolidated financial statements, in particular Note 3.11 "Impairment of goodwill, intangible assets and property, plant and equipment ", and Note 20 "Impairment testing of goodwill and intangible assets".

Measurement of end-of-career arrangements

Description of risk

The La Poste Groupe has several post-employment benefit plans, including end-of-career arrangements.

These plans only exist at La Poste SA, the parent company. Provisions for the cost of these commitments represented €1,610 million at 31 December 2021.

The measurement of these commitments and the related expenses for the year are described in Note 3.21.2 "End-of-career arrangements" and Note 30 "Employee benefits" to the consolidated financial statements and are based on various assumptions, in particular the costs relating to each plan and the probability of future membership, assessed on the basis of membership rates in previous years and Management's best estimates.

Changes in some of these assumptions could have a significant impact on the valuation of the liabilities recognised and on consolidated earnings.

Due to the materiality of the amounts concerned and the degree of judgement required by Management, we deemed the measurement of end-of-career arrangements to be a key audit matter.

How our audit addressed this risk

We assessed the underlying data used by the group to determine the amount of the provision recorded. Our work consisted in:

- gaining an understanding of the process used to measure commitments relating to end-of-career arrangements;
- gaining an understanding of the internal control procedures put in place relating to the measurement of these commitments;
- testing the effectiveness of the controls put in place by the group to determine the costs used in the measurement of end-of-career arrangements (identification of beneficiaries, authorisation, determination of the cost of each plan, etc.), which we considered key to our audit.

We also assessed the assumptions used by the group to assess the amount of the provision and the methodology applied, including:

- the relevance of the methodology applied by the group with respect to applicable accounting standards;
- the consistency of the assumptions used to determine the amount of the provision, with the assistance of our internal specialists;
- the consistency of the data used in the calculations, by comparing it to historical data observed for previous plans and the group's estimates for current plans;
- the sensitivity analyses carried out by the group;
- the appropriateness of the disclosures provided in Note 3.21.2 "End-of-career arrangements" and Note 30 "Employee benefits" to the consolidated financial statements.

Provisions for credit risks

Description of risk

La Banque Postale, subsidiary of La Poste Groupe records impairment to cover the risk of default by its customers. In accordance with IFRS 9, La Poste Groupe recognises impairment for Expected Credit Losses (ECL) on healthy loans (status 1), deteriorated loans (status 2) and defaulted loans (status 3).

The rules for the impairment of expected credit losses require the creation of an impairment status resulting in a 12-month expected credit loss following the origination of a new financial asset, and of a second status resulting in a credit loss expected at maturity, in the event of significant deterioration in credit risk. The impairment of expected credit losses (on loans of status 1 and 2) are primarily determined using models developed by La Banque Postale that include various parameters (probability of default (PD), loss given default (LGD), forward-looking data, etc.). Loans to legal entities, classified as status 2 and included on the "watchlist", are also provisioned based on an expert opinion.

Defaulted loans (status 3) are impaired on an individual or statistical basis. This impairment is calculated by management based on estimated future recoverable flows, taking into account the guarantees available for each loan concerned.

In light of the Covid-19 health crisis, La Banque Postale made provisions to address a potential decline in the financial position of counterparties in the sectors deemed the most exposed to the impacts of the crisis.

When calculating provisions, a judgement-based assessment is used to classify exposure (status 1, 2, or 3) and to determine future recoverable flows and the calculation of sectoral provisions, the judgement being just as complex as the ongoing crisis' impacts are uncertain.

Given the importance of this judgement in the process for determining impairment and the expected credit risk deterioration as a result of the health crisis, we considered the estimates for expected credit losses on loans to customers at 31 December 2021 to be a key audit matter.

At 31 December 2021, outstanding loans and receivables – customers amounted to €124.4 billion, and the associated provisions totalled €1.3 billion as indicated in notes 34.2.6 "Exposure to credit risk" to the consolidated financial statements. The principles for establishing credit risk provisions are detailed in notes 1.6 "Impact of the Covid-19 health crisis", 3.13.7 "Depreciation of financial assets" and 34.2 "Credit Risk".

How our audit addressed this risk

Provisions for status 1 and 2 loans

We noted that an internal control system is in place that ensures a suitably regular update of the ratings of various loans.

On the provisioning models:

- We verified that a governance system is in place that ensures a suitably regular review of the appropriateness of the impairment models and parameters used to calculate impairment;
- We assessed the correct update of the parameters used to calculate impairment at 31 December 2021;
- We assessed how the main economic impacts of the health crisis in updating impairments models and parameters were taken into account, as well as the additional impacts of sectoral provisioning.

We also examined the relevant documentation so as to assess the justification of the sectors selected for making specific provisions.

Based on a sample of credit files relating to legal entities, classified as status 2 and included on the "watchlist", we performed counter analyses of the amounts provisioned.

We performed controls on the entire IT system implemented by La Banque Postale to process its customer loan transactions, particularly tests on the general IT controls, interfaces and controls conducted on specific data used for provisions for credit risks.

Provisions for status 3 loans

As part of our audit work, we examined the control procedures applicable to identifying risk exposure, monitoring credit and counterparty risk, assessing the risk of non-recovery and determining defining impairment testing methods and determining the related impairment on an individual and collective basis.

Our work included assessing the quality of the system monitoring sensitive, doubtful or disputed counterparties, the credit review procedure, and the guarantee valuation system.

Based on a sample of credit files relating to legal entities, we also performed counter analyses of the amounts provisioned.

Lastly, we examined the relevance of the information provided in the notes to the consolidated financial statements.

Technical reserves of insurance companies

Description of risk

On the liabilities side of their balance sheet, the entities controlled by La Poste Groupe that carry out insurance activities recognise technical reserves representative of their commitments to policyholders.

These technical reserves include certain provisions, the determination of which necessitates a particular degree of judgement.

A reserve for escalating risks is recorded for Borrowers and Long-Term Care risks to cover timing differences between the coverage of risks and their financing in the form of insurance premiums. This reserve is constituted prospectively, by comparing the insurer's future commitments with those of the policyholder. French regulations do not specific all of the inputs to be used to calculate this reserve.

For the Savings and Pension technical reserves, and pursuant to IFRS 4, the group conducts a liability adequacy test at each reporting date to ensure that insurance liabilities are adequate to meet its obligations towards the insured. This test is performed based on the modelling of future cash flows from insurance policies and financial contracts with discretionary profit sharing.

Considering the sensitivity of the reserve for escalating risks and of the liability adequacy test of the parameters and assumptions used to determine them (in particular discount rates, experience-based tables prepared according to observations and analyses established on the basis of portfolio data, policyholder behaviour for the reserve for escalating risks, economic scenarios, projected return on assets, the insurer's financial policy and future management decisions for the liability adequacy test), we deemed this reserve and the liability adequacy test to be a key audit matter.

At 31 December 2021, technical insurance reserves, gross of reinsurance, amounted to €415 billion. See notes 3.13.15 "Insurance activities", 31.8 "Specific provisions for the insurance and

Banking activities and shadow accounting" to the consolidated financial statements.

How our audit addressed this risk

We carried out the following procedures with the guidance of our internal actuarial specialists:

For the reserve for escalating risks:

- we examined the procedures by which the methodology for determining the reserve is implemented;
- we assessed the consistency of the key assumptions used to determine the reserve (homogeneous risk classes, discount rates, surrender rates, experience-based tables etc.);
- we examined the mathematical design of the actuarial model, particularly by recalculating the reserves.

For the liability adequacy testing:

- we gained an understanding of the method used;
- we assessed the consistency of the economic and financial assumptions used with market data;
- we examined governance processes relating to future management decisions taken into account in the measurement of liabilities;
- we examined the controls implemented in relation to the integration of asset and liability data and financial and non-financial assumptions into the calculation model;
- we examined the data generated by the projection model that was used for the liability adequacy test;
- we analysed changes in discounted future cash flows compared to 31 December 2020.

We also examined the disclosures provided in the notes to the consolidated financial statements.

Measurement of level 3 general administrative expense reserves

Description of risk

Through its subsidiary La Banque Postale, La Poste Groupe recognises in its consolidated financial statements, a portfolio of financial assets, for an amount of €461 billion at 31 December 2021. Financial investments are measured at fair value at the end of the reporting period. For most of the asset portfolio, determining this value is not especially problematic given that the assets are listed on the markets.

However, the risk concerning the measurement of fair value is considered greater for assets classed level 3 in the fair value hierarchy pursuant to IFRS 13, that are not listed on liquid markets, such as structured debt securities, venture-capital investment funds, loan funds and unlisted equity investments.

These assets are valued on the basis of models, assumptions and data that require a considerable degree of judgement from management. The fair value of the assets represented outstandings of €21.7 billion at 31 December 2021, as indicated in note 35.1 "Fair value and ranking of financial instruments" to the consolidated financial statements.

We deemed the valuation of these level 3 financial assets to be a key audit matter given the significant amount and sensitivity of their fair value at management's discretion, particularly concerning the selection of the measurement methods and underlying assumptions to be used.

How our audit addressed this risk

Our work consisted in:

- gaining an understanding of the internal control system used for the valuation of financial assets;
- verifying on a sample basis that the estimates of the value of level 3 financial assets, determined by management, are based on an appropriate justification of the measurement method, assumptions and data used;
- obtaining the most recent valuations available for a sample of assets, prepared by experts and fund managers, in order to assess the values used by the Company.

We also examined the disclosures provided in the notes to the consolidated financial statements.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the group's information given in the management report of the Board of Directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L.225-102-1 of the French Commercial Code (Code de commerce), is included in the group's information given in the management report, it being specified that, in accordance with the provisions of Article L. 823-10 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein and this information must be reported by an independent third party.

Report on Other Legal and Regulatory Requirements

Format of presentation of the consolidated financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L.451-1-2, I of the French Monetary and Financial Code (*code monétaire et financier*), prepared under the responsibility of the Chairman and Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation N° 2019/815 of 17 December 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the above delegated regulation.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the consolidated financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of La Poste by the annual general meeting held on 8 June 2021 for Mazars and by the inter-ministerial decree of 29 June 2009 for KPMG Audit.

At 31 December 2021, Mazars and KPMG Audit were in the first and the thirteenth consecutive year of their engagement, respectively.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters, that we are required to describe in this audit report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics *(code de déontologie)* for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris La Défense, 15 March 2022

The Statutory Auditors

KPMG Audit
Department of KPMG S.A.

Stéphanie Millet
Partner

Xavier de Coninck
Partner

Mazars

Gonzague Senlis
Partner

Charles de Boisriou
Partner

5.4 REVIEW OF THE PARENT COMPANY FINANCIAL STATEMENTS

La Poste's parent company financial statements are prepared in accordance with French GAAP and with the provisions of the French General Chart of Accounts.

5.4.1 OPERATING PROFIT/(LOSS)

(in € million)	31/12/2021	31/12/2020	Change *(in €m)*	Change *(in %)*
Operating revenue	14,046	12,986	+1,060	+8.2
Operating expenses	(14,153)	(14,373)	+220	(1.5)
Operating profit/(loss)	(107)	(1,387)	+1,280	(92.3)
Financial profit/(loss)	345	156	+189	n.s.
Non-recurring items	310	(540)	+850	n.s.
Income tax	205	225	(20)	(8.8)
NET PROFIT	**753**	**(1,546)**	**+2,299**	**N.S.**

La Poste's operating revenue consisted primarily of:

- the operating revenue from the Services-Mail-Parcels business unit's mail and parcels business;
- the operating revenue from the retail customers Network business corresponds mainly to invoices to La Banque Postale, as well as commissions received on external activity (excluding mail and parcels) carried out at the counters of the postal network;
- invoicing of shared resources (personnel expenses of the financial centres and the banking advisory line) to La Banque Postale.

The operating revenue amounted to €14.0 billion in 2021, up by 8.2% compared to 2020, partly due to the €520 million received for the universal postal service and the €74 million received for the regional planning mission for 2021.

The operating expenses amounted to €14.2 billion in 2021, down by €220 million (-1.5%). The change is mainly due to the decrease in personnel expenses.

The non-recurring items, which represented income of €310 million, improved by €850 million, mainly due to the reversal of the impairment of Mail intangible assets and property, plant and equipment in 2020 for €454 million (impact of €435 million on profit).

5.4.2 FINANCIAL PROFIT/(LOSS)

(in € million)	31/12/2021	31/12/2020	Change *(in €m)*	Change *(in %)*
Net profit/(loss) from foreign currency	(4)	(4)	+0	(7.2)
Net profit/(loss) on loans and borrowings	(46)	(50)	+4	(8.4)
Income from equity investments	419	208	+211	n.s.
Other financial revenue and expenses	(24)	2	(26)	n.s.
FINANCIAL PROFIT/(LOSS)	**345**	**156**	**+189**	**N.S.**

The dividends (income from equity investments) received from the subsidiaries amounted to €419 million, including €28 million from Poste Immo and €208 million from GeoPost (compared to €129 million and €78 million, respectively, in 2020). La Banque Postale paid out €171 million in dividends, whereas no dividends were received from La Banque Postale in 2020.

The loss on loans and borrowings totalled €46 million at 31 December 2021, compared with a loss of €50 million in 2020, *i.e.* an improvement of €4 million.

The financial profit, which amounted to €345 million at 31 December 2021, increased by €189 million.

5.4.3 NET PROFIT/(LOSS)

The profit before tax amounted to €548 million, an increase of €2,319 million compared to 2020.

The tax income decreased by €20 million to €205 million.

La Poste's net profit amounted to €753 million, an increase of €2,299 million.

5.4.4 FIVE-YEAR SUMMARY

	2021	2020	2019	2018	2017
Financial position at 31/12/N					
Share capital *(in millions of euros)*	5,365	5,365	3,800	3,800	3,800
Number of shares *(in millions)*	2,682	2,682	950	950	950
Net profit/(loss) for the year *(in €m)*					
Revenue before tax	11,134	10,663	11,317	11,462	11,746
Profit before tax, depreciation, amortisation and provisions	364	(751)	9	1	470
Income tax	205	225	325	225	238
Profit after tax, depreciation, amortisation and provisions	753	(1,546)	(83)	70	659
Profit distributed	0	0	200	171	171
Earnings per share *(in €/share)*					
Profit before tax, depreciation, amortisation and provisions	0.14	(0.28)	0.01	0.00	0.50
Profit after tax, depreciation, amortisation and provisions	0.28	(0.58)	(0.09)	0.07	0.69
Profit distributed	0.00	0.00	0.21	0.18	0.18
Personnel					
Number of employees *(full-time employee equivalent per annum)*	158,389	169,585	182,183	186,184	191,897
Wages and salaries	5,742	5,938	6,247	6,357	6,365
Non-wage labour costs	1,353	1,347	1,427	1,536	1,507

5.4.5 BALANCE SHEET

Assets *(in € million)*	31/12/2021	31/12/2020
Non-current assets	17,899	16,234
Current assets	3,165	2,887
Cash and cash equivalents	2,909	3,114
TOTAL	**23,973**	**22,236**

Liabilities *(in € million)*	31/12/2021	31/12/2020
Equity	7,339	6,463
Other equity	750	750
Provisions	1,855	2,055
Financial liabilities	9,970	8,818
Current liabilities	4,059	4,151
TOTAL	**23,973**	**22,236**

Assets

The main change recorded on fixed assets was due to "intercompany loans", which increased by €1,205 million in 2021, in particular with regard to GeoPost (+€711 million) and Asendia (+€296 million).

Cash and cash equivalents (cash and marketable securities) amounted to €2,909 million at 31 December 2021, down by €205 million.

Liabilities

The equity amounted to €8,089 million at 31 December 2021, a net increase of €876 million compared to 2020 following the increase in profit for the year.

The contingency and loss provisions amounted to €1,855 million, and the financial debt stood at €9,970 million. Current liabilities amounted to €4,059 million.

The change in financial debt was mainly due to maturities and new issues during the fiscal year.

5.4.6 OTHER INFORMATION

Payment term indicators

Under Article L. 441-6-1, paragraph 1, of the French Commercial Code, La Poste SA is required to publish, starting with the 2017 fiscal year, information on the payment terms of its suppliers and its customers according to the terms set out in Article D. 441-4 of the French Commercial Code. La Poste SA has opted for an overview of the unpaid invoices received and issued at the end of the reporting period and in arrears according to the summary table provided in paragraph 1 of Article D. 441-4 of the French Commercial Code.

The following principles have been adopted:

- no invoice is excluded from the calculation of the indicators. Consequently, litigious or questionable invoices are included, mainly invoices in the "91 days or more" tranche and the invoices with group companies;
- the assets received have been considered as means of payment, and as such have been recorded in the same tranches of arrears as the invoices to which they refer. By default, these assets are recorded in the "0 days" tranche;

- as the French service provider responsible for the universal postal service, La Poste SA is partially subject to VAT. Consequently, the amount of invoices is presented including tax, excluding non-deductible tax for the purchase, and excluding tax for the sale;
- non-current asset suppliers are not included in the percentage of total purchases over the period.

	Article D. 441 I.-1: Invoices received and unpaid at the end of the reporting period and in arrears						Article D. 441 I.-2: Invoices issued and unpaid at the end of the reporting period and in arrears					
Closing at 31/12/2021	**0 days (indicative)**	**1 to 30 day**	**31 to 60 day**	**61 to 90 day**	**>91 day**	**Total (1 day and more)**	**0 days (indicative)**	**1 to 30 day**	**31 to 60 day**	**61 to 90 day**	**>91 day**	**Total (1 day and more)**
(A) Tranches of arrears												
Number of invoices concerned in thousands	90					3	506					173
Total amount of invoices concerned in millions of euros (incl. tax)	298	5	2	0	4	11	467	15	1	11	43	70
Percentage of total purchases over the period at cost HTND	4.9%	0.1%	0.0%	0.0%	0.1%	0.2%						
Percentage of operating revenue for the period (excl. tax)							3.6%	0.1%	0.0%	0.1%	0.3%	0.5%
(B) Invoices excluded from (A) relating to disputed or unrecognised receivables and payables												
Number of invoices excluded in thousands						0						0
Total amount of invoices excluded in millions of euros (incl. tax)						0						0
(C) Standard payment terms used (contractual or legal payment terms - Article L. 441-6 or Article L. 443-1 of the French Commercial Code)												
Payment terms used to calculate late payments	☒ Contractual deadlines: La Poste applies the deadlines stipulated in the contracts signed with its suppliers. In the majority of contracts: 60 days from the invoice issue date.						☒ Contractual deadlines: La Poste applies the deadlines stipulated in the contracts signed with its customers or in its General Terms and Conditions of Sale. Maximum: 60 days from the invoice issue date.					
	☐ Legal deadlines:						☐ Legal deadlines:					

Sumptuary expenses and reintegration of overheads

In accordance with the provisions of Articles 223 *quater* and 223 *quinquies* of the French General Tax Code, we inform you that the financial statements for the past fiscal year show a total of €958,533 in expenses not deductible from taxable income *versus* €968,141 in 2020, so-called "sumptuary" expenses, as referred to in Article 39-4 of the said code corresponding to non-deductible rents (depreciation of passenger vehicles for the portion of their purchase price that exceeds a certain ceiling).

5.5 PARENT COMPANY FINANCIAL STATEMENTS 2021

The amounts shown in the tables are generally provided in millions of euros. Rounding may on occasion result in slight differences in totals or changes.

Income statement

The column "31/12/2020 restated" corresponds to the operating revenue for 2020 presented according to the new organisation implementedin 2021 with the creation of the Retail Customers and Digital Services business unit.

(in € million)	Reference notes	31/12/2021	31/12/2020 restated	31/12/2020
Services-Mail-Parcels operating revenue		7,618	7,311	9,769
Retail Customers and Digital Services operating revenue		3,480	3,317	
Digital Services operating revenue				11
La Poste Network operating revenue				866
Real Estate operating revenue		17	17	17
Other operating revenue		19	18	
Operating revenue	Note 1	**11,134**	**10,663**	**10,663**
Other operating income		2,912	2,323	2,323
Operating income		**14,046**	**12,986**	**12,986**
Purchases		(531)	(466)	(466)
Other external expenses	Note 2	(5,202)	(4,782)	(4,782)
Miscellaneous taxes and duties	Note 3	(617)	(634)	(634)
Personnel expenses	Note 4	(7,717)	(8,042)	(8,042)
Depreciation, amortisation and provisions	Note 5	(86)	(448)	(448)
Operating expenses		**(14,153)**	**(14,373)**	**(14,373)**
Operating profit/(loss)		**(107)**	**(1,387)**	**(1,387)**
Financial profit/(loss)	Note 6	**345**	**156**	**156**
Underlying net profit/(loss)		**238**	**(1,231)**	**(1,231)**
Non-recurring items	Note 7	**310**	**(540)**	**(540)**
Profit before tax		**548**	**(1,771)**	**(1,771)**
Income tax	Note 8	205	225	225
NET PROFIT/(LOSS)		**753**	**(1,546)**	**(1,546)**

Balance sheet

Assets

(in € million)	Reference notes	31/12/2021 GROSS VALUES	31/12/2021 DEPRECIATION, AMORTISATION AND PROVISIONS	31/12/2021 NET VALUES	31/12/2020 Net values
Intangible assets	Note 9	1,738	(1,322)	416	163
Land and buildings		254	(140)	114	116
Other property, plant and equipment		3,827	(3,125)	702	486
Property, plant and equipment	Note 10	4,081	(3,265)	816	602
Non-current financial assets	Note 11	16,778	(111)	16,667	15,469
Non-current assets		22,597	(4,698)	17,899	16,234
Inventories and outstandings	Note 12	112	(5)	107	145
Trade receivables and related accounts		1,944	(40)	1,904	2,122
Other receivables		951	(36)	915	338
Operating receivables	Note 13	2,895	(76)	2,819	2,460
Other debtors	Note 15	180	(18)	162	156
Accrual accounts	Note 16	77	-	77	127
Marketable securities and cash	Note 17	2,910	(1)	2,909	3,114
Current assets		6,174	(100)	6,074	6,002
GRAND TOTAL		**28,771**	**(4,798)**	**23,973**	**22,236**

Balance sheet

Liabilities

(in € million)	Reference notes	31/12/2021	31/12/2020
Share capital		5,365	5,365
Share premium account		1,303	1,303
Reserves		572	572
Retained earnings		(654)	770
Net profit/(loss) for the year		753	(1,546)
Equity	Note 19	7,339	6,463
Other equity	**Note 19**	**750**	**750**
Regulated provisions	**Note 20**	**49**	**42**
Contingency and loss provisions	**Note 20**	**1,806**	**2,013**
Borrowings		9,521	8,296
Miscellaneous loans and borrowings		435	427
Bank accounts and bills of exchange payable		14	95
Financial liabilities	Note 21	9,970	8,818
Trade payables and related accounts		1,459	1,468
Tax and employee-related payables		1,124	1,076
Other operating payables		747	815
Operating payables	Note 13	3,330	3,359
Miscellaneous creditors	Note 15	552	558
Accrual accounts	Note 16	177	233
Debt		14,029	12,968
GRAND TOTAL		**23,973**	**22,236**

5

Cash flow statement

(in € million)	Reference notes	31/12/2021	31/12/2020
Net profit		**753**	**(1,546)**
Elimination of non-cash and non-operating items			
● Gains/(losses) on disposals		9	5
● Net changes in provisions	Note 26	(76)	213
● Depreciation, amortisation and impairment	Note 26	(133)	762
Cash flows from operating activities before cost of debt and taxes		**553**	**(566)**
● Financial income and expenses		51	51
● Income tax		(212)	(225)
Cash flows from operating activities after cost of debt and taxes		**392**	**(740)**
● Change in working capital requirement	Note 27	(345)	(41)
● CICE tax credit received in the year		(1)	(1)
● Taxes paid		160	121
Cash flows from operating activities		**206**	**(661)**
● Purchase of intangible assets and property, plant and equipment	Note 28	(311)	(329)
● Purchase of financial assets		(1,822)	(1,865)
● Inflows from disposals of intangible assets and property, plant and equipment	Note 29	13	9
● Inflows from disposals of financial assets	Note 29	596	899
Cash flows used in investing activities		**(1,524)**	**(1,286)**
● Interest		(44)	(34)
● Bond issues	Note 30	2,950	2,839
● Bond redemptions	Note 31	(1,726)	(1,040)
● Other cash flows from financing activities		(6)	(48)
Cash flows from financing activities		**1,174**	**1,717**
CHANGE IN CASH AND CASH EQUIVALENTS		**(144)**	**(230)**
● Cash and cash equivalents at the beginning of the period		2,657	2,888
● Cash and cash equivalents at the balance-sheet date	Note 32	2,513	2,657

ABOUT LA POSTE

Legal status of La Poste

La Poste is a public limited company governed by the legal and regulatory provisions applicable to public limited companies, including the French Commercial Code, insofar as it is not waived by special provisions, such as Act No. 83-675 of 26 July 1983 relating to the democratisation of the public sector and Act No. 90-568 of 2 July 1990 relating to the organisation of the mail and telecommunications public service.

La Poste fulfils a public service mission and general interest role and conducts other activities in accordance with the aforementioned Act of 2 July 1990 and the rules and regulations governing each of its business activities.

The public service missions and general interest role include:

- the Universal Postal Service;
- contribution to regional planning and development through its network of retail outlets;
- press transport and delivery;
- banking accessibility under the terms set out in Articles L. 221-2 and L. 518-25-1 of the French Monetary and Financial Code.

Following normal rules, La Poste collects, sorts, transports and delivers all kinds of mail, parcels and goods.

Following the decision of the Extraordinary General Meeting of 8 June 2021, La Poste became an "*Entreprise à mission*" (a mission-driven Company) within the meaning of Article L. 210-10 of the French Commercial Code. It has adopted a *raison d'être* (purpose) and set itself the following social and environmental objectives:

- contributing to the development and cohesion of local areas;
- improving social inclusion;
- promoting ethical, inclusive and affordable digital services;
- working to accelerate environmental transitions for all.

KEY HIGHLIGHTS

I. Strategic plan "La Poste 2030, committed for you"

The group's new strategic plan "La Poste 2030, committed for you" was presented on 25 February 2021. It aims to seize the opportunities resulting from the transformation of the Company and its businesses. The group will continue to roll out its multi-business model, while accelerating its digital transformation.

In this context, the new Retail Customers and Digital Services business unit was created on 1st July 2021.

In support of the strategic plan, on 4 May 2021 La Poste and the trade unions signed the "La Poste, engaged with employees" employee agreement for the 2021-2023 period.

II. Amendment of La Poste's Articles of Association

The Extraordinary General Meeting of Shareholders of La Poste of 8 June 2021 adopted the status of an "*Entreprise à mission*" (mission-driven Company) within the meaning of Article L. 210-10 of the French Commercial Code.

The Company's Articles of Association now mention a *raison d'être*, *i.e.* the social and environmental objectives that La Poste sets for itself within the framework of its activity and the procedures for monitoring the achievement of said objectives (see Section 5.5 "About La Poste").

III. Financing of the public service missions

A. Universal postal service

The structural reduction in Mail volumes, combined with the consequences of the health crisis, accentuates the overall deficit of the public service missions, which have been delegated by the French State to La Poste.

In this context, La Poste has called on the State to provide more support to the Company in terms of financing these missions. The discussions initiated by La Poste in December 2020 with the French State in order to obtain fair compensation for its public service missions, as well as a potential reduction in said missions, led to a commitment by the French State, expressed on 22 July, to pay La Poste annual compensation for the universal postal service in the amount of between €500 million and €520 million, depending on the quality of service results.

The first allocation, for 2021, is included in the Budget Act for 2022 for an amount of €520 million. This State aid has been submitted to the European Commission for approval.

B. Regional planning

The reduction in production taxes, endorsed by the Budget Act for 2021, applies to the corporate property tax (CFE) and the corporate value-added tax (CVAE) applicable to La Poste. These taxes represent almost all of the tax base on which the local tax allowance for the regional planning mission is based.

In order to compensate for this decrease and to continue to meet the commitments set by the local postal coverage contract for 2020-2022, including a maximum annual compensation of €177 million, the French State decided that an additional amount of €74 million would be allocated to La Poste for 2021.

This compensation of €74 million was the subject of a budget allocation in the Budget Act for 2021 and the Second Supplementary Budget Act for 2021.

These changes to the financing of the regional planning mission are currently being notified to the European Commission.

C. Accounting processing

The European Commission's agreement on these two compensations will only take place in 2022.

Nevertheless, the nature of the requests, the justification provided by La Poste and the Commission's practice in this area provide reasonable assurance that an agreement in its principle and in its amount should be reached.

As a result, the income of €520 million in respect of the universal postal service and of €74 million in respect of regional planning relating to 2021 were recognised in the 2021 financial statements under other operating income.

IV. Reversal of impairment of Mail's property, plant and equipment and intangible assets

Due to the inclusion in the business plan of La Poste's Mail business of a share of the compensation income for the universal postal service (see III), in the amount of approximately €300 million per year, the impairment test on Mail assets at the end of 2021 made it possible to recover all of the impairment losses recorded in 2020, *i.e.* €454 million.

V. Change in accounting policy

Following the IFRS IC decision validated by the IASB in May 2021 on the period of spreading of employee benefit obligations in defined benefit pension plans capped in duration and in accordance with ANC Recommendation No. 2013-02 of 7 November 2013 relating to the valuation and accounting rules for pension commitments and similar benefits for the annual financial statements and the consolidated financial statements prepared in accordance with French accounting standards, updated in November 2021, which introduced a choice of methods relating to the allocation of benefit rights for defined benefit plans, La Poste opted for the method as laid down by the IFRS IC decision. Accordingly, the expense is spread over the number of years corresponding to that which will be used at the time of the employee's departure to determine the amount of his or her retirement benefit.

The resulting adjustment of the provision for retirement benefits constitutes a change in accounting policy leading to the recognition in the accounts of a carry-forward adjustment of €123 million (see Note 19 "Equity" and Note 24.5 "Retirement benefits for La Poste's contract staff").

VI. Bond loan

On 11 January 2021, La Poste issued two fixed-rate bonds for an amount of €1.75 billion:

- €1 billion to reach maturity in 2036 at a rate of 0.625%;
- €750 million to reach maturity in 2029 at a rate of 0%.

During the month of November 2021, La Poste issued a tap on several bond issues for a total of €475 million:

- €200 million on the 1% tranche maturing in September 2034;
- €200 million on the 0% tranche maturing in July 2029;
- €75 million on the 0.625% tranche maturing in October 2026.

VII. Impact of the health crisis linked to the Covid-19 epidemic

In the context of the 2021 health crisis, La Poste took all the necessary measures to ensure business continuity, while giving priority to the health of its employees and customers in compliance with government instructions.

These measures concerned the adaptation of the work organisation and the continuation of the partial activity scheme for employees.

VIII. Arcep agreement on 2021 price increases

Price increases for domestic and international mail and parcels took effect on 1 January 2021 following the opinion issued by the French Authority for Regulation of the Electronic Communications and Postal Sectors (*Autorité de régulation des communications électroniques et des postes* – Arcep) on 23 July 2020 (No. 2020-0767). All these changes comply with the multi-annual price cap for the 2019-2022 period, as set by Decision No. 2017-1252 of 26 October 2017.

IX. Payment of an exceptional purchasing power bonus

The results of the first half of 2021 announced by the group were characterised by the beginning of an economic recovery. La Poste thus wanted to insentive its employees by paying them an exceptional purchasing power bonus.

This bonus was paid with the pay of September 2021, for a total amount of €36 million.

X. New incentive agreement for 2021-2023

On 22 June 2021, La Poste and the trade unions signed a new incentive agreement for the 2021 to 2023 fiscal years.

XI. Changes in the methods used to determine the employer's contribution in full discharge for La Poste civil servants

Decree No. 2021-1210 of 20 September 2021, which took effect the day after its publication, ratified a change in the methods used for determining the employer's contribution in full discharge for La Poste's civil servants, so as to make its calculation more accurate with regard to the various social and tax deductions paid by La Poste.

Pursuant to this decree, the French State plans to recalculate the contributions paid for the years 2018 to 2020. Part of the adjustment is taken into account in the calculation of the "competitive equity" rate notified in 2021 (Note 24.3 "Pension plan for civil servants attached to La Poste").

POST-CLOSING EVENTS

On 12 January 2022, La Poste issued a tap on a bond issue maturing in September 2034, for an amount of €100 million at a rate of 1%.

ACCOUNTING POLICIES

I. Accounting guidelines

The annual financial statements are prepared in accordance with the provisions of Regulation No. 2014-03 of the French Accounting Standards Authority (*Autorité des normes comptables* – ANC) approved by the ministerial decree of 8 September 2014 concerning the French General Chart of Accounts, and with all the subsequent ANC regulations amending it.

II. Accounting principles

A. Use of estimates

When preparing the financial statements, La Poste is required to make the best possible estimates and to make assumptions that affect the values of assets and liabilities on the balance sheet, the contingent assets and liabilities disclosed in the notes to the financial statements and the income and expenses in the income statement. The actual amounts may subsequently differ from the estimates and assumptions.

B. Operating revenue

Operating revenue arising from the sale of goods or services is recognised when the risks and rewards of ownership are transferred to the customer. Operating revenue is recognised in proportion to deliveries of the related goods or services ("of-completion" accounting method). Operating revenue for postage stamps and pre-paid envelopes is recognised when sold, other than in exceptional situations.

As a result, the time taken to deliver mail and parcels is taken into consideration when measuring operating revenue at the balance-sheet date.

C. Distinction between pre-tax profit and non-recurring items

Only **unusual** and **one-off** income and expenses are classified as non-recurring items. La Poste has decided to classify the following as non-recurring items:

- disposals of non-current assets;
- provisions for permanent impairment of non-current assets;
- items related to *force majeure* (fire, storms, etc.).

D. Taxes

La Poste has opted to apply the tax consolidation rules as the group's parent company. The tax consolidation methods are detailed in Note 8.

VAT taxation rules

The provisions of Article 261-4-11 of the French General Tax Code (*Code général des impôts*) provide for a VAT exemption for services rendered by the universal postal service provider in France falling within the scope of the universal postal service as defined by Article L. 1 of the French Postal and Electronic Communications Code (*Code des postes et communications électroniques*), as specified in Article L. 2 of the same code.

As the French service provider responsible for the universal postal service, La Poste exempts from VAT all postal products it sells falling within the scope of the universal postal service. The postal products sold by La Poste and not falling within the scope of the universal postal service are subject to VAT in line with ordinary legal provisions (application of the normal VAT rate subject to the application of the regional VAT rules on services).

Regional economic contribution

Article 344 *quindecies* of Appendix III to the French General Tax Code as amended by Decree No. 2021-1786 of 23 December 2021 establishes the direct tax base allowance rates enjoyed by La Poste for its regional planning mission. For 2021, this allowance was set at 99% of the tax base for the corporate property tax (*cotisation foncière des entreprises*) and for property taxes, and at 99% for the added value used in application of Article 1586 *ter* for the corporate value-added tax.

E. Intangible assets

ANC Regulation No. 2014-03 defines an intangible asset as an identifiable non-monetary asset without physical substance, *i.e.* an asset arising from legal or contractual rights, or from separable rights.

Intangible assets primarily consist of software and leasehold rights.

Software is amortised over a period of one to five years.

The rules for impairment of intangible assets are set out in Section G below.

Research and development costs

Development costs are expensed except for expenditure relating to internal software development to the extent that:

- it is highly likely that the project will be technically feasible;
- management has sufficient human and material resources to produce the software;
- there is a clear intention to produce the software and use it on a long-term basis for La Poste's own requirements or those of its customers.

These expenses are capitalised as intangible assets and amortised over a period ranging from three to five years from commissioning.

The amount of research and development costs recognised as expenses for the year is provided in Note 9.

F. Property, plant and equipment

1. Breakdown of the original value of non-current assets by component

A component is a part of a non-current asset that has a different useful life, or that generates economic benefits at a rate that differs from that of the overall non-current asset.

La Poste has identified the following components:

Real estate assets (six components):

- structural frame;
- roof;
- joinery and external works;
- large-scale equipment;
- small equipment items, fixtures and fittings;
- land.

Machinery and equipment:

- sorting machines: three components (mechanical parts, intelligence and peripherals). A fourth component (feeders and measuring instruments) has been identified for parcel sorting machines (High-Speed Package Sorting – *Tri Paquet Grand Débit* – TPGD);
- sorting-area equipment: two components (mechanical parts, intelligence).

2. Amortisation period

Tangible assets are depreciated on a straight-line basis over their useful life.

As part of the implementation of the accounting regulations for assets, the useful lives of non-current assets were reviewed in 2005, which primarily resulted in a lengthening of the average depreciation periods. The changes mainly involved:

- the real estate portfolio, especially the main structural frame components;
- the main mechanical component of sorting machines.

The useful lives applied are as follows:

Buildings: the useful life depends on the technical and/or architectural category to which the building belongs (La Poste has defined seven categories):

- structural frame: 20 to 80 years;
- roof: 20 to 60 years;
- joinery and external works: 20 to 40 years;
- large scale equipment items: 15 to 20 years;
- small equipment items, fixtures and fittings: 5 to 10 years.

Machinery and equipment:

- sorting machines: 5 to 15 years;
- sorting-area equipment: 5 to 8 years;
- office and computer equipment: 3 to 5 years;
- office furniture: 10 years.

Given that Tax Instruction BOI 4 A-13-05 retained the option for an entity to depreciate non-current asset components over their useful life, La Poste has recognised an accelerated depreciation charge on the following non-current assets:

- the main "structural frame" component for buildings, in order to set the useful life of this component at 40 years for depreciation purposes;
- the main "mechanical" component for sorting machines, in order to set the useful life of this component at 6 years and eight months for depreciation purposes.

3. Acquisition cost of property, plant and equipment

Only expenses giving rise to a controlled resource as a result of past events from which La Poste expects to generate future economic benefits are capitalised.

In accordance with the option provided under ANC Regulation No. 2014-03, acquisition costs that are directly attributable to the acquisition of property, plant and equipment or to bringing it into working order are not included in the cost of property, plant and equipment.

Borrowing costs are not included in the acquisition cost of property, plant and equipment.

Investment subsidies received in respect of the acquisition of a property, plant and equipment are recorded as balance sheet liabilities and recognised in the income statement over the useful lives of the underlying assets for which they were allocated.

G. Impairment of intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are tested for impairment whenever there is evidence of impairment.

Impairment tests consist in comparing the net book value of each asset to its present value, which is the higher of the realisable value and the value-in-use. Where the present value of an asset or group of assets falls below its net book value and the asset continues to be used, then its net book value is reduced to this present value *via* an impairment charge.

The **realisable value** represents the amount that could be obtained by selling an asset at the balance-sheet date in an arm's length transaction, net of sale costs.

The **value-in-use** of an asset, or group of assets, is the value of future economic benefits expected from their use and/or sale.

Impairment charges are recognised for assets held for sale where the market value falls below the net book value and a decision has been taken to sell the asset.

H. Equity investments

Shares in La Poste's subsidiaries are recognised at cost less any potential provisions for impairment.

Such impairment reflects the difference between the acquisition cost of the equity investments and their book value at the balance-sheet date, which is usually determined by using discounted future cash flows or the potentially consolidated share in the shareholders' equity of the relevant unit. Where a disposal decision has been taken, the book value is determined with reference to the realisable value, as defined in Section G above.

Dividends received are recognised in financial revenue in the fiscal year in which the decision to pay out dividends was made.

I. Other non-current financial assets

These are mainly loans granted by La Poste to its subsidiaries.

Other non-current financial assets also include loans made in connection with social housing schemes, which are recognised at nominal value. Provisions are made on the basis of the maturities and repayment terms of these loans and also to take account of the estimated risk of default.

J. Inventories and outstandings

La Poste applies the Weighted Average Unit Cost method to measure the initial cost of inventory, except for finished products, which are valued at production cost.

At the balance-sheet date and in accordance with ANC Regulation No. 2014-03 regarding assets, inventories are valued at the lower of initial cost and present value. The current value is the higher of the realisable value (market value) and the value-in-use, which usually corresponds to the discounted expected net cash flows.

Where the current value is the lower of the two, an impairment charge must be recognised in order to bring the initial cost in line with the current value.

K. Operating receivables

1. Trade receivables

At initial recognition, trade receivables on commercial activities are recorded at nominal value.

Impairment rules for trade receivables

- Receivables due from customers who are subject to a court-ordered settlement or compulsory liquidation are written off in full, regardless of age.
- For other accounts receivable, impairment is based on age and the risk of default:
  - over one year: 100% of the value of the receivable is written off,
  - between three months and one year: the discounted provisioning rate is calculated on the basis of an average "loss rate". The loss rate represents the difference between receivables at 1 January in a given year and the amounts received during that fiscal year.

2. Other receivables

At initial recognition, other receivables are recorded at nominal value. They are written down, as needed, based on age or the risk of default.

L. Miscellaneous debtors and creditors and accrual accounts

Miscellaneous debtors and creditors and accrual accounts primarily concern accounts in the process of being settled at the balance-sheet date, including La Poste Groupe's intercompany transactions.

M. Marketable securities and cash

Marketable securities are measured at the lower of acquisition cost and market value.

N. Foreign currency transactions

Payables, receivables, cash and cash equivalents denominated in foreign currencies are translated into euros at the closing exchange rate. If the closing exchange rate changes the historical value of payables and receivables, the resulting differences are then recorded in the balance sheet under unrealised foreign exchange gains or losses.

At La Poste, unrealised foreign exchange gains or losses are mainly related to financial transactions (bonds and related hedging transactions).

O. Contingency and loss provisions

Provisions are recognised where (i) at the balance-sheet date La Poste has a legal or implicit liability towards a third party as a result of a past event, (ii) it is likely that an outflow of resources representing future economic benefits will be required to settle the liability, and (iii) a reliable estimate can be made of the liability.

The provisions are measured on the basis of La Poste's expectations as to the expenditure required to settle the liability, based on management data from the information system and the assumptions selected by La Poste, possibly supplemented by experience with similar transactions and, in some cases, by reports from independent experts or by supplier quotes. These various assumptions are reviewed at each balance-sheet date.

P. Pension plan and end-of-career benefits

1. Pension plan

Civil servants

The Supplementary Budget Act for 2006 reformed pension funding for La Poste's civil servants, retroactive to 1 January 2006, as described in Note 24 to the financial statements.

Under the plan introduced in 2006, La Poste pays an employer contribution, which discharges it of its liabilities. As a result, no provision for the retirement of civil servants is recorded in the financial statements.

Contract employees

The pension plan for La Poste's contract staff is the standard plan under common law. The plan is a "defined contribution plan", which is funded by contributions to organisations that release the employer from any subsequent liability, while the organisation undertakes to pay employees the amounts accruing to them. Consequently, once the contributions are paid, no liabilities or obligations are recognised in La Poste's financial statements. Contributions paid to independent bodies are expensed in the relevant period.

2. Retirement benefits (contract staff)

These liabilities are covered by a provision in the balance sheet.

Following the update in November 2021 of ANC Recommendation No. 2013-02 of 7 November 2013 relating to the valuation and accounting rules for pension commitments and similar benefits for the annual financial statements and the consolidated financial statements prepared in accordance with French accounting standards, which introduced a choice of methods relating to the allocation of benefit rights for defined benefit plans, La Poste opted for the method as laid down by the IFRS IC decision.

Thus, the calculations made by La Poste now take into account the number of years corresponding to that which will be used at the time of the employee's departure to determine the amount of his or her retirement benefit.

The resulting adjustment of the provision for retirement benefits constitutes a change in accounting policy leading to the recognition in the accounts of a carry-forward adjustment of €123 million (see Note 19 "Equity" and Note 24.5 "Retirement benefits for La Poste's contract staff").

The main assumptions used and the assessment of the liability are set out in Note 24 to the financial statements.

3. End-of-career benefits

La Poste records a provision for the costs of the end-of-career benefits granted to its employees. The persons included for purposes of measuring the provision are all those who were enrolled in the plan at the balance-sheet date.

The existing end-of-career benefits are described in Note 24 to the financial statements.

Q. Debt evidenced by a certificate (bonds and La Poste savings bonds, excluding undated hybrid debt securities)

Debt securities are recognised at face value under "Financial liabilities" in balance sheet liabilities. They are broken down in the notes to the financial statements by type: bonds and La Poste savings bonds.

Interest accrued not due on these securities is posted to a related payables account through profit and loss.

Bond issue and redemption premiums are amortised on a straight-line basis over the life of the bonds, with issue costs being deferred on a straight-line basis over the same period.

Such issue and redemption premiums are recognised as balance sheet assets under "Miscellaneous debtors" (see Note 15).

R. Derivatives

Derivatives transactions are disclosed under off-balance sheet commitments in Note 23.

The hedging performed by La Poste complies with hedge accounting, which is based on the principle of the symmetrical treatment of the financial instrument and the underlying hedged item in terms of their recognition in the income statement.

In application of ANC Regulation No. 2015-05 of 2 July 2015, instruments used in transactions classified as "an isolated open position" for accounting purposes are measured at market value at the balance-sheet date. Changes in value are recognised in the balance sheet and unrealised losses are recognised *via* a provision for contingencies and losses in financial profit/(loss).

S. Capital

La Poste's share capital amounts to €5.365 billion, divided into 2,682,425,682 common shares with a nominal value of €2 each. It is 66% held by Caisse de Dépôts and 34% by the French State.

This breakdown is the result of transactions relating to the creation of the large public financial group, decided by La Poste's Combined General Meeting of 4 March 2020.

T. Off-balance sheet commitments

Commitment accounts are defined in the French General Chart of Accounts separately from balance sheet and off-balance sheet accounts, as rights and obligations that may change the value or substance of a company's assets, where the effects of such rights and obligations are contingent on the fulfilment of conditions or the completion of subsequent transactions.

Commitments may only be listed under off-balance sheet commitments if they pertain to transactions occurring after the balance-sheet date (commitments made in the normal course of business), or if they relate to contingent assets and liabilities (guarantee commitments).

- Contingent liabilities result from:
  - either the existence of a liability that is not likely or certain to cause an outflow of resources,
  - or from a potential liability, which will only crystallise if one or more uncertain future events not entirely under the Company's control occur.

- A contingent asset is a potential asset resulting from past events, the existence of which will only be confirmed by the occurrence (or non-occurrence) of one or more uncertain future events that are not entirely under the Company's control.

U. Cash flow statement

La Poste prepares a cash flow statement, which shows the inflows and outflows of cash and cash equivalents classified under operating, investing and financing activities.

Operating activities are the main revenue-generating activities, and any activities other than those defined as investing or financing activities.

Cash flows from operating activities are determined based on the indirect method whereby the net profit for the year is adjusted for all non-cash transactions (*i.e.* net charges to depreciation, amortisation and provisions other than those relating to current assets plus business-related changes in working capital), deferrals or adjustments relating to past or future operating cash inflows or outflows and all income and expenses associated with cash flows from investing or financing activities.

Investing activities correspond to the purchase or sale of non-current assets and any other investments not included in cash and cash equivalents.

La Poste's cash flows from investing activities primarily consist of the purchase or sale of the following items:

- intangible and tangible assets , plant and equipment, adjusted for non-cash transactions (accounts receivable or payable on non-current assets);
- equity investments in other companies;
- other non-current financial assets (deposits and guarantees, receivables on equity investments, etc.).

Financing activities relate to transactions that affect the amount and composition of equity and debt.

Cash flows from financing activities include the sources of financing (new borrowings) and related outflows (La Poste savings bond redemptions and debt repayments).

The concept of cash and cash equivalents covers very liquid short-term investments that can be readily converted into known amounts of cash and are subject to a negligible risk of a loss in value.

La Poste's cash and cash equivalents include cash on hand, cash at bank and marketable securities that do not carry any material risk of loss in value on account of their nature and can be readily converted into cash (particularly money-market UCITS), and the portion of bank credit balances and accrued interest not due relating to overdrafts.

V. Consolidated financial statements

The consolidated financial statements are prepared at La Poste Groupe level. La Poste, which is registered with the Paris Trade and Companies Registry under number 356 000 000 and whose registered office is located at 9 rue du Colonel-Pierre-Avia, 75015 Paris, is the parent company.

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NOTES TO THE INCOME STATEMENTS

NOTE 1 OPERATING REVENUE AND OTHER OPERATING INCOME

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The column "31/12/2020 restated" corresponds to the operating revenue for 2020 presented according to the new organisation implemented in 2021 with the creation of the Retail Customers and Digital Services business unit.

La Poste's operating revenue broke down as follows:

(in € million)	31/12/2021	31/12/2020 restated	31/12/2020
Services-Mail-Parcels operating revenue	7,618	7,311	9,769
Retail Customers and Digital Services operating revenue	3,480	3,317	
Digital Services operating revenue	-	-	11
La Poste Network operating revenue	-	-	866
Real Estate operating revenue	17	17	17
Other operating revenue	19	18	
TOTAL	**11,134**	**10,663**	**10,663**

At 31 December 2021, the operating revenue by geographic area was as follows:

- France/domestic sales: 90.4%;
- European Union zone: 5.5%;
- Other: 4.1%.

The breakdown by geographic area was unchanged compared to the end of December 2020.

1.1 Operating revenue of the Services-Mail-Parcels business unit

Operating Revenue of the Services-Mail-Parcels business unit (domestic and international) broke down as follows:

(in € million)	31/12/2021	31/12/2020 restated	31/12/2020
Services-Mail operating revenue	5,593	5,461	7,367
Parcels operating revenue	2,025	1,850	2,402
TOTAL	**7,618**	**7,311**	**9,769**

- **Services-Mail operating revenue** by activity broke down as follows:

(in € million)	31/12/2021
Correspondence	3,370
Advertising (direct marketing and PA*)	818
Press	323
International	525
Other Mail products	557
TOTAL	**5,593**

* *PA: printed advertising.*

Given the creation of the Retail Customers and Digital Services business unit on 1st July 2021, only the year 2021 is presented.

"Correspondence" operating revenue included:

- business mail (companies and other legal entities) for an amount of €3,365 million; and;
- single-piece mail (private individuals) for €5 million.

International mail operating revenue broke down as follows::

(in € million)	31/12/2021	31/12/2020
Mail franked at post office counters	79	77
Terminal dues	159	224
Other international mail revenue	287	324
TOTAL	**525**	**625**

International operating revenue corresponds to international business correspondence and terminal fees.

Terminal fees are the payments received by La Poste for delivering mail from abroad in France. They are determined at the balance-sheet date on the basis of estimates of weight and number of items distributed known at that date.

Other Mail revenue primarily includes operating revenue from collecting and delivering letters to homes.

- **Parcel operating revenue** broke down as follows:

(in € million)	31/12/2021
BtoC (Business to Consumer)	1,905
CtoC (Consumer to Consumer)	3
Others	117
TOTAL	**2,025**

Given the creation of the Retail Customers and Digital Services business unit on 1st July 2021, only the year 2021 is presented.

1.2 Operating revenue of the Retail Customers and Digital Services business unit

The operating revenue of the Retail Customers and Digital Services business unit was as follows:

(in € million)	31/12/2021	31/12/2020 restated	31/12/2020
Retail Digital Services operating revenue	2,573	2,469	11
Retail Network operating revenue	907	848	866
TOTAL	**3,480**	**3,317**	**877**

- **The operating revenue by activity of Retail Digital Services** comprised the following items:

(in € million)	31/12/2021
Correspondence	1,398
Advertising (direct marketing and PA*)	43
International	84
BtoC parcels	104
CtoC parcels	480
Digital services	16
Other Mail-Parcel products	448
TOTAL	**2,573**

* *PA: printed advertising.*

Given the creation of the Retail Customers and Digital Services business unit on 1st July 2021, only the year 2021 is presented.

- **The operating revenue of the Retail Network activity** mainly corresponded to invoices to La Banque Postale.

  Pursuant to the current service agreements, La Poste invoices La Banque Postale for services relating to the financial activities provided by the post offices, which primarily include:

  - counter staff's activities relating to "financial services" transactions,
  - installation and operational management of ATMs.

  These two services amounted to €837 million at 31 December 2021 compared to €777 million at 31 December 2020.

  The operating revenue of the Retail Customers and Digital Services business unit also included commissions received on third-party sales (excluding mail and parcels) carried out at post office counters, and compensation received for use of its commercial network (Chronopost and La Poste Mobile).

1.3 Operating revenue of the Real Estate business unit

The operating revenue of the Real Estate activity was as follows:

(in € million)	31/12/2021	31/12/2020
Real Estate operating revenue	17	17
TOTAL	**17**	**17**

The Real Estate business unit operating revenue mainly corresponded to services provided by La Poste to its real estate subsidiaries.

1.4 Other operating income

(in € million)	31/12/2021	31/12/2020
Press contribution	88	96
Compensation for the universal postal service	520	-
Compensation for the regional planning mission	74	-
Banking services	1,844	1,868
Capitalised production	160	136
Services performed for subsidiaries	115	114
Other operating income	111	109
TOTAL	**2,912**	**2,323**

At 31 December 2021, the **Other operating income** item included the compensation for the universal postal service and regional planning missions (see "Key highlights").

In line with the commitments made by the French State since 2008, the State pays the additional costs incurred by La Poste pertaining to the public service mission of press transportation and delivery.

This compensation of €88 million for the year 2021 was paid in full in 2021 (compared to €96 million at 31 December 2020).

The banking activity services include the reimbursement of expenses and income invoiced to La Banque Postale in respect of the banking activities carried out by La Poste. They broke down as follows:

(in € million)	31/12/2021	31/12/2020
"Financial services" personnel expenses	717	751
Costs of the "La Poste Network banking advisory line"	1,127	1,117
TOTAL	**1,844**	**1,868**

The services performed for subsidiaries were as follows:

(in € million)	31/12/2021	31/12/2020
Services charged to subsidiaries	65	66
Personnel expense recharges	5	5
Management fees charged to first-level subsidiaries	45	43
Of which La Banque Postale	18	24
TOTAL	**115**	**114**

NOTE 2 OTHER EXTERNAL EXPENSES

Other external expenses comprised the following items:

(in € million)	31/12/2021	31/12/2020
External services	2,697	2,315
Transport	802	769
International mail delivery services	192	168
Rental expenses	1,000	1,003
Maintenance and repair costs	304	291
Telecommunications expenses	95	105
Travel and assignments	51	51
Customer transaction costs	61	80
TOTAL	**5,202**	**4,782**

The "External services" item consists mainly of outsourced services (€1,066 million) and of intermediaries' expenses and fees (€236 million).

The "Rental expenses" item includes property expenses (leases and rental expenses in the amount of €783 million) and vehicle rentals (€165 million).

The "Transport" item includes national and international mail transport (€768 million) as well as the costs of the sub-contracted transport of funds (€27 million).

NOTE 3 TAXES AND DUTIES

Taxes, levies and similar payments broke down as follows:

(in € million)	31/12/2021	31/12/2020
Payroll taxes	390	420
Public transport allowance	78	80
Local taxes	3	3
Voluntary apprenticeship tax payments	25	20
Housing tax contributions (F.N.A.L)	26	27
Vocational training tax charge	37	36
Employer construction tax charge	25	26
Miscellaneous taxes	33	22
TOTAL	**617**	**634**

The "Local taxes" item primarily consists of the Regional Economic Contribution tax (CET) (€1 million). Since 2011, pursuant to the provisions of the French Postal Act No. 2010-123 of 10 February 2010, La Poste receives a tax reduction on this contribution whose final amount was published in Decree No. 2021-1786 of 23 December 2021.

The "Miscellaneous taxes" item mainly includes the social solidarity contribution (*contribution sociale de solidarité*) (€21 million).

NOTE 4 PERSONNEL EXPENSES

Personnel expenses broke down as follows:

(in € million)	31/12/2021	31/12/2020
Wages and salaries, bonuses and allowances	5,742	5,938
Civil servant pension contributions	296	509
Social contributions	1,353	1,347
Employee welfare costs	170	193
Other personnel expenses	157	56
Tax credit for competitiveness and employment (CICE)	(1)	(1)
TOTAL	**7,717**	**8,042**

The change in personnel expenses (-€325 million) largely arose from:

- the change recorded on the "Wages and salaries, bonuses and allowances" item (-€196 million);
- the decrease in civil servants' pension contributions (-€213 million) mainly related to the change in the methods used to determine the employer's contribution in full discharge published by Decree No. 2021-1210 of 20 September 2021.

The headcount was as follows (based on equivalent employees/year):

Number of employees	31/12/2021	31/12/2020
TOTAL	**158,389**	**169,585**

NOTE 5 NET DEPRECIATION, AMORTISATION, PROVISIONS AND IMPAIRMENT

Net depreciation, amortisation, provisions and impairment broke down as follows:

(in € million)	31/12/2021	31/12/2020
Depreciation and amortisation	158	229
Deferred expense charges	2	1
Net asset impairment charges/reversals	8	7
Net contingency and loss provision charges/reversals	(82)	211
TOTAL	**86**	**448**

- the breakdown of depreciation and amortisation is shown in Notes 9 and 10 to the balance sheet;
- the breakdown of net charges and reversals for the impairment of assets is shown in Note 18;
- the breakdown of the charges and reversals of contingency and loss provisions is shown in Note 20.

NOTE 6 FINANCIAL PROFIT/(LOSS)

Financial profit/(loss) broke down as follows:

(in € million)	31/12/2021	31/12/2020
Net profit/(loss) from foreign currency	(4)	(4)
Net profit/(loss) on loans, borrowings and other fixed asset investments	(46)	(50)
Income from equity investments	419	208
Other financial revenue and expenses	(24)	2
TOTAL	**345**	**156**

Financial profit/(loss) at 31 December 2021 primarily consisted of:

- income from equity investments, which broke down as follows:

(in € million)	31/12/2021	31/12/2020
GeoPost	208	78
La Banque Postale	171	-
Poste Immo	28	129
Others	12	1
TOTAL	**419**	**208**

- net profit/(loss) from borrowings (-€175 million), loans (+€129 million), including related financial instruments.

NOTE 7 NON-RECURRING ITEMS

Non-recurring items broke down as follows:

(in € million)	31/12/2021	31/12/2020
Net results from asset disposals	4	(3)
Impairment and amortisation of fixed assets	312	(524)
Net accelerated depreciation	(7)	(2)
Miscellaneous non-recurring income and expenses	1	(11)
TOTAL	**310**	**(540)**

The net allowances/reversal for depreciation, amortisation and impairment of fixed assets recorded as at 31 December 2021 concerned Mail non-current assets (see "Key highlights – IV. Reversal of impairment of Mail's property, plant and equipment and intangible assets").

NOTE 8 INCOME TAX

(in € million)	31/12/2021	31/12/2020
Income or expenses on tax consolidation	206	250
Net tax expense	(1)	(25)
TOTAL	**205**	**225**

At 31 December 2021, the whole La Poste tax group recorded a loss. The tax group included 138 subsidiaries at 31 December 2021 (*versus* 143 at 31 December 2020).

For the 2021 fiscal year, the French corporate tax rate under ordinary law was 26.5%. For companies with operating revenue of more than €250 million, the corporate tax rate was 27.5%.

The social contribution amounted to 3.3% of the reference French Corporate Tax, less a deduction of €763,000.

The tax group stood at €206 million. This corresponds to the sum of tax expenses of the subsidiaries belonging to the tax group.

The amount of the subsidiaries' losses used by the group under the tax consolidation group rules totalled €580 million as at 31 December 2021.

Under the tax group agreement between La Poste and its fully-consolidated subsidiaries, subsidiaries returning to profit retain the option of using loss carry-forwards arising during the tax group period to calculate the tax expense owed to the parent company. The use of such tax losses by subsidiaries results in an expense for the group in the fiscal year in which such losses are used, as long as the subsidiaries remain part of the tax group.

The net tax expense of €1 million mainly corresponds to the tax credits of La Poste SA for the fiscal year and the impairment of the sponsorship tax credit granted to La Poste as the parent company of the tax consolidation, linked to the outlook for use.

(in € million)	31/12/2021	31/12/2020
Items that reduce future tax liability		
Temporary differences		
Of which:		
• *Provisions for early retirement and retirement benefits*	*1,450*	*1,551*
• *Non-deductible provisions*	*138*	*565*
• *Swaps and swap-related items*	*3*	*3*
• *Other temporary differences (including unrealised foreign exchange gains)*	*74*	*111*
TOTAL	**1,665**	**2,230**
Items that increase future tax liability		
• *Poste Immo – Roll-over relief on capital contribution*	*76*	*99*
• *Miscellaneous*	*118*	*79*
TOTAL	**194**	**178**

NOTES TO THE BALANCE SHEET

NOTE 9 INTANGIBLE ASSETS

9.1 Gross values 452 9.2 Depreciation, amortisation and impairments 452

Movements in intangible assets and the corresponding depreciation, amortisation and impairments broke down as follows:

9.1 Gross values

(in € million)	Amounts at 31/12/2020	Acquisitions	Disposals	Reclassifications	AMOUNTS AT 31/12/2021
Research and development costs	181	5	-	37	223
Licences, patents and similar rights	59	-	-	1	60
Software	1,121	9	(2)	121	1,249
Leasehold rights	10	-	-	-	10
Goodwill	3	-	-	-	3
Intangible assets under construction	194	158	-	(159)	193
TOTAL	**1,568**	**172**	**(2)**	**-**	**1,738**

The "reclassifications" column corresponds to non-current assets commissioned during the fiscal year.

9.2 Depreciation, amortisation and impairments

(in € million)	Amounts at 31/12/2020	Increases	Decreases	Reclassifications	AMOUNTS AT 31/12/2021
Research and development costs	112	28	-	-	140
Licences, patents and similar rights	55	1	-	-	56
Software	1,024	92	(2)	-	1,114
Leasehold rights	10	-	-	-	10
Other intangible assets	**1,201**	**121**	**(2)**	**-**	**1,320**
Goodwill impairment	2	-	-	-	2
Impairment of other intangible assets	202	84	(286)	-	-
TOTAL	**1,405**	**205**	**(288)**	**-**	**1,322**

The research and development costs expensed during the 2021 fiscal year amounted to €70 million.

NOTE 10 PROPERTY PLANT AND EQUIPMENT

10.1 Gross values 453 10.2 Depreciation, amortisation and impairments 453

Movements in property, plant and equipment and the corresponding depreciation, amortisation and impairments broke down as follows:

10.1 Gross values

(in € million)	Amounts at 31/12/2020	Acquisitions	Disposals	Reclassifications	AMOUNTS AT 31/12/2021
Land	54	-	(4)	-	50
Buildings	218	-	(20)	6	204
Land and buildings	**272**	**-**	**(24)**	**6**	**254**
Plant and machinery	1,559	28	(39)	48	1,596
Vehicles	78	2	(1)	-	79
IT equipment	494	32	(22)	-	504
Other property, plant and equipment	1,586	42	(42)	15	1,601
Property, plant and equipment in progress	72	45	-	(70)	47
Other property, plant and equipment	**3,788**	**149**	**(104)**	**(6)**	**3,827**
TOTAL	**4,060**	**149**	**(128)**	**-**	**4,081**

10.2 Depreciation, amortisation and impairments

(in € million)	Amounts at 31/12/2020	Increases	Decreases	Reclassifications	AMOUNTS AT 31/12/2021
Buildings	155	5	(20)	-	140
Plant and machinery	1,277	61	(39)	-	1,299
Vehicles	71	4	(1)	-	74
IT equipment	416	41	(22)	-	435
Other property, plant and equipment	1,286	69	(38)	-	1,317
Other property, plant and equipment	**3,205**	**180**	**(120)**	**-**	**3,265**
Land and building impairment	1	-	(1)	-	-
Impairment of other property, plant and equipment	252	44	(296)	-	-
TOTAL	**3,458**	**224**	**(417)**	**-**	**3,265**

NOTE 11 NON-CURRENT FINANCIAL ASSETS

This item broke down as follows:

(in € million)	31/12/2020	Increase	Decrease	31/12/2021
Equity investments	10,372	20	(13)	10,379
Impairment on equity investments	(85)	(45)	28	(102)
Net equity investments	**10,288**	**(25)**	**15**	**10,277**
Intercompany loans	5,126	1,796	(591)	6,331
Other loans	56	1	(3)	54
Impairment on loans	(9)	-	-	(9)
Net loans receivable	**5,173**	**1,797**	**(594)**	**6,376**
Other non-current financial assets	8	7	(1)	14
Net other non-current financial assets	**8**	**7**	**(1)**	**14**
TOTAL	**15,469**	**1,779**	**(580)**	**16,667**

La Poste's equity investments are mostly held through the holding companies GeoPost, Poste Immo, La Banque Postale and Véhiposte in which La Poste holds 100% of the capital.

- The primary changes recorded on La Poste's equity investments came from:
  - the subscription in the XAnge 4 fund for €15 million on 9 June 2021, of which €3.9 million paid up at 31 December 2021,
  - the capital increase of La Poste Ventures subscribed by La Poste for €5 million, fully paid up at 31 December 2021,
  - repayments of contributions, mainly from the XAnge Capital 2 fund for an amount of €11 million.
- The impairment of equity investments mainly concerns the subsidiaries Viapost, Mediapost Holding, Mediapost SAS, Somepost and Sofrepost.

The "loans" item consists mostly of loans granted by La Poste to its subsidiaries.

- The changes in intercompany loans recorded at the end of December 2021 broke down as follows:

(in € million)	Increase	Decrease
GeoPost	906	195
Asendia Holding	298	2
Poste Immo	170	186
Véhiposte SAS	152	125
Mediapost Holding	46	-
Docaposte	42	-
LP11	41	-
La Poste Nouveaux Services	34	-
La Poste Silver	31	3
Armadillo Holding GmbH	-	6
Mediapost SAS	-	5
Fluow	-	1
Change in accrued interest not due	76	67
TOTAL	**1,796**	**591**

- The impairment on loans relates to those granted to housing construction organisations under agreements (included in the "Other loans" item).

The breakdown of loans and other non-current financial assets by maturity was as follows:

		Maturity			
(in € million)	31/12/2021	< 1 year	1 to 5 years	> 5 years	31/12/2020
Equity investments	10,379	-	-	10,379	10,372
Gross loans	6,384	468	1,488	4,428	5,182
Other non-current financial assets	14	3	11	-	8
TOTAL	**16,778**	**471**	**1,499**	**14,808**	**15,562**

NOTE 12 INVENTORIES AND OUTSTANDINGS

	31/12/2021			
(in € million)	GROSS VALUES	IMPAIREMENT	NET VALUES	31/12/2020
Inventories of raw materials, supplies, traded goods and other supplies	99	(5)	94	132
Finished and semi-finished product inventories	13	-	13	13
TOTAL	**112**	**(5)**	**107**	**145**

NOTE 13 OPERATING RECEIVABLES AND PAYABLES

13.1 Operating receivables 456 13.2 Operating payables 456

13.1 Operating receivables

Operating receivables broke down as follows:

		Maturity			
(in € million)	**31/12/2021**	**< 1 year**	**1 to 5 years**	**> 5 years**	**31/12/2020**
Trade receivables and related accounts	1,131	1,131	-	-	1,250
International mail receivables	813	813	-	-	908
Impairment of trade receivables	(40)	(40)	-	-	(35)
Trade receivables and related accounts	**1,904**	**1,904**	**-**	**-**	**2,122**
Tax and employee-related receivables	906	906	-	-	310
Impairment of tax and employee-related receivables	(36)	(36)	-	-	(29)
Other operating receivables	45	45	-	-	57
Other receivables	**915**	**915**	**-**	**-**	**338**
TOTAL	**2,819**	**2,819**	**-**	**-**	**2,460**

The tax and employee-related receivables included the compensation of the public service missions relating to the universal postal service and regional planning for €594 million.

13.2 Operating payables

The operating payables broke down as follows:

		Maturity			
(in € million)	**31/12/2021**	**< 1 year**	**1 to 5 years**	**> 5 years**	**31/12/2020**
Trade payables and related accounts	1,123	1,123	-	-	1,103
International mail payables	336	336	-	-	365
Tax and employee-related payables	1,124	1,124	-	-	1,076
Other operating payables	747	747	-	-	815
TOTAL	**3,330**	**3,330**	**-**	**-**	**3,359**

Receivables and payables on international mail transactions are mostly incurred with foreign postal operators in connection with terminal dues. Terminal dues are products charges for services performed by post offices in order to process mail arriving from other foreign operators.

NOTE 14 ACCRUED INCOME AND EXPENSES

14.1 Assets 457 14.2 Liabilities 457

14.1 Assets

(in € million)	Note	31/12/2021 ACCRUED INCOME	31/12/2021 BALANCE SHEET	31/12/2020 Accrued income	31/12/2020 Balance sheet
Intercompany loans	11	76	6,331	67	5,126
Other non-current financial assets	11	-	14	-	8
Trade receivables and related accounts	13	165	1,131	121	1,250
Other international mail receivables	13	701	813	784	908
Tax and employee-related receivables	13	629	906	84	310
Other operating receivables	13	25	45	24	57
TOTAL		**1,596**		**1,080**	

The **accrued tax and employee-related receivables** included in particular the subsidies to be received from the State in respect of the compensation of the public service missions relating to the universal postal service and regional planning for €594 million.

14.2 Liabilities

(in € million)	Note	31/12/2021 ACCRUED EXPENSES	31/12/2021 BALANCE SHEET	31/12/2020 Accrued expenses	31/12/2020 Balance sheet
Financial liabilities	21	96	9,970	95	8,818
Trade payables and related accounts	13	856	1,123	894	1,103
Other international mail payables	13	296	336	311	365
Tax and employee-related payables	13	754	1,124	641	1,076
Other operating payables	13	184	747	265	815
TOTAL		**2,186**		**2,207**	

The **accrued tax and employee-related expenses** mostly included a provision for paid leave (€211 million in expenses at 31 December 2021 compared to €227 million at 31 December 2020).

NOTE 15 MISCELLANEOUS RECEIVABLES AND PAYABLES

This item broke down as follows:

	31/12/2021		31/12/2020	
(in € million)	**ASSETS**	**LIABILITIES**	**Assets**	**Liabilities**
Current account position	111	470	113	454
Receivables/payables with La Banque Postale	6	40	2	72
Other receivables/payables	63	41	56	32
TOTAL	**180**	**552**	**171**	**558**

The current account position presents La Poste's position in the context of the central corporate treasury system set up with the group's subsidiaries.

The receivables and payables with La Banque Postale arose due to La Poste's industrial and commercial activities.

The other receivables balance consisted mainly of:

- €30 million in third-party receivables;
- €20 million in issue premiums on bonds;
- €12 million in deferred bond issue expenses.

The other payables balance mostly consisted of:

- repayable cash amounts received on behalf of third parties (€22 million in 2021 *versus* €26 million in 2020), which corresponded to sales made by La Poste on behalf of third parties (telecom operators, Chronopost, etc.);
- the unpaid portion of the subscription to the XAnge 4 fund for €11 million, XAnge Digital 3 fund for €5 million.

NOTE 16 ACCRUAL ACCOUNTS

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16.1 Assets

(in € million)	31/12/2021	31/12/2020
Unrealised foreign exchange losses[(a)]	35	73
Pre-paid expenses	28	36
Other transactions	14	18
TOTAL	**77**	**127**

(a) The unrealised foreign exchange differences primarily relate to borrowings in foreign currencies which are backed by currency swaps to fully hedge the exchange rate risk.

Pre-paid expenses mainly included:

- pre-paid expenses on bond equalisation payments, related to the bond issue, for €8 million (compared to €11 million at 31 December 2020);
- pre-paid operating expenses of €17 million (€22 million at 31 December 2020), which primarily corresponded to property rent invoiced in advance.

16.2 Liabilities

(in € million)	31/12/2021	31/12/2020
Unrealised foreign exchange gains[(a)]	35	73
Deferred income	142	160
TOTAL	**177**	**233**

(a) The unrealised foreign exchange differences primarily relate to borrowings in foreign currencies which are backed by currency swaps to fully hedge the exchange rate risk.

The pre-paid income consisted of:

- pre-paid income on bond equalisation payments, related to the bond issue, for €2 million (compared to €4 million at 31 December 2020);
- pre-paid operating income amounting to €140 million (compared to €156 million at 31 December 2020).

NOTE 17 MARKETABLE SECURITIES AND CASH

This item broke down as follows:

(in € million)	31/12/2021	31/12/2020
Marketable securities	916	450
Impairment of marketable securities	(1)	(1)
Marketable securities	915	449
Cash at bank	1,991	2,661
Cash on hand	4	4
TOTAL	**2,909**	**3,114**

Marketable securities are made up of short-term investments, which are easily convertible into known amounts of cash and where the risk of a loss in value is negligible:

- At 31 December 2021, they consisted of mutual funds for €866 million and short-term debt securities for €50 million;
- The unrealised losses on marketable securities at 31 December 2021 amounted to €1.1 million (*versus* €0.3 million at 31 December 2020).

Cash at bank consists of:

- cash investments (term account and term deposit outstandings) with €833 million in outstandings at 31 December 2021 (compared to €1,202 million at 31 December 2020);
- bank accounts and bills of exchange payable for €1,158 million at 31 December 2021 (compared to €1,459 million at 31 December 2020).

NOTE 18 ASSET IMPAIRMENT

Changes in asset impairment in 2021 were as follows:

(in € million)	Amounts at 31/12/2020	Increase 2021	Reversals 2021 used	Reversals 2021 not used	AMOUNTS AT 31/12/2021
Intangible assets	204	84	-	(286)	2
Property, plant and equipment	253	44	-	(297)	-
Impairment of property, plant and equipment and intangible assets	**457**	**128**	**-**	**(583)**	**2**
Equity investments	84	45	(28)	-	101
Loans	9	-	-	-	9
Impairment of non-current financial assets	**93**	**45**	**(28)**	**-**	**110**
Inventories and outstandings	1	5	(1)	-	5
Trade receivables and related accounts	36	13	(3)	(6)	40
Tax and employee-related receivables	29	7	-	-	36
Other debtors	16	3	-	-	19
Marketable securities	1	4	(4)	-	1
Impairment of current assets	**83**	**32**	**(8)**	**(6)**	**101**
TOTAL	**633**	**205**	**(36)**	**(589)**	**213**

The impairment charges on assets are recorded in accordance with the principles defined in Section G "Accounting policies".

Allowances and reversals relative to impairment in the period broke down as follows:

	INCREASE				Reversals			
(in € million)	OPERATING PROFIT/ (LOSS)	FINANCIAL PROFIT/ (LOSS)	NON-RECURRING ITEMS	INCOME TAX	Operating profit/ (loss)	Financial profit/ (loss)	Non-recurring items	Income tax
Property, plant and equipment and intangible assets	-	-	128	-	-	-	(583)	-
Equity investments	-	45	-	-	-	(28)	-	-
Inventories and outstandings	5	-	-	-	(1)	-	-	-
Trade receivables and related accounts	13	-	-	-	(9)	-	-	-
Tax and employee-related receivables	-	-	-	7	-	-	-	-
Other debtors	-	3	-	-	-	-	-	-
Marketable securities	-	4	-	-	-	(4)	-	-
TOTAL	**18**	**52**	**128**	**7**	**(10)**	**(32)**	**(583)**	**-**
GRAND TOTAL		**205**				**(625)**		

NOTE 19 EQUITY

The changes in equity are as follows:

(in € million)	Share capital	Share premium account	Reserves	Retained earnings	Net profit/(loss) for the year	TOTAL EQUITY
BALANCE AT 31/12/2019	**3,800**	**900**	**572**	**853**	**(83)**	**6,042**
Capital increase	1,565	403				1,968
Appropriation of earnings				(83)	83	-
Net profit/(loss) for the period					(1,546)	(1,546)
BALANCE AT 31/12/2020	**5,365**	**1,303**	**572**	**770**	**(1,546)**	**6,463**
Appropriation of earnings	-	-	-	(1,546)	1,546	-
Change in accounting policy	-	-	-	123	-	123
Net profit/(loss) for the period	-	-	-	-	753	753
BALANCE AT 31/12/2021	**5,365**	**1,303**	**572**	**(654)**	**753**	**7,339**

At 31 December 2021, La Poste's share capital amounted to €5.365 billion, divided into 2,682,425,682 common shares with a nominal value of €2 each. It is 66% held by Caisse des Dépôts and 34% by the French State.

In 2021, La Poste decided to allocate the loss of the 2020 fiscal year, in the amount of €1.546 billion, entirely to retained earnings.

Change in accounting policy

The update of ANC Recommendation No. 2013-02 of 7 November 2013, relating to the valuation and accounting rules for pension commitments and similar benefits for the annual financial statements and the consolidated financial statements prepared in accordance with French accounting standards, introduced the possibility of recognition in the parent company financial statements in line with the IFRS IC decision of April 2021.

The implementation of this change in the valuation method for the provision for retirement benefits led to the recognition in the parent company financial statements of a carry-forward adjustment of €123 million (Note 24.5 "Retirement benefits for La Poste's contract staff").

Other equity:

On 3 May 2018, La Poste issued undated hybrid debt securities for €750 million.

NOTE 20 CONTINGENCY AND LOSS PROVISIONS

The following changes occurred in contingency and loss provisions:

(in € million)	Amounts at 31/12/2020	Allowances 2021	Reversals 2021		Change in accounting policy in 2021	AMOUNTS AT 31/12/2021
			used	not used		
End-of-career benefits	1,075	334	(419)	-	-	990
Retirement benefits for contract staff	477	1	(16)	-	(123)	339
Long-term sick leave/paid holiday/local taxes	357	4	(16)	-	-	345
Legal risks	23	5	(3)	(3)	-	22
Refurbishment	1	-	(1)	-	-	-
Employee-related disputes	32	10	(9)	(6)	-	27
Claims and damages	22	8	(7)	(2)	-	21
Other contingency and loss provisions	26	49	(7)	(6)	-	62
TOTAL	**2,013**	**411**	**(478)**	**(17)**	**(123)**	**1,806**
Accelerated depreciation	**42**	**12**	**(5)**	**-**		**49**

The main assumptions used to measure provisions for early retirement plans for civil servants and end-of-career benefits for contract employees are described in Note 24.

Provisions for legal risks relate to claims brought before administrative, civil or commercial courts.

Provisions for employee-related disputes cover all employee disputes (industrial tribunals, etc.) and the risk of adjustments demanded by URSSAF (French Social Security body).

At 31 December 2021, the schedule for contingency and loss provisions was as follows:

(in € million)	AMOUNTS AT 31/12/2021	Period N+1	Period N+2	Period N+3	Period N+4	Period N+5
End-of-career benefits	990	404	302	176	77	31
Retirement benefits for contract staff	339	21	11	13	13	281
Long-term sick leave/paid holiday/local taxes	345	177	86	78	3	1
Legal risks	22	15	-	7	-	-
Refurbishment	-	-	-	-	-	-
Employee-related disputes	27	22	3	1	1	-
Claims and damages	21	4	11	3	2	1
Other contingency and loss provisions	62	29	7	7	10	9
TOTAL	**1,806**	**672**	**420**	**285**	**106**	**323**

Allowances and reversals over the period broke down as follows:

	ALLOWANCES			Reversals		
(in € million)	OPERATING PROFIT/ (LOSS)	FINANCIAL PROFIT/ (LOSS)	NON-RECURRING ITEMS	Operating profit/(loss)	Financial profit/(loss)	Non-recurring items
End-of-career benefits	334	-	-	(419)	-	-
Retirement benefits for contract staff	1	-	-	(16)	-	-
Long-term sick leave/paid holiday/local taxes	4	-	-	(16)	-	-
Legal risks	5	-	-	(6)	-	-
Refurbishment	0	-	-	(1)	-	-
Employee-related disputes	10	-	-	(15)	-	-
Claims and damages	8	-	-	(9)	-	-
Other contingency and loss provisions	49	-	-	(11)	(2)	-
Total	411	-	-	(493)	(2)	-
GRAND TOTAL		**411**			**(495)**	
Accelerated depreciation	-	-	12	-	-	(5)

NOTE 21 FINANCIAL DEBT

Financial debt comprised the following items:

(in € million)	31/12/2021	31/12/2020
Bonds (excluding AIND)	8,975	7,750
Other borrowings (excluding AIND)	470	470
Accrued interest not due (AIND)	76	76
Borrowings	**9,521**	**8,296**
La Poste savings bonds (excluding AIND)	52	53
Accrued interest not due (AIND)	20	20
La Poste savings bonds	**72**	**73**
Deposits and guarantees received	**63**	**54**
Short-term borrowings	**300**	**300**
Bank accounts and bills of exchange payable	**14**	**95**
TOTAL	**9,970**	**8,818**

The change in borrowings is essentially associated with maturities and new issues that occurred throughout the fiscal year (see Key highlights).

The financial debt maturity schedule (excluding bank accounts and bills of exchange payable) was as follows:

	MATURITY IN <1 YEAR		MATURITY IN 1 TO 5 YEARS		MATURITY IN > 5 YEARS		TOTAL	
(in € million)	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Bonds (excluding AIND)	-	1,000	3,475	2,750	5,500	4,000	8,975	7,750
Other borrowings (excluding AIND)	-	-	-	-	470	470	470	470
La Poste savings bonds (excluding AIND)	52	53	-	-	-	-	52	53
Deposits and guarantees received	29	31	35	24	-	-	63	54
Short-term borrowings (excluding AIND)	300	300	-	-	-	-	300	300
Accrued interest not due (AIND)	96	96	-	-	-	-	96	96
TOTAL	**477**	**1,480**	**3,510**	**2,774**	**5,970**	**4,470**	**9,957**	**8,723**

The change in borrowings, excluding accrued interest not due, was as follows:

(in € million)	31/12/2020	Increase	Decrease	Translation adjustments	31/12/2021
Borrowings	8,220	2,225	(1,000)	-	9,445

At 31 December 2021, the breakdown of borrowings by interest-rate type was as follows:

	DEBT BREAKDOWN BEFORE IMPACT OF INTEREST-RATE SWAPS		Impact of fixed-for-floating swaps	DEBT BREAKDOWN AFTER IMPACT OF INTEREST-RATE SWAPS	
(in € million)	AMOUNT	%	Amount	AMOUNT	%
Fixed-rate borrowings	9,445	100%	-	9,445	100%
Variable-rate borrowings	-	0%	-	-	0%
TOTAL BORROWINGS	**9,445**	**100%**	**-**	**9,445**	**100%**

At 31 December 2021, the breakdown of outstanding borrowings by currency was as follows:

	DEBT BREAKDOWN BEFORE IMPACT OF CURRENCY SWAPS		Impact of currency swaps	DEBT BREAKDOWN AFTER IMPACT OF CURRENCY SWAPS	
(in € million)	AMOUNT	%	Amount	AMOUNT	%
Euro	8,975	95%	470	9,445	100%
US dollars	470	5%	(470)	-	0%
TOTAL BORROWINGS	**9,445**	**100%**	**-**	**9,445**	**100%**

Issue premium on bonds

Unamortised issue premiums stemming from the difference between the issue price received and the redemption price amounted to €20 million for all bonds (premiums paid) at 31 December 2021, *versus* €16 million (premiums paid) at 31 December 2020.

La Poste savings bonds

This item corresponds to La Poste's savings bond liability. Outstandings are decreasing due to the redemption of La Poste bonds, which have all reached maturity.

Deposits and guarantees received

This item principally consisted of collateral security deposits received in conjunction with hedges amounting to €29 million at 31 December 2021, *versus* €31 million at 31 December 2020.

Short-term borrowings

In 2021, La Poste issued new commercial paper. At 31 December 2021, the commercial paper outstandings amounted to €300 million.

NOTE 22 RELATED-PARTY TRANSACTIONS

Relations with the French State and public sector companies

Relations with the French State

La Poste has been a public limited company overseen by the Minister of the Economy and Finance and has been subject to economic and financial control by the French State, and the French Court of Auditors' and French Parliament's control procedures, since the Act of 10 February 2010, which reaffirmed the provisions of the July 1990 Act on the restructuring of the postal and telecommunications public service.

The commitments of La Poste and the French State were redefined in the "Public Service Agreement 2013-2017" approved by the group's Board of Directors on 22 April 2013 and signed by all stakeholders on 1st July 2013.

This agreement is based on the following principles:

- maintaining the broad scope of the public service missions assigned to La Poste: universal postal service, press transportation and delivery, banking accessibility and regional planning, as well as maintaining the principle of offsetting costs for the latter three missions;
- making progress in strengthening quality of service;
- missions adapted to users' expectations and technological advancements;
- the introduction of citizen commitments to promote the development of corporations and territories, acting in favour of disadvantaged people, developing a digital society and engaging in corporate social responsibility.

A new Public Service Agreement between La Poste and the French State for the 2018-2022 period was approved by the group's Board of Directors on 19 December 2017 and was signed on 16 January 2018. This agreement is in line with the previous agreement and aims to perpetuate and modernise the performance of La Poste's four public service missions. These missions are supported by the French State in consideration of La Poste's compliance with demanding quality indicators.

In addition, this agreement increases citizen commitments to promote the development of a digital society, local services, and sustainable and responsible development.

The French Postal Regulation Act of 20 May 2005 provided Arcep with the power to regulate the pricing for the universal postal service on a multi-year basis, after reviewing La Poste's proposals. In addition, the act confirmed and clarified La Poste's regional planning responsibilities.

Relations with Caisse des Dépôts

Following the decision of La Poste's Combined General Meeting of 4 March 2020 to increase La Poste's capital by €1.565 billion, Caisse des Dépôts holds 66% of La Poste's share capital.

Relations with public sector companies

La Poste Groupe enters into transactions with public sector companies in the normal course of its business. They are entered into under market conditions.

Relations with consolidated companies

- transactions carried out between consolidated companies are carried out under market conditions.
- related companies are deemed to be companies that are fully consolidated by La Poste Groupe.

OFF-BALANCE SHEET COMMITMENTS

NOTE 23 DERIVATIVES

Hedging of liabilities and loans

	31/12/2021		31/12/2020	
(in € million)	**NOTIONAL**	**FAIR VALUE**	**Notional**	**Fair Value**
Hedging	1,713	30	1,726	29
Transactions in isolated open positions	-	-	-	-
TOTAL	**1,713**	**30**	**1,726**	**29**

The financial instruments used by La Poste are shown according to their hedging purpose.

Hedging swaps used for financial management purposes relate to transactions aimed at controlling the cost of La Poste's debt.

In accordance with the group's accounting principles, a provision may be recorded on swaps in isolated open positions relating to La Poste's bond debts, in order to cover unrealised losses on financial instruments.

The implementation of ANC Regulation No. 2015-05 of 2 July 2015 led La Poste to reclassify its financial instruments portfolio as hedging transactions.

At 31 December 2021, these transactions are with La Banque Postale and Société Générale.

Foreign currency loans including in dollars are hedged by currency swaps.

Other hedging transactions

La Poste performed forward foreign exchange purchase and sales transactions on the Singapore dollar and the pound sterling.

At 31 December 2021, the forward transactions not yet settled resulted in a reciprocal commitment of €643 million and concerned only the Singapore dollar.

Counterparty risk management

Market transactions are only carried out with top-tier banks or financial institutions within the rating terms and the authorisation limits set for each counterparty by La Poste's Executive Management.

NOTE 24 EMPLOYEE BENEFIT OBLIGATIONS

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All details about La Poste's post-employment and long-term benefit commitments are provided in this note.

The following table summarises the accounting treatment of the various existing plans:

	BALANCE SHEET		OFF-BALANCE SHEET	
	2021	2020	2021	2020
Post-employment benefits granted to retired civil servants			X	X
Retirement allowances for La Poste's contract staff	X	X		
End-of-career benefits	X	X		
Other long-term benefits (paid leave)	X	X		

24.1 Measurement methods

Post-employment long-term benefits

The post-employment long-term obligations resulting from defined benefit plans, together with the related costs, are measured using the projected unit credit method, in accordance with IAS 19 revised. Actuarial appraisals are carried out every year.

The calculations are based on independent economic actuarial assumptions for the discount rate, inflation rate, and the rate of increases in pensions, etc., and on assumptions specific to La Poste including employee turnover, mortality rate, and the rate of salary increases, etc.

24.2 Main actuarial assumptions used to measure all employee benefit obligations

Discount rate

The gross discount rates used for fiscal year 2021, which were determined with reference to top-tier Euro zone corporate bonds, are as follows:

Length of the obligations	5 years	20 years
Discount rate (Euro zone)	0.3%	1%

Inflation rate

The inflation rate used to measure the employee benefit obligations at 31 December 2021 was 2% (same rate as at 31 December 2020).

Change in pensions and compensation

Pension increases are linked to inflation. The long-term trend selected for wages and salaries is based on reasonable assumptions regarding inflation.

24.3 Pension plan for civil servants working at La Poste

Description of La Poste's obligations

Article 150 of the Supplementary Budget Act for 2006, published in the Official Journal of 31 December 2006, sets out the pension funding plan for French civil servants working at La Poste. This plan changes the previous funding plan so as to gradually put La Poste on an equal footing with competitors.

The reform implemented in December 2006, approved by the European Commission in 2007, includes:

- the implementation of an employer contribution which discharges it with effect from 1 January 2006. This rate was gradually decreased to a so-called "competitive equity" rate in 2010, *i.e.* a level that brings the mandatory salary-based social security and tax charges at La Poste into line with the level of other companies in the postal and banking sectors. For the 2006-2009 period, the law had set an additional rate (16.3% in 2006, 6.8% in 2007, 3.7% in 2008, and 1.3% in 2009), which was added to the competitive equity rate;
- the transfer of the task of centralising and distributing the flow of retirement benefits to La Poste's civil servants between the French State, La Poste and any other relevant bodies, to the French State Agency for the Funding of La Poste's Pensions (*Établissement public national de financement des retraites de La Poste – EPNFRLP*), which was established via the Decree of 19 December 2006. The EPNFRLP is responsible for negotiating financial agreements provided for under Title II, Book II and under Title II, Book IX of the French Social Security Code;
- the payment of a one-time fixed contribution of €2 billion to this public agency by La Poste in 2006.

Since 1 January 2015, La Poste has paid contributions to *Centre d'action sociale* (CAS pensions) after the French State agency that funded La Poste's pensions was dissolved by Decree No. 2015-1742 of 23 December 2015.

With the implementation of this plan, and given that the employer contribution is made in full discharge of the obligation, no provision is recorded in La Poste's financial statements in respect of civil servants' retirement benefits.

The employer contribution paid by La Poste is calculated using a so-called "competitive equity" rate, which makes it possible to equalise the mandatory social and tax charges based on salaries between La Poste and other companies in the postal sector and the banking sector.

Decree No. 2021-1210 of 20 September 2021, which took effect the day after its publication, ratified a change in the methods used to determine this competitive equity rate so as to make its calculation more accurate with regard to the various social and tax contributions paid by La Poste.

Pursuant to this decree, the French State plans to recalculate the contributions paid for the years 2018 to 2020. Part of the adjustment is taken into account in the calculation of the rate notified in 2021. As a result, a reduction in pension expenses of €80 million was recorded in the 2021 financial statements.

The expected additional regularisation is estimated at around €160 million. As the methods used to determine the competitive equity rate for future periods are not known, this amount was not recorded in 2021.

24.4 Post-employment and other assimilited benefits

The other commitments for post-employment benefits are:

- employee welfare services provided to retired civil servants;
- a loyalty bonus granted to retired employees who hold their pension in a current account at La Banque Postale;
- various allowance commitments.

Measurement of the obligation

The total value of the post-employment benefit obligations was estimated at €352 million at 31 December 2021, *versus* €397 million at 31 December 2020.

In accordance with the option provided under Article L. 123-13 of the French Commercial Code, no provisions have been recorded in respect of these post-employment benefits.

24.5 Retirement allowances for La Poste's contract staff

Description of existing plans

Employees who retire from La Poste and are eligible for a pension receive a retirement benefit, which is determined on the basis of their length of service and final salary.

Amount recognised on the balance sheet

The amount of the provision recognised for retirement benefits for La Poste's contract staff (and appearing under "Contingency and loss provisions" in the balance sheet) was €339 million at 31 December 2021 (€476 million at 31 December 2020).

This provision was subject to a change in accounting policies, in accordance with the option offered by the update of ANC Recommendation No. 2013-02 of 7 November 2013, leading to the recognition in the accounts of a carry-forward adjustment of €123 million (see Note 19 "Equity" and "Accounting policies: Retirement benefits").

24.6 End-of-career benefits

Arrangements for part-time older employees ("TPAS")

Under certain conditions, La Poste employees may benefit from arrangements for part-time older employees ("TPAS"). These arrangements are offered to some people who meet the relevant minimum-age requirement (civil servants and contract staff), and years of service. This scheme was implemented in 2011, and its characteristics are adjusted each year according to the demographic and economic conditions of the Company, as well as to the laws applicable to retirement.

Amount recognised on the balance sheet

The value of the provision recognised in this respect (appearing under "Contingency and loss provisions" as a liability in the balance sheet) was €990 million at 31 December 2021 (€1,075 million at 31 December 2020).

This provision covers staff who joined the plan prior to the balance-sheet date. No provision is recognised for future potential enrolments, which were estimated at €612 million at 31 December 2021.

The procedures for implementing the TPAS system, renewed in 2020 until 30 June 2022, were extended on 21 December 2021 from 1st July 2022 to 30 June 2023, including for the special end-of-career benefit (*allocation spéciale de fin de carrière* – ASFC).

The main features of this scheme are as follows:

- concerning the age of entry into the scheme:
  - until 30 June 2022, enrolment in the scheme is possible as from 56 years and three months of age (civil servants and staff in office roles) or from 53 years and six months of age (civil servants in active roles) for persons in a position that is physically demanding, or who were previously in such a position for at least ten years.
    Persons who are not in a physically demanding position may benefit from this plan as from 57 years of age (civil servants and staff in office roles) or as from 54 years of age (civil servants in active roles),

- from 1st July 2022, the minimum access ages will be raised by:
  - three months for arduous duties other than active service employees,
  - six months for other functions;
- this plan is open to staff, civil servants and employees on permanent contracts, working at La Poste and with at least ten years of seniority, for entry into the plan by 1st April 2021, and at least 15 years of seniority for an entry beyond said date;
- the length of participation in the plan is fixed upon enrolment and is not subject to change. Participation is for a minimum of one year and the maximum age at the end of the plan corresponds to the pension eligibility age set by law;
- during the term of the plan, the civil servant or staff member works part-time (70%) in an administrative position, with a proportional reduction in compensation;
- work during the term of the plan is arranged and divided between operating activities and a "support and advice" period;
- this plan is open to all La Poste staff who meet the above conditions.

TPAS plan dedicated to the social and solidarity-based economy was renewed for employees who want to use their experience to benefit charitable associations.

In addition to the terms and conditions required to access the arrangements for part-time older employees (TPAS) mentioned above, access to this new plan is subject to meeting the following terms and conditions:

- obtaining prior approval from the department head;
- putting in an application to a host organisation approved by La Poste to validate the application and define the mission that will be conferred to the staff member within this organisation;
- establishing an availability agreement between La Poste and the host organisation as part of a skills sponsorship.

24.7 Other long-term benefits

Description of existing plans

These are paid leave plans:

- time savings accounts: a plan that allows employees to accrue part of their unused earned leave;
- supplementary leave: civil servants from French overseas departments or employees who work in French overseas departments receive paid supplementary leave, as well as paid travel expenses;
- long-term sick leave: total or partial entitlement to pay for civil servants suffering from certain serious illnesses.

Amount recognised on the balance sheet

The amount of the commitments recognised in this respect (included within the "Contingency and loss provisions" as a liability in the balance sheet) was €345 million at 31 December 2021 (€357 million at 31 December 2020). These provisions are designed to cover the costs of individual members of the paid leave schemes described above as at the balance-sheet date.

24.8 Individual Training Account

Since 1 January 2015, the rights acquired and not used by employees under Individual Training Rights are transferable into each staff member's personal training account (Act No. 2014-288 of 5 March 2014 applicable as of 1 January 2015).

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NOTE 25 OTHER OFF-BALANCE SHEET COMMITMENTS

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25.2 Off-balance sheet commitments given 470

25.1 Off-balance sheet commitments received

a) Off-balance sheet commitments received in relation to the consolidated group

Commitments received in connection with the Company's share capital: none.

Commitments relating to the disposal of business units: none.

b) Off-balance sheet commitments received in relation to the Company's financing

Unused credit facilities and other potential sources of cash:

- On 16 March 2018, La Poste arranged a new five-year renewable credit facility for €1 billion, for which it received commitments from eleven banks in a banking pool. The implementation of this new credit facility followed the termination of the previous credit facility which was implemented in October 2011 with nine banks for an amount of €650 million. This facility had not been used as at 31 December 2021.

- In November 2017, an amendment was made to the overdraft authorisation obtained by La Poste from La Banque Postale in 2012, increasing the authorised overdraft from €300 million to €400 million. This overdraft authorisation renews automatically every year. This overdraft had not been used at 31 December 2021.
- La Poste obtained a renewable credit facility of €400 million with La Banque Postale for a five-year period. The implementation of this new credit line followed the termination of the renewable €200 million credit facility put in place in 2009 with La Banque Postale and renewed in 2018 under a new agreement. This facility had not been used as at 31 December 2021.

Financial instruments:

- Financial instruments held and exercisable at a date after the balance-sheet date: none.

c) Off-balance sheet commitments received in relation to the Company's operating activities

Guarantees received as part of La Poste's everyday business:

- The total guarantees, endorsements and sureties received by La Poste as part of its everyday business amounted to €65 million at 31 December 2021;
- The total value of property rental commitments received by La Poste from its subsidiaries (GeoPost, Poste Immo and La Banque Postale) amounted to €121 million at 31 December 2021.

25.2 Off-balance sheet commitments given

a) Off-balance sheet commitments given in relation to the consolidated group

- None.

b) Off-balance sheet commitments given in relation to the Company's financing

Financial instruments:

- Financial instruments held and exercisable at a date after the balance-sheet date: none.

c) Off-balance sheet commitments given in relation to the Company's operating activities

Future rental payment commitments:

- The commitments within La Poste concerning group companies amount to €1,608 million of which €1,285 million for property leases (Poste Immo) and €323 million for vehicle leases (Véhiposte).
- La Poste has committed to paying leases outside the group: the amount of this commitment is €337 million.

Miscellaneous commitments:

- La Poste's miscellaneous commitments (purchase of goods and services) amount to €191 million.

Obligation to employ disabled workers:

- On 10 May 2019, La Poste and the representative trade unions signed a national agreement to promote the employment of disabled people (Agefiph). Under this agreement, covering the 2019-2022 period, €23 million will be spent on improving the quality of life at work of disabled employees. At 31 December 2021, the outstanding commitment was €9 million.

Social housing fund investment commitments:

- In 2020, La Poste and the representative trade unions renewed the agreement, previously signed on 30 May 2017, on La Poste's social housing policy for the 2020-2022 period. This agreement concerns the purchase of social housing reservations for La Poste employees in low-cost housing projects. The amount allocated to this fund is €20 million over the period.

  At 31 December 2021, the remaining commitment in this respect was €9 million.

Finance leases: none.

Investment commitments:

- Orders to non-current asset suppliers at the end of 2021 amounted to €39 million.

Commitments given in relation to donations and corporate sponsorship:

- In June 2021, La Poste made a commitment to pay a total of €4.8 million to La Poste's Corporate Foundation from 2022 to 2026. At 31 December 2021, this commitment amounted to €4.8 million.
- La Poste's other commitments relating to sponsorship initiatives totalled €6.5 million at 31 December 2021.

NOTES TO THE CASH FLOW STATEMENT

NOTE 26 ALLOWANCES AND REVERSALS OF AMORTISATION, DEPRECIATION AND IMPAIRMENT

(in € million)	31/12/2021	31/12/2020
Allowances/Reversals to operating profit/(loss)	77	441
Allowances/Reversals to financial profit/(loss)	19	(2)
Allowances/Reversals to non-recurring items	(305)	537
TOTAL	**(209)**	**976**

NOTE 27 CHANGE IN WORKING CAPITAL REQUIREMENTS

(in € million)	31/12/2021	31/12/2020
Change in inventories and outstandings	36	(49)
Change in operating receivables	(378)	(281)
Change in operating payables	32	247
Change in non-current asset and accounts payable	(35)	42
TOTAL	**(345)**	**(41)**

NOTE 28 PAYMENTS FOR ACQUISITIONS OF NON-CURRENT ASSETS

(in € million)	31/12/2021	31/12/2020
Acquisitions of intangible assets	(172)	(139)
Acquisitions of property, plant and equipment	(150)	(198)
Change in payables to suppliers of non-current assets	11	8
TOTAL	**(311)**	**(329)**

NOTE 29 PROCEEDS FROM DISPOSALS OF NON-CURRENT ASSETS

(in € million)	31/12/2021	31/12/2020
Intangible assets and property, plant and equipment	13	9
Non-current financial assets	596	899
TOTAL	**609**	**908**

NOTE 30 BOND ISSUES

(in € million)	31/12/2021	31/12/2020
Bonds	2,225	1,800
Commercial paper	725	1,039
TOTAL	**2,950**	**2,839**

NOTE 31 BOND REDEMPTIONS

(in € million)	31/12/2021	31/12/2020
Bonds	(1,000)	-
La Poste savings bonds	(1)	(1)
Commercial paper	(725)	(1,039)
TOTAL	**(1,726)**	**(1,040)**

NOTE 32 CASH AND CASH EQUIVALENTS AT THE BALANCE-SHEET DATE

(in € million)	31/12/2021	31/12/2020
Marketable securities and cash	2,909	3,114
Bank account credit balances	(15)	(95)
Subsidiaries' current accounts	(381)	(362)
TOTAL	**2,513**	**2,657**

NOTE 33 SUBSIDIARIES AND EQUITY INVESTMENTS

(in € million)	Capital	Equity other than Capital	% of equity interest	BOOK VALUE OF SHARES HELD – GROSS VALUE	BOOK VALUE OF SHARES HELD – NET BOOK VALUE	Balance of loans and advances granted by given the parent company	Pledges and guarantees by the Company	Operating revenue before tax 31/12/2021	Profit/(loss) at 31/12/2021	Dividends received by La Poste
Details of companies in which the gross value of the investment exceeds 1% of La Poste's share capital:										
Subsidiaries (over 50% interest)										
GeoPost 26, rue Guynemer 92130 Issy-les-Moulineaux	702	1,414	100%	1,240	1,240	3,403		67	306	208
La Banque Postale 115, rue de Sèvres 75275 Paris Cedex 06	6,585	2,589	100%	6,821	6,821			4,922	1,156	171
Poste Immo 111, boulevard Brune 75618 Paris Cedex 14	1,471	62	100%	1,493	1,493	1,110		102	31	27
Mediapost SAS 19, rue de la Villette 69425 Lyon Cedex 3	24	50	100%	155	121	32		376	(2)	
Mediapost Holding 17, rue de la Vanne 92120 Montrouge	64	(27)	100%	64	30	51		0	20	
Docaposte 45-47, boulevard Paul Vaillant Couturier 94200 Ivry-sur-Seine	89	(54)	100%	281	281	482		5	11	
La Poste Telecom 855, avenue Roger Salengro 92370 Chaville	166	(280)	51%	67	67			282	(13)	
Viapost SAS 67, avenue de Fontainebleau 94270 Le Kremlin Bicêtre	16	5	100%	126	97			13	2	
Equity investments (held, between 10% and 50%)										
None										
Global information on other securities whose gross value does not exceed 1% of La Poste's share capital:										
Subsidiaries/Equity				134	129	910				12
TOTAL				**10,380**	**10,278**	**5,989**				**419**

5.6 STATUTORY AUDITORS' REPORT ON THE PARENT COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2021

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the shareholders,

Opinion

In compliance with the engagement entrusted to us by your General Meeting, we have audited the accompanying financial statements of La Poste for the year ended 31 December 2021.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2021 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the financial statements' section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (*code de déontologie*) for statutory auditors for the period from 1 January 2021 to the date of our report and specifically we did not provide any non-audit services prohibited by article 5(1) of Regulation (EU) No 537/2014 .

Emphasis of Matter

Without qualifying our opinion, we draw your attention to the matter set out in note 5 "change in accounting method" which describes the change in accounting method for employee benefits relating to the period for spreading the commitments under defined benefit pension plans.

Justification of assessments – Key audit matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were the most significant for our audit of the financial statements, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Measurement of non-current assets related to the group's Mail business

Description of risk

The Mail Cash-Generating Unit (CGU) corresponds to La Poste's Mail Business. This comprises intangible assets (software) and property, plant and equipment (handling/sorting machines, fixtures and fittings, IT equipment, etc.).

They are recognized in the balance sheet at their initial cost and amortized/depreciated over their estimated useful life as determined by management. They are tested for impairment whenever an indication of impairment is identified by management in order to determine a recoverable value and any adjustment that might be required to their carrying amount.

As at 31 December 2021, the depreciation accounted for as at 31 December 2020 was reversed in full for an amount of

€454 million of which €252 million on property, plant and equipment and €202 million on intangible assets.

As indicated in Note 4 "Reversal of impairment of intangible and tangible assets of the Mail business" to the financial statements in the Key Highlights section, the inclusion in La Poste's Mail business plan and in the terminal value of a share of the compensation income for the Universal Postal Service for an amount of approximately EUR 300 million per year has made it possible to reverse the entire impairment of assets recorded in 2020, i.e. EUR 454 million. The impairment test has been performed following the method described in Note II.G to the annual financial statements.

We considered that the valuation of fixed assets dedicated to the mail services of La Poste is a key audit matter due to the material nature of these assets and the related reversal of impairment, the degree of judgement surrounding management's projections and estimates at a time of uncertainty linked to the economic environment, due to the sensitivity of some of the assessments to operational, economic and financial assumptions and due to the inclusion of a share of the compensation for Universal Postal Service.

How our audit addressed this risk

We assessed the consistency of the methodology used with the applicable accounting standards and examined the methodology for implementing impairment tests.

Our work consisted primarily in:

- examining the identification of indications of impairment;
- reconciling the value of the net economic assets tested with the underlying accounting data;
- analyzing the components of the book value of the CGUs, and the consistency between the establishment of this value and the way in which projected future cash flows were determined with a view to estimating the recoverable amount;
- examining the process for recording provisions and assessing the consistency of cash flow projections with the information sources available to us, actual cash flows observed, data resulting from the Mail Department's budget process, and the priorities of the new strategic plan;
- with guidance from our internal specialists, analyzing the inputs used to calculate recoverable amounts and assessing the appropriateness and reasonableness of the measurement assumptions and inputs used (discount rate, normative growth rate);
- examining the sensitivity tests carried out by management on changes in various inputs and assumptions;
- analyzing the documentation that led to taking into account the compensation for the universal postal service in the business plan and in the terminal value and the share of this compensation allocated to the mail business in it.

Finally, we have assessed the appropriateness of the disclosures made in the notes to the parent company financial statements 4 "Reversal of impairment of intangible assets and property, plant and equipment of the Mail division", II-G "Impairment of intangible assets and property, plant and equipment" and 18 "Impairment of assets".

Measurement of equity investments

Description of risk

At 31 December 2021, equity investments totaled €10,379 million (gross) and €10,277 million (net). They are recognized at cost less any provisions for impairment.

As stated in Note II.H (Equity investments) to the financial statements, impairment is recognized at the reporting date when an asset's fair value is less than it carrying amount. Fair value is generally calculated on the basis of the subsidiaries or entity's share of (potentially) consolidated equity or using the discounted cash flow method.

At 31 December 2021, equity investments represented a significant portion of La Poste SA's assets, and their fair values are based partly on estimates that require judgement by management. We therefore deemed their measurement to be a key audit matter.

How our audit addressed this risk

We assessed the conformity of the methodology used with applicable accounting standards and the arrangements implemented to measure fair value.

When the fair value of equity investments was determined on the basis of the equity of the subsidiary or entity in question, we compared the fair value of the investments with the amount of equity shares held in the net assets of the subsidiary or entity.

When the fair value of equity investments was calculated on the basis of the discounted future cash flows of the subsidiary or entity in question, we:

- compared the fair value to that of the discounted future cash flows for the subsidiary or entity in question;
- assessed the relevance of the assumptions made by management, in particular the reasonableness of the cash flow projections based on our knowledge of the economic environment, as well as the reliability of the procedure for making estimates, by analyzing any material differences that arose between projected and actual cash flows in the past year;
- analyzed the consistency of the inputs used to calculate the discount rates and growth rates applied to the cash flow estimates.

We also examined the appropriateness of the disclosures provided in the notes to the financial statements, particularly Note II.H (Equity investments), Note 11 (Non-current financial assets), and Note 33 (Subsidiaries and equity investments).

Measurement of end-of-career arrangements

Description of risk

At La Poste SA, there are several types of post-employment benefit plans, including end-of-career arrangements.

The commitment recorded in the financial statements corresponds to the costs relating to employees who had joined the plan at 31 December 2021, which represented €990 million at 31 December 2021. Future enrolments are not recorded as provisions but are mentioned under off-balance sheet commitments in the notes to the financial statements. They represented €612 million at 31 December 2021.

The measurement of these commitments and the related expenses for the reporting period are described in Note II.P.3 (End-of-career arrangements) and Note 24.6 (End-of-career benefits) to the financial statements and are based on various assumptions, in particular the costs relating to each plan, the estimated number of enrolments at year-end and, for off-balance sheet commitments, the probability of future enrolments, assessed on the basis of enrolment rates in previous years and management's best estimates.

Changes in some of these assumptions could have a significant impact on the valuation of the liability recognized and on the Company's earnings.

Due to the materiality of the amounts concerned and the degree of judgement required by management, we deemed the measurement of end-of-career arrangements to be a key audit matter.

How our audit addressed this risk

We assessed the underlying data used by the Company to measure the amount of the provision recorded as well as the corresponding off-balance sheet commitments.

Our work consisted in:

- gaining an understanding of the process used to measure commitments relating to end-of-career arrangements;
- gaining an understanding of the internal control procedures put in place concerning the measurement of these commitments.
- testing the effectiveness of the controls put in place by the Company to determine the costs to be used in the measurement of end-of-career arrangements (identification of beneficiaries, authorizations, determination of the cost of each plan, etc.), which we considered to be key audit matters;

We also assessed the assumptions used by the Company to assess the amount of the provision and off-balance sheet commitments to be recorded and the methodology applied, including:

- the relevance of the methodology applied with respect to the relevant accounting standards;
- the consistency of the assumptions used to determine the amount of the provision, with the assistance of our internal specialists;
- the consistency of the data used in the calculations, by comparing it to historical data observed for previous plans and the Company's estimates for current plans;
- the appropriateness of the disclosures provided in Note II.P.3 (End-of-career arrangements) and Note 24.6 (End-of-career benefits) to the financial statements.

Specific verifications

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French legal and regulatory provisions.

Information given in the management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements.

We attest to the fair presentation and the consistency with the financial statements of the information relating to payment terms, required under article D.441-6 of the French Commercial Code.

Information related to corporate governance

We attest that the corporate governance section of the Board of Directors' report sets out the information required by article L.225-37-4 of the French Commercial Code.

Report on other legal and regulatory requirements

Format of the presentation of the financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the financial statements intended to be included in the annual financial report mentioned in article L451-1-2, I of the French Monetary and Financial Code (*code monétaire et financier*), prepared under the responsibility of the Chairman and Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 2018.

Based on the work we have performed, we conclude that the presentation of the annual financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the annual financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the statutory auditors

We were appointed as Statutory Auditors of LA POSTE by your General Meeting of of 8 June 2021 for Mazars and by the inter-ministerial decree of 29 June 2009 for KPMG Audit.

As of of 31 December 2021, MAZARS was in the first year of its mandate without interruption and KPMG Audit was in the thirteenth year of its mandate without interruption.

Responsibilities of management and those charged with governance for the Financial Statements

Management is responsible for preparing financial statements giving a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary for the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the financial statements

Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these financial statements.

As specified in article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgement throughout the audit. They also:

- identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the financial statements;
- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or are inadequate, to modify the opinion expressed therein;
- evaluate the overall presentation of the financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee, which includes a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, as applicable, any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgement, were the most significant for the audit of the financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the statement provided for in article 6 of Regulation (EU) No 537-2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

The Statutory Auditors

Paris La Défense,15 march 2022

Mazars		KPMG Audit *Department of KPMG S.A.*	
Gonzague Senlis	Charles de Boisriou	Stéphanie Millet	Xavier de Coninck


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GENERAL INFORMATION ABOUT THE COMPANY AND ITS CAPITAL

6

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6.1 CAPITAL AND SHAREHOLDING

6.1.1 SHARE CAPITAL

AMOUNT OF ISSUED SHARE CAPITAL AS AT 31 DECEMBER 2021

Number of fully paid-up shares issued	2,682,425,682
Nominal value of the shares	€2
Type of shares issued	common shares
Amount of share capital	€5,364,851,364 fully paid-up

Shares not representing share capital

None.

Shares held by the issuer or its subsidiaries

None.

Other securities giving access to share capital

None.

Terms of any acquisition rights and/or requirements attached to subscribed but unpaid share capital

None.

Rights attached to shares

Each share grants a right to the profits and Company assets in proportion to the percentage of the share capital that it represents. It also confers the right to vote and be represented at General Shareholders' Meetings under normal legal conditions. Each share confers a right to information and communication as provided for in Articles L. 225-115 *et seq.* of the French Commercial Code. Ownership of a share automatically implies compliance with the Articles of Association and the decisions of the General Shareholders' Meeting.

Shareholders' losses are limited to their investments.

Heirs, creditors, assignees or other representatives of a shareholder may not require the sealing of the Company's property or securities, nor request a division or sale, nor interfere in the work of the Directors; to exercise their rights they must refer to the statements of Company assets and liabilities and the decisions of the General Shareholders' Meeting.

Whenever ownership of more than one share is necessary to exercise any right, in the event of an exchange, consolidation or grant of shares, or as a result of a capital increase or reduction, merger or any other corporate transaction, owners of single shares or a number lower than the required amount may exercise this right only if acting on behalf of a group or by buying or selling the necessary amount of shares.

La Poste has issued only one category of shares.

Shares required to change the rights of shareholders

Only the Extraordinary General Meeting is authorised to amend any of the provisions of the Articles of Association. However, it may not increase shareholders' commitments, except through transactions resulting from a lawful grouping of shares.

Pledging of Company securities

To La Poste's knowledge, none of the common shares making up the share capital is included in any pledge.

Information on the share capital of any group company subject to an option or conditional or unconditional agreement

There are no options or conditional or unconditional agreements to buy or sell the shares of La Poste Groupe subsidiaries.

History of the share capital

Until its conversion to a public limited company, La Poste – as a public industrial and commercial entity – had no share capital.

On 1 March 2010, the day the group's status changed to a public limited company, its share capital was set at €1 billion divided up into 500 million common shares with a nominal value of €2 per share.

Since the transformation of the Company, the share capital has changed on several occasions:

- 6 April 2011: the Extraordinary General Meeting voted to increase the share capital on the one hand, through an increase in the nominal value per share, which now stands at €4, *via* the capitalisation of €1 billion in reserves, thus bringing the share capital to €2 billion and, on the other hand, a new capital increase of €2.7 billion (€1.8 billion in nominal value and €0.9 billion in issue premium) carried out in two stages:
  - issue of 350 million BSA warrants subscribed on 6 April 2011 by the French State and Caisse des Dépôts (CDC), representing respectively 44% (*i.e.* 155,555,556 shares) and 56% (*i.e.* 194,444,444 shares). The amount of the issue of €2.1 billion, of which €1.4 billion was for the nominal value and €0.7 billion for the issue premium, was paid up in two phases: a first tranche of €1,050,000,000 on 6 April 2011 and a second one of €1,050,000,000 on 11 May 2012,
  - exercise of 350 million BSA warrants on 15 April 2013, resulting in 100 million new shares being issued with the French State subscribing 44% of them and CDC acquiring 56%, with a value of €6 (of which the issue premium of €2). The total amount of the subscription was €600 million for a nominal amount of €400 million, coupled with an issue premium of €200 million, and was fully paid up at the time of subscription;

- on 21 November 2019, the Extraordinary General Meeting of La Poste's shareholders voted to:
  - reduce La Poste's share capital by €1,900,000,000, from €3,800,000,000, its current amount, to €1,900,000,000, through a reduction of the nominal value of each of its 950,000,000 shares comprising the Company's share capital from €4 to €2,
  - allocate the total amount of this reduction in La Poste's share capital, *i.e.* €1,900,000,000, to an issue premium account, not available for distribution but to be reincorporated in La Poste's share capital following the increases in La Poste's share capital remunerating the contributions,
  - carry out this reduction in share capital at the Extraordinary General Meeting of La Poste's shareholders called to approve the increases in the share capital of La Poste to remunerate the contributions by CDC and the French State of their respective shareholdings in the capital of CNP Assurances, *i.e.* 280,616,340 common shares of CNP Assurances for CDC and 7,645,754 common shares of CNP Assurances for the French State, subject to the condition precedent of approval by the Shareholders' Meeting of the increases of La Poste's share capital for the sake of remunerating the contributions.

On 4 March 2020, in consideration for the contributions mentioned above, the Extraordinary General Meeting of La Poste's shareholders decided:

- concerning the French State contribution:
  - to increase La Poste's share capital by a total nominal amount of €41,505,520, through the creation of 20,752,760 common shares of a nominal value of €2 each (subject to the recognition of the reduction in the Company's share capital through the reduction in the nominal value of the Company's shares), allocated to the French State as remuneration for its contribution, and
  - to create a contribution premium of €63,906,231.52 under La Poste's liabilities, in an account entitled "Contribution premium" to which any La Poste shareholders, old and new, shall be entitled and to which any allocation voted by the General Shareholders' Meeting will be made, to be calculated as the difference between the value of the State contribution (*i.e.* €105,411,751.52) and the nominal value of the shares allocated as remuneration for the French State contribution (*i.e.* €41,505,520);

- concerning the Caisse des Dépôts contribution:
  - to increase La Poste's share capital by a total nominal amount of €1,523,345,844, through the creation of 761,672,922 common shares of a nominal value of €2 each (subject to the recognition of the reduction in the Company's share capital through the reduction in the nominal value of La Poste's shares) allocated to CDC as remuneration for its contribution, and
  - to create a contribution premium of €339,581,473.75 under La Poste's liabilities, in an account entitled "Contribution premium" to which any La Poste shareholders, old and new, shall be entitled and to which any allocation voted by the General Shareholders' Meeting will be made, to be calculated as the difference between the value of the CDC contribution (*i.e.* €1,862,927,317.75) and the nominal value of shares allocated as remuneration for the CDC contribution (*i.e.* €1,523,345,844);

- as a consequence of the French State and CDC contributions and the corresponding increases in the share capital of La Poste to remunerate them, the Extraordinary General Meeting noted that:
  - the condition precedent of the reduction in share capital voted by the Extraordinary General Meeting on 21 November 2019 had been met, and
  - the immediate and permanent reduction in the share capital agreed at La Poste's General Shareholders' Meeting of 21 November 2019 in the amount of €1,900,000,000, reducing La Poste's share capital from €3,800,000,000, its current amount, to €1,900,000,000, through the reduction of the nominal value of each of the 950,000,000 shares that make up La Poste's share capital from €4 to €2, with the allocation of the total amount of this reduction in La Poste's share capital, *i.e.* €1,900,000,000, to an issue premium account (the "Issue premium") that is unavailable for distribution but intended to be reincorporated into La Poste's share capital following the completion of the increases in La Poste's share capital made to remunerate the French State contribution and the CDD contribution;

- subsequently, the Extraordinary General Meeting noted the immediate and permanent completion of the French State contribution and the increase in La Poste's share capital and the immediate and permanent completion of the CDC contribution and the increase in La Poste's share capital, as described above;
- finally, the Extraordinary General Meeting voted to increase La Poste's share capital by incorporating the total capital of the Issue premium, *i.e.* €1,900,000,000, bringing the share capital from €3,464,851,364.00 to €5,364,851,364. The total increase in share capital is allocated to the "Issue premium" item, the amount of which is brought from €2,800,000,000 to €900,000,000.

This capital increase is achieved through the creation of 950,000,000 new free and fully paid-up common shares, of a nominal value of €2 each, allocated to shareholders on a *pro rata* basis according to their respective equity investments in La Poste.

As a result of these transactions, La Poste's share capital now stands at €5,364,851,364 divided into 2,682,425,682 common shares with a nominal value of €2 each.

6.1.2 PRINCIPAL SHAREHOLDERS

The French State and Caisse des Dépôts hold all share capital and voting rights in La Poste.

There are no legal or statutory provisions that provide for the award of different voting rights to shareholders.

	2021			2020			2019		
Share ownership	NUMBER OF SHARES	% CAPITAL	% VOTING RIGHTS	Number of shares	% capital	% voting rights	Number of shares	% capital	% voting rights
French State	912,023,016	34%	34%	912,023,016	34%	34%	700,000,000	73.7%	73.7%
Caisse des Dépôts	1,770,402,666	66%	66%	1,770,402,666	66%	66%	250,000,000	26.3%	26.3%
TOTAL	**2,682,425,682**	**100%**	**100%**	**2,682,425,682**	**100%**	**100%**	**950,000,000**	**100%**	**100%**

Control of La Poste

Article 1-2 of Act No. 90-568 of 2 July 1990, as modified by Act No. 2019-486 (PACTE Act of 22 May 2019), provides that the share capital of La Poste shall be entirely public. It is held by the French State and Caisse des Dépôts, with the exception of the percentage of the share capital that may be held by employees under the conditions set out in the same act.

Since 4 March 2020, CDC holds exclusive control of La Poste.

Known agreements that could lead to a change of control

There are no other agreements that could result in a change of control as of the date of this document.

Elements likely to have an impact in the event of a tender or exchange offer

Not applicable because La Poste's shares are not listed.

Provisions that could delay or prevent a change of control

In accordance with the provisions of Article 1-2 of the aforementioned Act of 2 July 1990 in the wording introduced by Act No. 2019-486 of 22 May 2019 for the growth and transformation of businesses, the Company's share capital is 100% public. It is held by the French State and Caisse des Dépôts. By way of exception, a portion of the capital may be held for employee shareholding under the conditions provided for by the aforementioned Act of 2 July 1990.

Provisions setting the threshold above which all equity investments must be disclosed

None.

Conditions governing changes in share capital

The share capital may be increased, reduced or written down under the conditions set forth by law.

6.1.3 DIVIDEND PAYMENT POLICY

La Poste paid a dividend of €200 million for the 2018 fiscal year and no dividend for the 2019 and 2020 fiscal years.

The amount of the dividend to be distributed in 2022 for the 2021 fiscal year will be decided by the Board of Directors on 24 March 2022 and submitted to the approval of the Ordinary General Meeting of 8 June 2022.

6.2 MAJOR CONTRACTS

At the date of publication of the financial information, in addition to the agreements referred to in the Statutory Auditors' special report on regulated agreements, the Company had entered into the following major agreements:

- Public Service Agreement (see Section 1.4.2 Regulations applicable to the public service missions);
- agreements with La Banque Postale (see Section 1.3.3 La Banque Postale);
- shareholders' agreement dated 3 March 2020 as part of the transaction described in Section 6.1 Capital and shareholding.

6.3 INFORMATION ABOUT THE COMPANY

Company name

The Company's name is "La Poste".

Registration place and number

The Company is registered in the Paris Trade and Companies Register under number 356 000 000.

NAF Code (Trade Sector Code): 5310Z (formerly APE – Activity Code: 641 A).

LEI number: 9695000YG7TR7PAP0L59.

Date of incorporation and duration of the Company

La Poste was incorporated as a public industrial and commercial entity (EPIC) under Act No. 90-568 of 2 July 1990.

La Poste was converted to a public limited company by Act No. 2010-123 of 9 February 2010. The duration of the Company is 99 years as from 1st March 2010. Barring an early wind-up or an extension, the Company will cease to exist on 1st March 2109.

Registered office

The registered office of the Company is located at 9, rue du Colonel Pierre Avia, 75015 Paris, France.

The telephone number for the registered office is +33 (0)1 55 44 00 00.

Legal form and governing law

La Poste is a public limited company (*société anonyme*) with a Board of Directors. It is subject to the legal and regulatory provisions applicable to public limited companies, including the French Commercial Code, in that it is not affected by any special provisions, such as Order No. 2014-948 of 20 August 2014 relating to the governance and transactions involving the share capital of state-owned companies, or Act No. 90-568 of 2 July 1990 relating to the organisation of La Poste and France Télécom's public service, as amended by Act No. 2019-486 of 22 May 2019 (PACTE Act).

The regulations applying to La Poste as sole provider of the universal postal service are described in Section 1.4 Regulatory environment of this document.

Information on branches

La Poste's existing branches on 31 December 2021 (L. 231-1 of the French Commercial Code): La Poste has listed more than 12,000 secondary establishments, which are registered with the RCS listed in the Company's K-bis, and which do not do not meet the management autonomy criterion required to qualify as a branch.

Publicly available documents

All documents made available to the public under the legal conditions can be consulted at the registered office of La Poste Groupe.

The group's Articles of Association are available on its website www.groupelaposte.com, as are, under the heading "Our financial information" then "Publications", i) the Universal Registration Documents or registration documents, and ii) the group's consolidated financial statements for the last ten fiscal years.

6.4 MAIN STATUTORY PROVISIONS

Corporate purpose

The Company fulfils a public service mission and general interest role and conducts other business in accordance with Act No. 90-568 of 2 July 1990, its Articles of Association and legislation governing each of its business activities.

The public service missions and general interest role include:

- the universal postal service;
- contribution to regional planning and development through its network of retail outlets;
- press transport and delivery;
- banking accessibility under the terms set out in Articles L. 221-2 and L. 518-25-1 of the French Monetary and Financial Code.

In accordance with the rules of ordinary law, the Company performs any other activities involving the collection, sorting, transportation and delivery of postal items, mail of any type, objects and goods, and any other local services, digital solutions, services to individuals, e-commerce and urban logistics, and, through its subsidiaries, banking and insurance activities.

The Company is authorised – in France and abroad, independently or through subsidiaries or associated companies – to conduct any business that directly or indirectly relates to its legally defined obligations and business activities, as well as any other business covered by its Articles of Association.

This includes any kind of involvement in any operations or business relating to any of the aforementioned objectives or likely to increase the value of the Company's assets through the creation of new companies or enterprises, the contribution, subscription or purchase of any kind of shares, rights, interests or equity investments in any existing or future company or enterprise, mergers, partnerships or any other association, and more generally the execution of any commercial, industrial, technical, financial, service, real estate or securities transaction – on behalf of third parties, on a proprietary basis or as part of a joint venture – directly or indirectly, in whole or in part, relating to any of the aforementioned objectives, any similar, complementary or connected objectives, or any objectives likely to contribute towards the Company's business development.

Nature of the Company

The Ordinary General Meeting of the Company added two paragraphs to Article 1 of the Articles of Association, as follows:

Raison d'être

The *raison d'être* (purpose) of the Company is: "Serving all, useful to everyone, La Poste, a proximity company, with local anchorage develops exchanges and forges essential links by contributing to the common goods of society as a whole."

Social and environmental objectives

As part of its status as an "*Entreprise à mission*" (a company with a mission) within the meaning of Article L. 210-10 of the French Commercial Code, the Company sets itself the following objectives:

- contributing to the development and cohesion of local areas;
- improving social inclusion;
- promoting ethical, inclusive and frugal digital services;
- working to accelerate the environmental transition for all.

Management bodies

The Company is administered by a Board of Directors, the composition of which complies with the provisions of Article 10 of the Act of 2 July 1990, as amended, and Title II of the aforementioned Order of 20 August 2014, to which this Article 10 refers explicitly (see Chapter 4 Governance).

General Shareholders' Meetings

Ordinary General Meeting

The Ordinary General Meeting is called to make all decisions that do not alter the Articles of Association. It is held at least once a year, within six months of each fiscal year-end, to approve the annual financial statements. A legal ruling may grant an extension to this deadline.

When first called, its decisions will only be valid if those shareholders present or represented, or having voted by post, hold at least one fifth of the shares to which voting rights are attached. If a second meeting is held, no quorum is required. Decisions are made on the basis of a majority of votes cast by those shareholders present, represented or having voted by post.

Extraordinary General Meeting

Only the Extraordinary General Meeting is authorised to amend any of the provisions of the Articles of Association. However, it may not increase shareholders' commitments, except through transactions resulting from a lawful grouping of shares.

Subject to any legal provisions to the contrary, decisions will only be valid if those shareholders present or represented, or having voted by letter post, hold at least one-quarter of the shares to which voting rights are attached at the first meeting, or one-fifth at the second. If the latter is inquorate, the second meeting may be adjourned for up to two months from the date when it was convened.

Subject to any legal provisions to the contrary, decisions require a two-thirds majority of votes cast by those shareholders present, represented or having voted by letter post. The votes cast do not include those attached to shares for which the shareholder has not voted, has abstained or has cast a ballot that was blank or void.

6.5 STATUTORY AUDITORS

PRINCIPAL STATUTORY AUDITORS

MAZARS Audit
Represented by Charles De Boisriou and Gonzague Senlis

Tour Exaltis
61 rue Henri Regnault
92400 Courbevoie

MAZARS Audit was appointed by the Combined General Meeting of 8 June 2021.

MAZARS Audit is a member of the Versailles Regional Association of Statutory Auditors.

KPMG Audit
Department of KPMG SA
Represented by Stéphanie Millet and Xavier de Cominck

Tour Eqho
2, avenue Gambetta
CS 60055
92066 Paris- La Défense Cedex

KPMG SA was reappointed by the Combined General Meeting of 8 June 2021.

KPMG SA is a member of the Versailles Regional Association of Statutory Auditors.

6.6 PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

Mr Philippe Wahl

Chairman and Chief Executive Officer

DECLARATION BY THE PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

I hereby certify that the information contained in this Universal Registration Document is, to my knowledge, accurate and contains no omission likely to affect its significance.

I declare that, to my knowledge, the financial statements have been prepared in accordance with the relevant accounting standards and give a true and fair view of the assets and liabilities, financial position and result of the Company and all of the companies included in the consolidation, and that the management report, the items of which are identified in the cross-reference table found in Appendix 4, gives a true and fair view of the business, results and financial position of the Company and all of the companies included in the consolidation, and describes the main risks and uncertainties they face.

Drawn up in Paris, 21 March 2022

Chairman and Chief Executive Officer

Philippe Wahl


LA POSTE
La Poste vous informe
Interdictions de circulation estivale 2021
Chers clients,
Nous vous informons des restrictions annuelles de circulation annoncées par l'arrêté du MINISTÈRE DE LA TRANSITION ÉCOLOGIQUE ET SOLIDAIRE du 9 décembre 2019 pouvant affecter l'acheminement de vos colis.
« Pour les véhicules affectés au transport des marchandises
plus de 7,5 tonnes et pour les véhicules
dangereuses, la

ANNEXES

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a1 VIGILANCE PLAN

As a signatory to the United Nations Global Compact and a contributor to the 2030 goals of the global sustainable development strategy[1], La Poste Groupe is committed to respecting fundamental rights. It monitors the rigorous application of the legal provisions relating to human rights, fundamental freedoms, health and safety of persons and protection of the environment, in particular those provided for by Law No. 2017-399 of 27 March 2017 on the duty of vigilance of parent companies and ordering companies (hereinafter, the "law on the duty of vigilance"). In addition to this law, La Poste Groupe has taken additional measures to meet its strong desire to commit in fundamental areas, resulting in particular from its *raison d'être* (purpose), and its status as an "*Entreprise à mission*" (mission-driven Company). These commitments are described in detail in Chapter 3 "Sustainable and responsible development".

I. FRAMEWORK OF THE LAW ON THE DUTY OF VIGILANCE

Article L. 225-102-4 I of the French Commercial Code provides for the obligation to establish and implement a vigilance plan relating to the activity of the Company, all subsidiaries or companies that it controls, as well as the activities of subcontractors or suppliers with whom there is an established commercial relationship, including:

1. a risk mapping for their identification, analysis and prioritisation;
2. procedures for the regular assessment of the situation of subsidiaries, subcontractors or suppliers with which there is an established commercial relationship, with regard to the risk mapping;
3. appropriate actions to mitigate risks or prevent serious harm;
4. a mechanism for alerting and collecting alerts relating to the existence or occurrence of risks, established in consultation with the trade unions representing the said company;
5. a system for monitoring the measures implemented and assessing their effectiveness.

II. GOVERNANCE

Until 30 June 2021, the vigilance plan was co-steered by the Human Resources Department and the Societal Commitment Department. Since 11 July 2021, responsibility lies with the new Compliance Department.

Several head office departments contribute to this area within their sphere of responsibility and scope of intervention:

- the Human Resources Department, which defines the guidelines for the risk prevention policy for human rights and fundamental freedoms and employee health and safety at work;
- the Societal Commitment Department, which defines the group's major guidelines, particularly in terms of environmental protection and the reduction and offsetting of its greenhouse gas and atmospheric pollutant emissions;
- the group Purchasing Department which draws up the policy for the prevention of purchasing risks and the assessment of the Company's suppliers, which it makes available to the group's entities. It also handles alerts from supplier employees;
- the Legal Department, which provides legal support and security for the group's activities and provides its expertise in all areas concerning the vigilance plan in relation to international, European and national regulations;
- the Risk Department which is responsible for the group's risk management policy, risk mapping and the self-assessment of the internal control systems;
- Ethics, which handles employee alerts and manages the deployment of this mechanism within the subsidiaries.

The implementation of the measures in the vigilance plan is carried out under the responsibility of the operating entities.

In addition, the Chairman and Chief Executive Officer asked the members of the Executive Committee and their direct employees to commit by signing a letter relating in particular to the duty of vigilance. Through this act, the executive officers recognise that "the Company has a duty to exercise vigilance with regard to the prevention of violations of fundamental freedoms, human rights, health, safety and the environment, with regard to its employees, and also those of its subsidiaries and service providers". They thus reiterate their desire to carry these commitments within their entity and their role in the deployment of the measures of La Poste Groupe's vigilance plan.

The members of the Executive Committee have appointed representatives to oversee the deployment of the vigilance plan within their respective entities and to participate in the group's governance bodies on this subject.

A "Duty of Vigilance" steering committee brings together the vigilance officers of the business units and subsidiaries, as well as the representatives of the aforementioned departments. The main objectives of this Committee are to validate the risk mapping, monitor the operational deployment of policies within the group's entities and decide on the actions to be implemented. It met twice in 2021.

(1) La Poste Groupe is committed to making its contribution to 14 of the 17 sustainable development goals (SDGs) of the United Nations as part of the 2030 Agenda.

III. SCOPE OF APPLICATION

The scope of La Poste Groupe's vigilance plan covers:

- the activities of La Poste SA (also referred to as the "parent company" in the document), which includes the Services-Mail-Parcels business unit and the Retail Customers and Digital Services business unit (see Chapter 1);
- the activities of the subsidiaries of La Poste Groupe, directly or indirectly owned and controlled within the meaning of Article L. 233-16-II of the French Commercial Code, including GeoPost, La Banque Postale, Docaposte and La Poste Immobilier;
- the activities of suppliers, service providers and subcontractors with whom the group and its subsidiaries maintain an established commercial relationship.

To carry out its vigilance plan and prevent the risks of serious harm related to the activities of its value chain, La Poste, in accordance with the law, is committed to deploying this approach with its subsidiaries and suppliers. Vigilance actions are designed and implemented for the benefit of La Poste's employees, suppliers, customers and other stakeholders.

The group's vigilance plan is updated each year in light of changes in its activities, based on existing processes and tools, particularly in terms of risk management. Risk prevention and mitigation policies are deployed and adapted to the needs and specificities of the group's various entities, with a view to continuous improvement.

IV. DIALOGUE WITH STAKEHOLDERS

a. Social dialogue

Social dialogue is an integral part of the life and development of the company and its human resources policies. The main actions carried out by La Poste Groupe in this area are described in Section 3.3 Employment policy for the Group's development.

The group's new strategic plan "La Poste 2030, committed for you" is accompanied by an important social component which resulted in the signing in May 2021 of the employee agreement "La Poste committed with postal workers" to support postal workers in the changes provided for by this plan.

This agreement defines the basis of common commitments for La Poste. It reinforces measures to promote quality of life at work and protect the health and safety of employees. It also includes a section promoting professional development and training for employees.

This agreement is intended to be supplemented by agreements incorporating measures specific to the activities in the various business units.

Other national agreements were signed in 2021, which made it possible to continue the development of remote working and the quality of working conditions of remote workers or to support employees placed on partial employment in the context of the health crisis.

This social dialogue, supported at the national level, is also materialised at the regional level by the signing, each year, of a large number of local agreements that support transformation projects.

In addition, actions relating to the duty of vigilance are discussed each year with the representative trade unions in La Poste's Social Dialogue Committee. It is in this context that the development of the vigilance plan is approached.

Social dialogue is also important in the subsidiaries. This is the case, for example, for GeoPost which, as part of its international parcel activity, supports constructive social dialogue with the organisation of regular meetings with the european group Works Council [1] and the France Committee [2]. GeoPost promotes the development of social dialogue, as shown by the group agreement with UNI Global Union signed in 2017 and local agreements.

b. Dialogue with non-governmental organisations

In addition, the group maintains close relationships with several non-governmental organisations or associations [3] on CSR topics, particularly in relation to the environment and human rights. This dialogue makes it possible to improve the group's actions in favour of the general interest by anticipating the expectations of stakeholders. The group then receives advice from sector experts and shares its actions in an exchange of best practices.

In fine, the group's participation in working groups and discussions with these associations makes it possible to improve actions in terms of risk prevention and mitigation and to deepen the expertise of its employees.

(1) In order to integrate an international vision into the Company's culture and develop social dialogue, the employee representatives and management of GeoPost created a European Works Council (EWC) in 2008 with the signature of an employee agreement, comprising management and employee representatives.
(2) Specific committee of the European Group Works Council.
(3) World wide fund for nature (WWF), Entreprise des Droits de l'Homme (EDH), France nature environnement (FNE), the Responsible Purchasing Observatory (OBSAR).

On the subject of human rights, for example, in 2021 the group supported the analysis of social risks and human rights for nomadic services provided outside the supplier's infrastructure. This work was published by EDH [1] in 2022. The group also took part in EDH awareness-raising sessions on child labour.

On the subject of relations with suppliers and subcontractors, La Poste participates in working meetings as part of the OBSAR [2]. For example, the group contributed to the work that led to the publication of the white paper for Purchasing Departments on the implementation of the duty of vigilance.

The associations and non-governmental organisations with which the group works in various fields are mainly:

- human rights: Entreprises et Droits de l'Homme (Business and Human Rights - EDH) and Global Compact;
- environment: WWF, La Fabrique Écologique, Entreprises pour l'Environnement (EPE), Zero Waste, INEC (National Institute for Circular Economy), Institut du Numérique Responsable (Responsible Digital Institute), "Major users" College at the Sustainable Real Estate Observatory (OID), Institut Français pour la Performance du Bâtiment (IFPEB);
- fight against discrimination and in favour of integration: Pas@pas association, École de la 2e Chance network, Entreprises pour la Cité, Association Française des managers de la Diversité (AFMD), Stop Illettrisme and l'Autre Cercle;
- CSR: Comité 21, Collège des Directeurs du Développement Durable, ORSE, and OBSAR.

In 2020, the group also set up an Energy and Environmental Transition Guidance Council (COTEE) composed of around ten external experts in CSR and the environment and four permanent members of La Poste.

Lastly, to monitor its societal and environmental commitments as an "*Entreprise à mission*" (mission-driven Company), and also to feed discussions on these subjects, La Poste has set up a Stakeholders Committee made up of a majority of qualified external persons which also includes employee representatives. This Committee acts as a Mission Committee within the meaning of the PACTE Act.

V. RISK MAPPING

The group's activities have an impact on its environment and ecosystem. It is its responsibility to identify and analyse these impacts and to plan prevention and mitigation measures. To do this, it conducts a mapping exercise based on a detailed risk assessment methodology, which incorporates the elements of the law on the duty of vigilance. A summary of all this work is presented to the group Risk Committee and then to the Audit Committee, to provide Management with an overview of the challenges, risks related to the duty of vigilance and measures to mitigate these risks.

a. Global risk analysis methodology

The duty of vigilance risk mapping approach is integrated into the group's existing risk management and control systems.

For the 2021 fiscal year, it was carried out taking into account the methodology of the Risk department and the evolution of the risk management process (see Chapter 2 "Risk management").

Exposure to the risk of non-compliance related to the duty of vigilance was assessed according to two types of risk:

- the group's wholly-owned activities including its employees (France and International);
- suppliers, service providers and subcontractors including their employees (France and International). The three topics of the law (rights and fundamental freedoms, health, safety at work and the environment) were covered.

For international operations, at this stage, the group has mapped its risks in subsidiaries representing the three continents where it operates.

The approach consists of:

- assessing the potential risks (gross risks) related to the duty of vigilance in order to identify the risks of serious breaches to be addressed as a priority;
- identifying the risk management systems put in place to cover these priority risks, and analysing them in order to assess their effectiveness, and thus determine the residual risk (net risk) for each of the risks identified.

The risk assessment combines the probability of occurrence of a given risk with the degree of severity of the consequences of that risk. The probability of occurrence is determined according to the following scale: very unlikely, possible, probable and very probable and the severity according to the following assessment scale: major, critical, moderate and low. Severity refers to the type of potential impact and damage: business, financial, legal, social/human, image.

The risky situations thus assessed are then ranked with a criticality matrix in four levels (minor, moderate, major or critical risks). Internationally, for subsidiaries not covered by interviews, the level of net risk was prudently assessed as equal to the gross risk.

(1) EDH: the association Entreprises pour les Droits de l'Homme (Companies for Human Rights), which aims to promote understanding and integration of Human Rights within companies through the deployment of vigilance measures.
(2) OBSAR: Responsible Purchasing Observatory. The association organises and leads regular discussions with companies on their experiences and initiatives around responsible purchasing.

Among the highlights of the year, the mapping exercise included new entities, expanding the scope of coverage. All entities used the same methodology, with the exception of one subsidiary, GeoPost, which made some adjustments in line with its specificities and by selecting a representative sample of its activities, according to the different countries where it operates and the size of its subsidiaries.

b. Risks assessed

1. The group's wholly-owned activities including its employees

In France

As in previous years, the duty of vigilance risk mapping exercise for 2021 focused on:

- human rights and fundamental freedoms;
- occupational health and safety;
- environmental protection.

The table shows the main risk categories mapped by the entities.

Category	Risk	Description
Human rights and fundamental freedoms	Infringement of the right of communities	Risk of expropriation, infringement of the rights of communities located near production sites
	Infringement of freedom of association and the right to collective bargaining	Risk of not respecting the right of workers to form or join a trade union.
		Risk of non-implementation of social dialogue with staff representatives.
	Forced labour, child labour	Risk of forced labour for migrant workers who may be abused because of their condition.
		Children employed by the group
	Decent compensation	Risk of non-payment of compensation enabling an employee to support his or her family with dignity
	Disclosure of personal data	Risk of not respecting the privacy of employees or customers by unlawful transfer of personal data
	Discrimination	Discrimination based on gender, age, state of health or disability, sexual orientation, origin, political, trade union or religious convictions
Health and safety	Hygiene and Security	Risk of not providing a healthy environment with equipment that complies with current safety standards
	Accidents at work	Risk related to the lack of protective equipment and employee training
	Harassment and psychosocial risks	Risk of gender-based violence or moral or sexual harassment
Environment	GHG emissions	Risk of serious harm related to the emission of greenhouse gases into the atmosphere
	Air pollutants	Risk of serious harm related to the emission of air pollutants such as fine particles into the atmosphere
	Waste	Risk of serious harm to the environment due to faulty waste management

International

Categories	Risks	Description
Human rights and fundamental freedoms	Non-compliance with international labour standards for migrant workers	Non-compliance with international labour standards for migrant workers refers to the violation of regulations in terms of recruitment, practices, compensation, housing or passport retention for persons who carry out a paid activity in a State in which they are not nationals, as well as the risk that the employer withholds the passports and identity documents of foreign or expatriate workers, which limits the freedom of movement of employees and their ability to leave the Company.
	Gender inequality and discrimination	Gender inequality and discrimination are cases of unequal treatment, compensation or career development of workers on the basis of gender and/or gender reassignment.
	Excessive working hours	The threshold above which working hours are considered excessive varies depending on the country and sector (generally more than 48 hours per week excluding overtime). Excessive working hours and inadequate rest and recovery periods can adversely affect workers' health and increase the risk of accidents at work.
Health & Safety	Accidents at work and fatalities	Risk that work causes incidents and accidents that endanger the lives of employees. Common causes of workplace fatalities include falls, machine incidents, motor vehicle accidents, electrocution and falling objects.
	Accidents related to the use of toxic or hazardous products	Risk of toxic products leaking and risk of working in hazardous conditions (*e.g.* a cold room)
	Psycho-social risks	Risk of work-related stress that has the potential to negatively affect the psychological and physical health, as well as the effectiveness of an organisation.
Environment	Air pollution	Risk of emission of air pollutants such as fine particles into the atmosphere related to transport and delivery activities.
	Greenhouse gas emissions	Risk that activities, particularly transportation activities, generate a significant amount of GHG emissions
	Industrial accidents	Risk of an industrial accident occurring on a site. For example, the risk of fire in warehouses or oil or chemical leaks.

Note that for GeoPost, the risk framework below covers the French and international scope.The risk categories are almost identical for the two risk reference tables.

2. Suppliers, service providers and subcontractors including their employees

Two "categories" were specifically assessed:

- suppliers, service providers and subcontractors in France, for which the group has mainly relied on the AFNOR risk mapping, in order to identify the most at-risk purchasing categories (taking into account the three categories covered by the law);
- international suppliers and subcontractors, a category for which the exercise was initially carried out for service providers at the heart of the operational activity (transport, delivery, temporary work).

Suppliers, service providers and subcontractors in France

The group's Purchasing Department and the operating entities have identified and assessed the risks at suppliers, service providers and subcontractors, as part of the purchasing risk mapping.

This mapping is based on that of AFNOR (gross sector risks mapping), which assesses the risks of 118 business sectors on three themes (respect for human rights and social conditions, fair practices and protection of the environment). For each of them, AFNOR assesses the probability and severity of the consequences in the event of the risk materialising at the financial, legal or organisational level and damage to the Company's reputation. It studies the risk of the entire value chain for each business sector and constitutes an analysis basis for La Poste Groupe because it provides information on the gross risk exposure of each business sector to the various areas concerned.

Of these 118 business sectors, 11 were selected by the group's Purchasing Department for the purposes of this mapping as being particularly representative of at-risk purchasing categories for the group. These priority purchasing categories are: transport, delivery, long-distance transport, call centre, construction/renovation/building, energy/electricity, IT and telecom services, temporary employment, minor works for all trades, cleaning and catering.

The business units and subsidiaries then supplemented these eleven categories according to the specificities of their activities, by adding five additional categories concerning building equipment (maintenance), intellectual services (project management), industrial equipment and materials, IT equipment and materials and cash-in-transit security services.

Category	Risks
Human rights and fundamental freedoms	Child labour, forced labour Infringements of the rights of communities Discrimination (disability, origins, gender, sex, age, sexual orientation, religion, etc.), Gender equality Infringement of freedom of expression or the right to collective bargaining isappropriation of personal data
Occupational health and safety	Health and safety of work premises Accidents at work (lack of protective equipment and equipment for employees), harassment/psychosocial risks
Environment	Greenhouse gas emissions Air pollution Waste management due to the degradation of biodiversity and natural resources related to soil, water and noise pollution

International suppliers and subcontractors

The group's international activities taken into account for the duty of vigilance risk mapping are mainly those of the GeoPost and Docaposte subsidiaries, for which the exercise was carried out for the service providers at the heart of its operational activity - transport, delivery and temporary workers.

c. Overall change in risks 2021

The mapping exercise carried out in 2021 did not reveal any significant change in the group's exposure to the risk of serious violations of human rights and fundamental freedoms, health and safety at work and the environment.

The group's wholly-owned activities

In France

The overall net risk of serious violations of rights and fundamental freedoms remains well controlled and has been assessed as minor. There was no change in the risk exposure compared to 2020.

The net risk of serious harm to health and safety at work is assessed as minor (it was moderate in 2020) thanks to the risk management systems presented in the following section, which are mainly operational and efficient.

The net risk of serious damage to the environment remains minor. There was no change in the risk exposure compared to 2020.

International

The net risk related to serious breaches of human rights and fundamental freedoms as well as health and safety were assessed as generally managed.

With regard to the environment, the overall net risk relating to greenhouse gases and air pollutants remains under control and limited overall, with no change compared to 2020. La Poste Groupe remains vigilant about its sectors of activity that emit GHGs and pollutants (transport and delivery), which are subject to specific management and adapted actions, particularly internationally. The overall level of risk exposure for waste is low.

Suppliers, service providers and subcontractors including their employees:

In France

The level of risk exposure remained stable compared to 2020. The net risk remains minor overall, except for nine categories of purchases for which the risk was assessed as being moderate: transport, delivery, industrial equipment and materials, computer equipment and materials, catering, building construction and renovation, minor works for all trades, IT and telecom services. Assessment systems and mitigation actions adapted to the risks related to the use of suppliers have been deployed and continue to be strengthened.

International

Concerning fundamental freedoms and human rights, the risks of serious breaches were generally assessed as limited.

The risks of serious breaches of workplace health and safety have been assessed and managed.

Lastly, on the environmental aspect, the risks were also assessed as being limited due to the systems put in place.

VI. RISK PREVENTION AND MITIGATION MEASURES

La Poste Groupe has long had a strong social and environmental commitment, guided by exemplarity and shared by all. This commitment was strengthened in 2021 by the adoption of its *raison d'être* (purpose) and the status of an "*Entreprise à mission*" (a mission -driven Company)(see Section 1.2.2 "*Entreprise à mission*").

a. The group's wholly-owned activities involving employees

La Poste Groupe has an ambitious social policy that includes a set of tangible measures to guarantee respect for human rights and fundamental freedoms, and to preserve the health and safety at work of its employees. The low level of exposure is the result of the deployment of HR rules and policies, internal control and risk management systems deployed in the entities.

1. Prevention and mitigation of risks of serious violations of human rights and fundamental freedoms

Any infringement of human rights and fundamental freedoms is prohibited within La Poste Groupe's entities.

The group complies with national labour laws and internationally recognised human rights laws such as the Universal Declaration of Human Rights, the guiding principles of the Organisation for Economic Co-operation and Development (OECD), the fundamental conventions of the International Labour Organisation (ILO).

It has also been a signatory to the United Nations Global Compact since 2003. GeoPost extended this commitment by joining in 2016.

Each entity deploys control measures adapted to its activities and geographical location.

Infringement of freedom of association and the right to collective bargaining

Given the law applicable in France and the internal control procedures implemented by the group, the business units and subsidiaries have assessed this net risk as minor.

Forced labour, child labour

Given the law applicable in France and the internal control procedures implemented by the group, the business units and subsidiaries have assessed these net risks as minor.

The subsidiaries of GeoPost also monitor compliance with international labour standards for migrant workers. For subsidiaries located in countries for which the level of risk is higher, GeoPost has identified an appropriate action plan combining priority risk coverage and increased requirements.

Decent compensation

Given the law applicable in France, the business units and subsidiaries have assessed this net risk as minor.

Internationally, GeoPost's subsidiaries are particularly attentive to compliance with the rules relating to decent compensation and working hours, particularly during peak periods of activity. They have set up systems to strengthen the operational management of working time risk through an employee agreement, such as Jadlog, the Brazilian subsidiary.

Risks of discrimination

The business units and subsidiaries have assessed this risk as minor.

In France, the group is very committed to policies to prevent and combat all forms of discrimination at all stages of the career (recruitment, professional development, promotion, etc.) and in day-to-day working life [1]:

- several group entities have incorporated these principles into their internal rules of procedure or their Code of Ethics. This is the case, for example, for La Poste and La Banque Postale. GeoPost has also incorporated this principle in its code of conduct in business implemented by its subsidiaries, which reiterates the right to employee representation, its fight against all forms of discrimination and its actions in favour of diversity. Diversity officers in charge of preventing discrimination have been set up at La Poste. The subsidiaries also have anti-discrimination policies;
- for the last ten years, La Poste has adopted a Recruitment Charter in which it is committed to equal opportunities, examining all applications and selecting candidates objectively on the basis of skills criteria. La Banque Postale has adhered to this Charter, which it deploys in its entities;
- La Poste, La Banque Postale and Docaposte are signatories of the Diversity Charter [2];
- La Poste is committed to the Parenthood Charter [3]. In 2020, La Banque Postale negotiated an employee agreement in favour of gender equality and diversity, which provides for measures to ensure that maternity and parenthood do not affect the compensation and career development of women;
- La Poste is a signatory of the Charter of l'Autre Cercle [4] in favour of the rights of LGBT + people, which is also being rolled out at La Banque Postale.

In addition, La Poste regularly reaffirms its commitment to diversity through communication and awareness-raising campaigns among employees. Thus, in 2021, it launched an internal campaign to combat stereotypes related to gender, sexuality, origin and disability.

La Poste Immobilier also launched a "Respect" campaign for employees in 2021. This campaign focuses on the fight against sexism, disability and homophobia.

The Services-Mail-Parcels business unit obtained the Diversity label [5] which recognises the commitment and effectiveness of its measures in favour of equal opportunities, both for employees and for stakeholders.

Internationally, the risk of inequality of opportunity and gender-based discrimination is assessed as largely limited. Actions to prevent discrimination are also carried out: for example, in 2021, DPD United Kingdom launched an internal communication campaign to promote Diversity and Inclusion.

Gender equality

Commitments in favour of gender equality are regularly supplemented by employee agreements. The gender equality agreement signed in 2019 by La Poste aims to give the same career development opportunities to women and men, including for strategic executives and senior executives, to strengthen gender diversity in all business lines, to fight against sexism and violence, and to guarantee equal rights regardless of sexual orientation and gender identity. In its strategic plan, the group has set itself the target of achieving 40% of women among its senior executives by 2025.

(1) Discrimination against group employees or candidates for employment on the grounds of disability, gender, political or religious opinions, membership of a community group, sexual orientation, family situation (in particular pregnancy), age, health conditions, trade union membership.

(2) The Diversity Charter is a commitment text proposed for signature to any employer who wishes, through a proactive approach, to act in favour of diversity and thus go beyond the legal framework of the fight against discrimination. Today, it brings together more than 4,000 organisations (companies, associations, etc.).

(3) The Corporate Parenthood Charter was introduced in 2008 and aims to encourage companies to offer parent employees an environment better suited to family responsibilities. The signatories must implement concrete actions organised around four areas: work organisation, awareness-raising among managers, services to employees and financial support.

(4) L'Autre Cercle is an association that works to defend the rights of lesbian, gay, bi-sexual, transgender and transsexual employees. The purpose of the Charter is to create an inclusive environment for employees, to ensure equal rights and treatment for all employees, regardless of their sexual or gender orientation, to support people who are victims of discrimination, to measure the progress and share best practices to change the professional environment.

(5) The Diversity Label was created by the French State in 2008 with the social partners and experts. It aims to recognise the effective, voluntary and long-term commitment of an organisation to prevent discrimination and promote diversity in the management of its human resources (recruitment, integration, career management, etc.) while taking into account its context of intervention (regional anchoring, relations with suppliers, customers, users).

The group's various entities include the principles of gender equality in their internal regulations and ensure that they are respected on a daily basis, in particular through training and awareness-raising campaigns for employees. The main actions carried out by La Poste in these areas are described in Chapter 3 "Sustainable and responsible development".

Disability

La Poste has long been committed to the inclusion of disabled people. The policies put in place are subject to employee agreements. They aim to enable disabled employees to work in good conditions regardless of their profession, in particular by adapting workstations to people with disabilities, guaranteeing access to training, offering an attractive career path and combating all forms of discrimination against them. La Poste is also committed to the regular recruitment of disabled people.

La Poste has 130 disability officers present in all its business lines and throughout the country to support employees. Four contacts are advancing the accessibility of digital tools for visually impaired users.

With 14,000 disabled employees, La Poste is the leading employer of disabled workers in France. With a rate of beneficiaries of the employment obligation in 2021 of 8.66%, constantly increasing (7% in 2019), it exceeds the legal obligation, which is 6%.

A budget of €23 million is provided for by the seventh disability agreement, which is mainly dedicated to actions to maintain employment.

La Poste purchased €16.4 million in services from disabled and sheltered sectors in 2021. These services are varied: maintenance of electric-assisted bicycles for postmen, mailboxes on public roads, green spaces, repair of Parcels, sorting of Parcels that cannot be mechanised, audiovisual services, etc.

La Banque Postale is also committed on disability and signed an agreement in 2020 on this subject which aims to ensure the retention of disabled people, recruit disabled workers and develop purchases in the disabled and sheltered sector.

Personal data protection

The business units and subsidiaries have assessed this net risk as minor.

La Poste Groupe deploys policies to comply with the General Data Protection Regulation in its various entities. These include employee information and training initiatives:

- an Intranet site accessible by all group entities was created in 2020 to inform employees about personal data protection and help them bring their projects and personal data processing into compliance with the rules of the GDPR;
- a new IT User Charter was published on 1 December 2021. In particular, it reiterates that each employee must guarantee the confidentiality of the personal data processed. These commitments are now included in the oath of office taken by all employees;
- a permanent control plan relating to the application of the GDPR was implemented in the group's entities in 2021.

The outlook for 2022 in the field of human rights and fundamental freedoms

- The group's Human Rights policy will be formalised and shared with the subsidiaries;
- actions to combat all forms of discrimination, promote gender equality and promote diversity in the workplace will be continued;
- actions as part of the deployment of the GDPR compliance policy will be continued (training actions, development of data protection impact analysis models, enrichment of the GDPR clause in accordance with the new regulations on data transfers outside the European Union).

2. Prevention and mitigation of serious occupational health and safety risks

2021 was marked by the health crisis and the group continued its preventive measures against Covid. They have been constantly adapted to protect the health of employees, service providers and customers and enable the continuation of activities, in France and in the international subsidiaries.

La Poste Groupe is also continuing to roll out its preventive actions to promote health and safety at work for its employees (see Section 3.3.3 "Enhancing the quality of life and preserving the health and safety at work of employees").

They are defined taking into account the risks specific to the various business lines. La Poste's prevention specialists and occupational health services are involved in their development and implementation. They are presented to the National Occupational Health and Safety Commission and the CHSCT.

2021 was marked by the signing in May of the employee agreement "La Poste committed with employees", a social component of the strategic plan "La Poste 2030, committed for you". This agreement provides as a priority area to improve the quality of life at work and protect the health and safety of employees at work. It guides occupational health actions on primary prevention actions that eliminate or reduce risks.

Health and safety

Numerous actions are taken to guarantee suitable working conditions and reduce the risk of accidents and physical risks:

- concerning work premises, the BOLOCO project aims to guarantee health and safety conditions in all workplaces;
- accident prevention plans are in place, including changes to accident-prone equipment. Thus, for the delivery business lines, the use of two-wheeled motor vehicles is limited in favour of new three-wheeled motor vehicles (staby), to reduce road risks. Training modules are scheduled for managers and employees to reduce the risks related to handling and improve the handling of vehicles;
- for businesses with physical exposure:
  - workstation studies are carried out to limit the risk of musculoskeletal disorders, incapacity, occupational diseases and accidents at work, and promote good gestures and reduce demanding postures,
  - Experiments to strengthen the prevention of the risks of musculoskeletal disorders (MSD) with exoskeletons have been launched in the Industrial Mail Platform at La Poste and in several GeoPost subsidiaries, particularly in Germany and France.
- MSD prevention measures have been defined for tertiary workstations.

Harassment and psychosocial risks

Actions to combat all forms of violence or harassment in the workplace were stepped up in 2021:

- a new system for preventing and dealing with situations related to moral harassment and sexual harassment was published and distributed to La Poste. It includes a new protocol dedicated to the handling of these situations, accompanied by a guide on moral and sexual harassment;
- new actions were rolled out to combat sexist behaviour and comments: distribution of a guide on sexism, training, publication of an online registration tool for sexist acts and comments open to all employees, etc. La Poste joined the #StOpE initiative to stop ordinary sexism in companies, in which 115 companies participate;
- the plan to combat incivility has been strengthened in entities in contact with customers, in particular post offices. Collective training for the employees of the entities in the management of difficult relationships is organised. Employees who have suffered incivility are supported, including by the filing of a Company complaint.

La Poste continues to prevent psycho-social risks by:

- the deployment of the "QVT Essentials" initiative carried out with the National Agency for the Improvement of Working Conditions (ANACT). This approach aims to identify situations in which teams feel stress in the various dimensions of work life (work organisation, work relationships, change management, autonomy, etc.);
- specific actions to prevent psycho-social risks were put in place during the health crisis, in particular in the context of extended remote working (maintaining contact, team events, newsletter with advice on prevention and organisation of life at work, reminder of the right to disconnect, etc.).

La Poste is also continuing its preventive measures in the event of intervention by external companies on a postal site:

- the Services-Mail-Parcels business unit has already trained 7,230 managers and operational staff in occupational health and safety prevention rules in these situations and has implemented a control procedure at operational sites;
- the Responsible and Ethical Purchasing Charter (see Chapter B.1: responsible and ethical commitments) was supplemented in 2021 by specific commitments from the group and external companies in these situations, which include preventive health and safety at work rules such as:
  - the identification of occupational health and safety risks,
  - the development of a safety protocol or prevention plan to prevent these risks,
  - communication and awareness-raising among staff of the risks identified, the instructions to be followed and the preventive measures to be applied before the start of the on-site activity,
  - a procedure in the event of a serious event or difficulty observed during the performance of the service.

In the event of a breach of safety rules by an employee, La Poste Groupe alerts the service provider to enforce them.

Occupational health and safety outlook for 2022

Primary prevention actions aimed at eliminating or limiting risks will continue to be developed and prioritised:

- measures to prevent physical risks in connection with the arduous nature of the jobs will be continued;
- innovative approaches will be tested more widely for the prevention of physical risks and accidents: exoskeletons, use of augmented reality in training, etc.;
- impact studies of national and local projects will be deepened;
- health crisis management will be continued;
- in the field of psycho-social risk prevention, the "QVT Essentials" approach will be generalised;
- actions to prevent incivility and attacks will be stepped up.

3. Prevention and mitigation of serious environmental risks

In its "La Poste 2030, committed for you" strategic plan, La Poste Groupe reaffirmed the strategic dimension of the energy and environmental transition.

For the group, it is a question of strengthening its position as a leader in the environmental transformation, capitalising on its strengths, meeting the expectations of its customers and reaffirming its positive impact and its societal usefulness. The group's environmental policy is based on three levers: a circular economy policy, an energy policy and, since the end of 2021, a biodiversity policy. These policies include commitments in terms of resource management, greenhouse gas emissions, atmospheric pollution and the protection of biodiversity. All of these commitments are described in detail in Section 3.2.4 "Working to accelerate the environmental transition for all".

Greenhouse gas emissions

The 2021 mapping maintained the same findings as 2020. The group's exposure to risks of serious harm in terms of greenhouse gas emissions and air pollution is controlled and limited.

The commitments made by La Poste Groupe relate in particular to the fight against climate change and the preservation of air quality.

For the past ten years, the group has been implementing policies to reduce greenhouse gas emissions and air pollutants. The actions are based on a common approach: measure, reduce, offset.

The group maintains its carbon neutrality achieved in 2019 at group level. It is resolutely working alongside the United Nations Global Compact to achieve "net zero emissions" [1] from 2030 for its logistics, and in 2040 for emissions from La Banque Postale's financing activity. This ambition was publicly confirmed by the group by signing the "SBTi Business Ambition 1.5°C" pledge which brings together companies committed on an international level to reach Net Zero by 2050. In line with this ambition, the group has committed to an offsetting programme aimed at increasing the share of offset projects in favour of sequestration projects by 2030.

In its commercial offers, La Banque Postale has had a 100% SRI (socially responsible investment) asset management portfolio since the end of 2020 and supports customers in their environmental transition by marketing green loans for local authorities and companies. For individuals, the offer includes an impact consumer loan through a green works loan and a personal car loan. The latter includes carbon offsetting, for two years, of CO_2 emissions related to the use of the vehicle financed by a personal loan from La Banque Postale. An *Avance Rénovation* loan was designed in 2021 to be launched in February 2022.

The reduction in La Poste SA's emissions (validated by the Science Based Targets Initiative [2]) aims for a 30% reduction by 2025 [3] (see Section 3.2.4) in accordance with the objectives of the Paris Agreement. [4]

Some subsidiaries have also made commitments:

- La Banque Postale had its trajectory for its scope 1 and 2 activity validated by SBTi in October 2021. It thus becomes one of the first three financial institutions in the world and the first bank in Europe to obtain approval by SBTi on such a wide scope. In this context, it has committed to reducing its greenhouse gas emissions by 46.2% by 2030, compared to 2019. Concerning scope 3, the SBTi certification covers 85% of the financing and investment portfolios (home loans, commercial real estate, financing of energy projects, equities and bonds and long-term loans to companies), differentiated by portfolio. La Banque Postale is also committed to continuing to use 100% renewable electricity until 2030;
- GeoPost complies with La Poste Groupe's commitments by defining an intensity reduction target for its scope of activity of a -30% reduction in parcel GHG emissions over the period 2013-2025. To contribute to this objective, GeoPost:
  - committed in 2020 to the deployment of low-emission delivery solutions in 225 European cities by 2025,
  - will continue to develop its urban logistics system, which enables the flow of deliveries at the entrance of cities to be pooled, with last mile delivery using low-emission vehicles. Chronopost, for example, will continue to extend its delivery coverage to a larger part of France with low-emission vehicles and, from 2022, achieve 20 to 25% of delivery with medium-low emissions.

Actions to reduce greenhouse gas (GHG) emissions are based on three areas:

- the implementation of an energy management system that has been in place since 2019. By measuring energy consumption, it makes it possible to implement actions aimed at either reducing or optimising consumption;
- maintaining and servicing a fleet of electric vehicles, one of the world's leading fleets;
- the massive use of renewable energies. This electricity of renewable origin supplies the postal sites as well as the electric fleet and makes it possible to reduce the greenhouse gas emissions of the IT equipment;
- actions to offset greenhouse gas emissions.

To ensure the carbon neutrality of the group's activities, greenhouse gas emissions, which have not been avoided or reduced at this stage, are fully offset by the financing of projects resulting in emission reductions. The group has been a pioneer in this voluntary approach, as it has been ensuring the neutrality of its mail, parcel, express and digital offers since 2012. Since 2019, all the emissions from all La Poste Groupe's activities have been 100% offset.

(1) Net zero emissions" aims to reduce greenhouse gas emissions as close as possible to zero and to offset residual emissions by eliminating and/or sequestering an equivalent amount in carbon sinks (forest, mangrove, ocean, wetlands, soil, etc.). The concept of net zero emissions differs from carbon neutrality because the latter does not necessarily involve carbon sequestration. Companies can compensate by investing in projects that reduce greenhouse gas emissions.

(2) The Science Based Targets Initiative (SBTi) is an initiative born out of several international non-governmental organisations aiming to define a label to recognise companies that make commitments to reduce their carbon footprint.

(3) Compared to 2013.

(4) 51% for scopes 1 and 2, compliant with the 1.5°C scenario and 14% for scope 3, compliant with the 2°C scenario.

The results obtained:

- La Poste Groupe is recognised as the leading 100% carbon-neutral postal operator [1];
- since 2019, the group has offset 100% of its emissions;
- ISO 50001 certification obtained for 197 sites equipped with the energy management system;
- implementation of the urban logistics offer, Urby [2], in 23 major cities;
- deliveries by GeoPost are carried out exclusively by low-emission vehicles in Paris and in 47 French cities, as well as in 51 cities in Europe;
- La Banque Postale has been carbon neutral in its operational scope since 2018, in particular thanks to its "Carbon Fund" system set up in 2015 and which will be revised in 2022 for implementation in 2023.

Air pollutants

The 2021 mapping maintained the same findings as 2020. As a result, the group's exposure to the risks of serious harm in terms of air pollution is controlled and limited.

In addition to its carbon management approach, La Poste Groupe has set up an air quality policy:

- since 2015, in collaboration with the French Environment and Energy Management agency (Agence de l'environnement et de la maîtrise de l'énergie - Ademe) and France Environnement, La Poste has set up a system for monitoring the emissions of four pollutants regulated under the European standards for vehicles managed by Véhiposte, a group subsidiary;
- La Poste has defined targets for reducing air pollutants in connection with an action programme based, in particular, on the deployment of electric vehicles;
- the group offers urban logistics solutions specific to French conurbations;
- GeoPost measures the emissions from its own fleet and that of its subcontractors and in 2019 mandated EcoAct's climate experts to conduct an analysis of the pollutants emitted by its fleet;
- GeoPost is continuing its "Air Quality Monitoring Programme" project, carried out in partnership with the Company Pollutrack, which consists of equipping around 100 vehicles with a mobile sensor that measures air quality and the level of fine particles during the delivery round, and checks and completes this measurement using fixed sensors installed at urban local storages and Pickup points. The data collected is made available to the general public on a website. Their analysis makes it possible to identify "hot spots" and determine the root causes.

The pollutant reduction targets set for 2020 were achieved:

- nitrogen oxide emissions (NO_x) were reduced by -55% between 2015 and 2020 (the 2020 target was set at -20%);
- particulate matter (PM) emissions were reduced by -52% between 2015 and 2020 (the 2020 target was set at -50%).

Waste management

The group took advantage of the duty of vigilance risk mapping campaign to ask operational staff to analyse the risk of serious harm to the environment due to poor waste management.

The business units and subsidiaries have assessed this risk as being mainly minor.

Internationally, 97% of waste is non-hazardous waste and therefore the risk is also assessed as minor.

The results of the analyses show that the overall level of risk exposure for the group (France and international) is low due to:

- the vast majority of waste emitted by the group being non-hazardous waste;
- low volumes of waste to be processed by postal sites;
- systems defined to manage them: internal processes, contracts with specialised service providers;
- volumes of hazardous waste mainly processed in France (and subject to French regulations).

The analysis of the risks of serious harm to the environment due to poor waste management shows that the subject of pollution by waste is not a salient risk for the group. This subject will not be prioritised in 2022.

2022 priorities in the field of the environment

- GHG emissions;
  - La Poste has a target of reducing GHG emissions by 30% over the period 2013-2025;
  - GeoPost has a new GHG emissions reduction trajectory to submit to SBTi [3] in 2022:
    - extension of delivery areas for low-carbon vehicles by Chronopost (20 to 25% of delivery using its own resources),
    - in Europe, GeoPost is rolling out zero/low-emission delivery solutions in 225 cities by 2025.

(1) Source: EcoAct has been part of Atos since 1st October 2020 and works for climate action with the aim of offering a comprehensive range of carbon reduction solutions.

(2) It is a company that offers an urban logistics service in France that pools and optimises urban delivery in several cities with low-greenhouse gas emission vehicles and bicycles.

(3) The Science Based Targets Initiative (SBTi) is an initiative born out of several international non-governmental organisations aiming to define a label to recognise companies that make commitments to reduce their carbon footprint.

- ambitions to reduce air pollutants:
  - - 40% reduction in NO_x (nitrogen oxide) emissions in 2025 compared to 2015,
  - - 60% reduction in particulate matter (PM) emissions in 2025 compared to 2015;
- waste management:
  - the action plans defined as part of the 2021 risk analysis will be implemented,
  - the contribution of the Work Environment channel to waste management will be identified,
  - new contract formats will be rolled out with waste management service providers.

b. Activities of suppliers, service providers and subcontractors including their employees

The business units and subsidiaries mainly assessed the risks in the business sectors that were selected from the AFNOR mapping.

La Poste has a strong ambition in terms of social, societal and environmental responsibility that it deploys within the Purchasing Division[1] and all its suppliers, service providers and subcontractors.

1. Responsible and ethical commitments

The group's corpus of documents on responsible purchasing is based on two policies:

- La Poste Groupe's purchasing policy, updated and published in February 2021

The group oversees all of its purchasing actions through this policy. It establishes the governance framework and guides the purchasing department and its employees in their daily actions. It applies to the entities covered by the scope of responsibility of the group's Purchasing Department (the Services-Mail-Parcels business unit, the Retail Customers and Digital Services business unit, the Vehiposte and La Poste Immobilier functional departments). Among the five orientations adopted in this policy, one concerns the integration of La Poste Groupe's societal and environmental challenges and another on the guarantee of compliance with legal rules, ethics and compliance for purchases.

- La Poste Groupe's purchasing compliance policy, updated and distributed in April 2021;

This policy reiterates:

- the group's six values: openness, consideration, fairness, accessibility, proximity and a sense of service;
- the group's four areas of commitment:
  - contributing to the development and cohesion of local areas,
  - improving social inclusion,
  - promoting ethical, inclusive and affordable Digital Services,
  - working to accelerate environmental transitions for all;
- the principles of conduct shared between La Poste, its suppliers, subcontractors and service providers through respect for:
  - men and women (respect for human freedoms and health throughout the value chain, fight against illegal work, protection of citizens' personal data),
  - the environment (fight against global warming, preservation of biodiversity, sustainable use of resources),
  - the company (fight against fraud, corruption and situations that could lead to a conflict of interest),
  - service providers and suppliers (equal treatment and transparency, compliance with payment deadlines),
  - international rules (compliance with embargo laws and international exclusion lists);
- In line with these two policies, three Commitments Charters complete the corpus of documents:
  - for the Purchasing function: responsible and ethical commitments published in September 2021.
    At the end of 2021, this Charter was signed by 100% of employees in the purchasing function.
    By adhering to this Charter, employees of the Purchasing function are reminded that they undertake to know and apply the group's purchasing rules. They also undertake to warn of the risk of serious infringement of human rights, fundamental freedoms occupational, health and safety of people, or the environment, of which they may be aware in the context of their missions, within La Poste Groupe or at one of its suppliers or service providers.
    Lastly, they undertake to respect these principles and to promote them to their prescribers and suppliers;
  - for suppliers and subcontractors: Responsible and ethical purchasing charter updated in December 2021 for contract suppliers of the Services-Mail-Parcels business unit, the Retail Customers and Digital Services business unit, La Poste Immobilier, Docaposte and Viapost.
    When signing contracts, suppliers and subcontractors must familiarise themselves with this Charter, sign it and ensure that they respect all commitments made to the group with any subcontractors. They ensure that the resources necessary to comply with the principles set out in their supply chain are implemented.
    In particular, it states that suppliers and subcontractors must respect and promote the principles of the United Nations Global Compact and the International Labour Organization's fundamental conventions on forced labour, child labour, freedom of association, discrimination and equal pay. Suppliers and subcontractors also undertake to respect the principles of environmental protection: precautionary principles, reduction of pollution (water, air, noise, soil) and greenhouse gas emissions, limits on the consumption of resources and energy and protection of biodiversity.

(1) The Purchasing department has around 350 employees and is made up of several purchasing departments spread over the various business units and subsidiaries that handle both cross-functional and business-specific purchases.

More specifically, this Charter for suppliers and subcontractors specifies:

- on the one hand, the commitments made by suppliers concerning:
  - respect for human rights,
  - respect for the rights of indigenous and tribal peoples and communities, the prohibition of forced labour, child labour, corporal punishments and all forms of harassment,
  - compliance with legislation on the management of working hours (maximum hours), compensation, training, freedom of association, the right to collective bargaining and the right to organise (ILO Conventions C87, C98, C135) and working conditions that respect the dignity of people,
  - the prohibition of any form of work that could harm the health or safety of people,
  - prevention of all forms of discrimination;

- on the other hand, the group's commitments to its suppliers, in particular to promote a responsible relationship on social, societal and environmental aspects. This translates into:
  - transparency in the contractual relationship,
  - equal treatment and independence of its service providers,
  - the provision of a whistleblowing system to its suppliers to report any serious breaches of human rights and fundamental freedoms, personal health and safety as well as the environment, observed during the execution of their contract,
  - the possibility of using the ombudsman in the event of a dispute after all the usual channels of discussion have been used.

Lastly, this Charter sets out the reciprocal commitments between the group and its suppliers, in the context of services provided at postal sites.

Some subsidiaries have their own Responsible Purchasing Charter. This is the case of GeoPost, whose Charter is an integral part of the French subsidiaries' contractual arrangements with transport service providers, and of La Banque Postale.

- For prescribers: Charter of responsible and ethical prescribers

  The same approach will be carried out for prescribers in the first quarter of 2022, with the formalisation of their responsible and ethical commitments. These employees are those who maintain relationships with suppliers and who must, therefore, be aware of and comply with the purchasing rules and procedures, as well as the compliance systems. This document, formalised in 2021, reminds them of the group's commitments in terms of compliance and ethics, as well as the social, societal and environmental commitments that they must respect and promote to their suppliers.

2. Prevention actions upstream of contracting

La Poste uses AFNOR's risk mapping to identify the most at-risk purchasing categories, as detailed previously (see Chapter 2 "Risk management") in the risk mapping methodology. The elements of this sectoral purchasing mapping are used by La Poste's purchasing function to improve their knowledge of the markets and the associated risks. Buyers are supported in the definition of social and environmental criteria in their consultations prior to the selection of service providers.

This is also the case for GeoPost:

- with regard to the selection of transport service providers, the subsidiaries including DPD Germany, Chronopost, DPD France, DPD Poland, SEUR and DPD BeLux take into account elements in terms of non-discrimination, or non-compliance with international labour standards;
- Chronopost ensures that its suppliers meet its CSR requirements by administering a "sustainable development" questionnaire whose answers are taken into account in the supplier selection process.

In addition, La Poste has set up information management platforms that:

- ensure the identification of suppliers wishing to be referenced through the group's sourcing platform;
- collect and check the regulatory documents required for contracting.

These platforms are used by several subsidiaries. By way of example, the transport service contracts of Chronopost and DPD France provide for a formal notice mechanism sanctioned by penalties up to the termination of the contract in the event of the absence or inconsistency of the administrative documents to be produced by the service provider to prove the regularity of their situation, in particular their social situation. Regulatory controls are carried out at least every six months, in particular for the subcontracting system.

3. Contractualisation mechanism

La Poste Groupe, as a responsible principal, wants the activities that it carries out on its own or that it delegates to third parties to be carried out in accordance with the law and with its CSR commitments. As such, its contractualisation mechanism formalises and commits stakeholders and gives it the opportunity to verify the proper implementation of contractual commitments, through operational controls or audits if necessary.

The general purchasing conditions (GPC) include Articles relating to the duty of vigilance. These Articles:

- remind service providers of their obligation to comply with the law on the duty of vigilance;
- ask them to inform their employees of the existence of the whistleblowing system made available to them by La Poste;
- provide, since December 2020, the obligation for La Poste's service providers to carry out a self-assessment process focusing in particular on the following CSR topics: human resources, health and safety and working conditions, supply chain management and environmental management;
- also provide for the obligation of service providers to accept an audit, if necessary, relating in particular to the themes of the duty of vigilance.

In addition, since 2020, the group's subsidiaries have included comparable requirements in their own contractual policies.

Within GeoPost, specific clauses prohibiting the use of undeclared or forced labour are included in the subcontracting or temporary employment contracts used by several GeoPost subsidiaries, such as DPD Germany, DPD Poland, Biocair, BRT, SEUR, DPD Estonia, DPD NL and the Brazilian subsidiary Jadlog. These contractual clauses are supplemented in certain subsidiaries such as Biocair, DPD France or DPD Germany by more extensive due-diligences prior to finalising contracts.

In addition, DPD Estonia includes elements concerning compensation, working hours and non-discrimination in its contracts with temporary employment agencies. This is also the case for DPD France, which has included clauses on these subjects in its subcontracting contracts and its general conditions of purchase of goods and services.

In its Code of Ethics, DPD Hungary commits its subcontractors to respect human rights through "fair and favourable" working conditions, decent wages, accommodation and living standards, as well as equal treatment and opportunity.

Risk prevention and mitigation systems are also implemented by the international subsidiaries of GeoPost. The Jadlog business unit in Brazil has included clauses on wages and social benefits in its contracts with temporary employment agencies.

The Stuart subsidiary in France which puts clients in contact with independent couriers, has been a pioneer in its field by developing a responsible social model based on the following pillars:

- enhanced social protection;
- privileged access to vocational or work-study training;
- collaboration with local employment and integration ecosystems in several regions, easier access to funding for professional equipment and, finally a continuous listening, recognised by the delivery community.

This subsidiary also deploys a strengthened system to prevent the risk of non-declaration of income paid by the platform to the self-employed people who use it and the risk of identity theft *via* the use of a specific application.

4. Operational assessment and control systems

- The suppliers assessment system

Since 2018, the Purchasing Department has managed the system for assessing the maturity of its service providers, mainly focused on CSR topics. To facilitate its deployment, La Poste makes this system available to its suppliers free of charge. It makes it possible to understand the practices of its service providers and engage them in a common progress approach. In 2021, the valuation methodology was reviewed and new management rules were defined. This process will be mandatory for all suppliers contracted in 2021.

This system consists of three phases:

- a first self-assessment phase on the following topics: human resources, health and safety and working conditions, supply chain management and environmental management. The supplier completes an online questionnaire on a platform developed by a partner service provider (the AFNOR Group). At the same time, a specific self-assessment questionnaire was designed and adapted to a priority purchasing category and core business for the Services-Mail-Parcels business unit: transport, delivery and logistics. The questionnaire was sent in October 2021 *via* a campaign addressed to more than 400 suppliers and subcontractors. The conclusions of this pilot will be analysed in 2022;
- a second phase of documentary control carried out remotely by an expert assessor from AFNOR. Priority service providers with regard to the risk mapping exercise are systematically subject to a documentary check, just as non-priority suppliers who have obtained a self-assessment score that could appear to be out of step with market practices.
  At each documentary audit, La Poste's service providers are accompanied by AFNOR experts in the completion of the procedures. This makes supplier self-assessment scores more reliable and alerts them to possible shortcomings. The conclusion of the audit is communicated to the service provider so that it can take corrective action or promote its practices to its clients.
  Audit notes and any points of non-compliance are communicated to the buyers in charge of contract management so that specific development plans can be initiated if necessary:
- a third phase of an on-site audit at the service provider, which ensures the effective implementation of self-declared practices for suppliers with low control scores and deemed a priority. This audit is also carried out by AFNOR consultants who formalise an audit note.

Since 2020, the global service provider risk prevention system (from contracting to assessment) has been offered to La Poste Groupe's main subsidiaries. These subsidiaries have very heterogeneous profiles and purchasing needs, notably due to their activities and the legal framework to which they are subject. Some subsidiaries have already deployed a comprehensive prevention system; others are in the process of doing so.

- Operational control systems complete the assessment process

  Regular checks are also carried out by operational staff in the business units and subsidiaries when their service providers carry out activities. These controls make it possible to assess the practices of service providers and their employees.

  The Services-Mail-Parcels business unit has rolled out a control plan for the activities carried out on site by subcontractors. For example, with regard to transport services, controls are carried out to check the drivers' driving licenses and their blood alcohol level. In the event of non-compliance following an audit, a formal notice letter is sent to the service provider and if the service provider does not remove the non-compliance, La Poste may terminate the contract.

5. Securing the compliance of the group's purchases

In 2021, La Poste Groupe wanted to strengthen the system for assessing its third-party service providers presented above by launching a project based on three key stages:

- strengthening and optimising the supplier compliance control and assessment procedure as part of the various purchasing processes;
- the use of new assessment solutions and tools in 2022 that include:
  - a global framework for mapping non-compliance and CSR risks integrating country risks, business sectors, etc.,
  - a centralised solution for collecting information in various external databases to dynamically assess French and international suppliers in all the different compliance fields,
  - strengthening the systems for carrying out additional investigations and audits;
- the deployment and associated change management of this project will begin with La Poste SA and La Poste Immobilier at the beginning of 2022.

VII. TRAINING AND AWARENESS-RAISING

In 2021, a communication campaign was carried out *via* internal media (paper newsletter and online for the group and the business units) to raise employees' awareness of the duty of vigilance and the actions taken by La Poste in this area. The Company's HR Intranet also contains information on the duty of vigilance and the actions carried out in this area.

La Poste has also raised awareness of the Risks and CSR function on human rights issues.

Lastly, at the end of 2021, La Poste rolled out an e-learning module on the duty of vigilance for all employees. This module is available on the Self-Service Training Offer platform. It presents the obligations related to the duty of vigilance, illustrates the application of this duty, recalls the policies implemented by the group and the tools to be used to ensure that each employee is involved in the vigilance of fundamental rights.

VIII. THE WHISTLE-BLOWING MECHANISM

The Duty of Vigilance law provides for the establishment of a mechanism for alerting and collecting alerts on the existence or realisation of risks. To this end, La Poste has set up alert mechanisms for its employees and the employees of its suppliers.

a. The employee whistleblowing system

The possibility of issuing a professional alert has been available at La Poste since 2011. This mechanism is used by employees to report malfunctions, but also to seek advice on their professional practices with regard to ethical or company rules. In 2021, the employee whistle-blowing procedure was used 388 times.

Since September 2019, a new technical procedure was set up with the use of an outsourced solution with a unique Internet address. This solution guarantees the confidentiality of whistleblowers and reinforces the level of security and accessibility 24/7 of the system.

Alerts are processed by the ethics officers and their reference experts. The latter attend a training course that describes the principles governing the handling of alerts (such as confidentiality and whistleblower protection) and the regulations governing it.

They take part in the Alert Committee, where regulatory changes and their translation within the group, tools and guidelines, alert reporting and best practice are shared. The Committee met twice in 2021.

To date, the employee whistleblowing system covers La Poste SA and many French subsidiaries, *i.e.* 53 entities representing more than 250,000 Postal workers. 15 new entities joined the system in 2021 and the deployment will continue throughout 2022. A specific protocol is applied to ensure the efficiency of the alert handling process whenever a new group entity joins the system.

Some group subsidiaries have their own whistleblowing system, such as Asendia, CNP Assurances and La Banque Postale.

In addition, in 2021, the process was strengthened with the implementation of a second-level control on the measures of the corruption prevention plan with a specific section on the whistleblowing system and the renewal of intrusion tests on the outsourced technical solution used by the group.

The whistleblowing system has been communicated internally to enable each employee to be informed of the possibility of filing an alert or requesting information *via* the dedicated secure platform.

In addition, an application was opened on employees' telephones (FACTEO), so that the 73,000 postmen can easily use the alert system. This publication was the subject of a communication to the Collection Services, Delivery and Process Organisation division of the Services-Mail-Parcels business unit.

b. The whistle-blowing system for service provider employees

A whistle-blowing procedure for the employees of suppliers, service providers and subcontractors was set up in 2019. [1]

In 2020, La Poste informed all its contracted suppliers of the existence of this whistle-blowing procedure and asked them to inform their employees. This obligation has been included in the general terms and conditions of purchase of La Poste Groupe. In addition, the information is available on the group's institutional website and in 2021 it was included in the Responsible and Ethical Purchasing Charter, appended to the service provider contract.

Several group subsidiaries will join this system in 2022. GeoPost is part of this approach of strengthening the whistleblowing systems for its third parties, which is already effective in many subsidiaries.

IX. IMPLEMENTATION REPORT: KEY PERFORMANCE INDICATORS

a. Summary of social indicators [2]

	2021	2020
Headcount		
Total headcount at 31/12 *(individuals)*	214,043	226,264
% men	49.1%	49.1%
% women	50.9%	50.9%
Professional relations		
Number of national agreements signed, subsidiaries included	157	126
Absenteeism		
Rate of absence for sickness	7.34%	7.76%
Health and safety conditions		
Frequency of accidents at work with time off	21.02%	19.91%
Severity of accidents at work with time off	1.63%	1.52%

Indicator[(a)]	2021	2020
Proportion of women on the Management Committee	33.6%	32.5%
Gender pay gap	-4.5%	-4.2%

(a) The members of the Management Committee hold strategic positions within La Poste and its French subsidiaries, as defined by the group's Executive Committee.

(1) https://www.alerte-vigilance.laposte.fr
(2) Scope of figures: La Poste SA and its subsidiaries in France.

b. Summary of environmental indicators [1]

Energy consumption and carbon footprint	2021	2020
Energy consumption (in GWh)	9,137	8,081
Carbon footprint (metric tonnes CO_2eq)	2,681,992	2,381,561
Intensity (Greenhouse Gas/Consolidated operating revenue) (tonnes CO_2/million operating revenue)	80.5	76.4
Fleet of electric vehicles[a]	17,058	16,241

(a) Including light commercial vehicles, Stabys, excluding electrically-assisted bicycles, trolleys and handling vehicles.

Emission of air pollutants (Scope: fleet of vehicles managed by Véhiposte)

Indicator	2021	2020
Emissions of nitrogen oxides (NO_x) (tonnes)	73	78
Particulate emissions (PM) (tonnes)	3	3
Carbon monoxide (CO) emissions (tonnes)	395	360
Emissions (NO_x + HC) (tonnes)	58	51
Percentage of kilometres travelled by the fleet managed by Véhiposte (%)	74	75

c. Summary of supplier indicators [2]

Indicator	2021	2020
Coverage rate of the Vigilance clause	100%	100%
Number of suppliers informed of the assessment system	1,773	5,570
Number of self-assessments	270	618
Number of documentary audits carried out	73	170
Number of audits carried out	2	5

In total, at the end of 2021, 1,773 suppliers were asked to respond to this self-assessment:

- 270 suppliers responded to the self-assessment, including 29 *via* the questionnaire specific to the transport sector, logistics delivery (campaign launched in October 2021);
- 73 suppliers were subject to a documentary check;
- two audits were carried out.

It should be noted that AFNOR was the subject of a large-scale cyberattack in 2021, which affected the assessment system.

d. Indicators relating to the whistleblowing system [3]

Indicator	2021	2020
Referrals to the employee whistleblowing system	388	208
Referrals to the external whistleblowing system	1	0

(1) Scope of figures: La Poste Groupe.
(2) Scope of figures: La Poste SA.
(3) Scope of figures: La Poste SA and its subsidiaries, La Banque Postale SA, La Poste Télécom and La Poste Immobilier.

a

1. Global trend analysis

The results of the policy in favour of gender equality make it possible to confirm its effectiveness. In 2021, La Poste SA posted a rate of 52.6% of women in the Company, 52% of women in management as a whole and 39.7% of strategic managers and senior executives.

The group's entities posted good results on the gender equality index: 94/100 for La Poste SA (for the third consecutive year), 93 for La Poste Immobilier, 91 for Chronopost, 97 for La Banque Postale.

It should be noted that Docaposte is continuing its innovative actions to promote the increase in the number of women in digital technology within the Fondation Femmes@Numérique.

In 2021, La Poste remains the leading employer in France of disabled people, with an actual employment rate higher than the legal rate. La Poste's employment rate is increasing every year. In 2020, it was 7.74% (7% in 2019).

These results are obtained by the combined action of the HR policies implemented for several years, but also by the measures decided by the national employee agreements.

2. Assessment of overall CSR performance

In 2021, La Poste Groupe obtained three ESG ratings, which confirm its societal commitment and underline the recognition of La Poste's very high level of commitment, which places environmental, social and societal issues at the heart of its strategic plan "La Poste 2030, committed for you".

La Poste was once again rated world leader for the third consecutive year by the Vigeo Eiris agency, all sectors combined with a score of 77/100. Lastly, La Poste obtained a "Platinum" rating from Ecovadis, which places the environment, social, human rights, ethics and responsible purchasing themes at the heart of its concerns, this rating corresponds to the highest level of those granted by Ecovadis.

La Poste Groupe thus joins the prestigious CDP (Carbon Disclosure Project) "A list", the leading international organisation in terms of the assessment of the climate strategies of 12,000 companies. CDP placed La Poste on the A List on the "Climate Change" component, *i.e.* among the 200 best-rated companies. In France, only 22 companies obtained CDP level A. This recognition comes in a context where the number of companies rated A on the climate is down sharply by 40%, because the climate consensus is now much more demanding for companies.

V.E
N°1 in the world, all sectors combined
Score : 77/100 in October 2021

CDP DISCLOSURE INSIGHT ACTION
Leadership – A List
Intermodal transport & logistics
Score : A in December 2021

ecovadis
Platinum
As a Top 1% supplier
Score : 75/100 in September 2021

a2 REPORT BY AN INDEPENDENT THIRD PARTY ON THE NON-FINANCIAL PERFORMANCE STATEMENT

This is a free English translation of the Statutory Auditor's report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

For the year ended December 31 2021

To the Annual General Meeting,

In our capacity as Statutory Auditors of your company (hereinafter the "entity"), appointed as independent third party, and accredited by the COFRAC under number 3-1049[1], we have undertaken a limited assurance engagement on the historical financial information (actual or extrapolated) of the consolidated non-financial statement, prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), for the year ended 31 December 2021 (hereinafter, respectively, the "Information" and the "Statement"), included in the entity's and the group's management report pursuant to the requirements of Articles L. 225-102-1, L. 22-10-36, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

Conclusion

Based on the procedures performed, as set out in the "Nature and scope of our work[1] section of this report, and the information collected, nothing has come to our attention that causes us to believe that the Statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

Preparation of the Statement

The absence of a commonly used generally accepted reporting framework or as established practices on which to draw to evaluate and measure the Information allows for different, but acceptable, measurement techniques that can affect comparability between entities and over time.

Consequently, the Information needs to be read and understood together with the Guidelines, the main elements of which are presented in the Statement (or available online or on request from the entity's registered office).

Inherent limitations in preparing the Information

As discussed in the Statement, the Information may be subject to inherent uncertainty because of incomplete scientific and economic knowledge and the quality of external data used. Some information is sensitive to methodological choices, assumptions and/or estimates used for their preparation and presentation in the Statement.

Responsibility of the entity

The Board of Directors is responsible for:

- Selecting or establishing suitable criteria for preparing the Information;
- Preparing a Statement in accordance with legal and regulatory requirements, including a presentation of the business model, a description of the main extra-financial risks, a presentation of policies applied to mitigate these risks and the outcomes of those policies, including key performance indicators, and the information provided for in Article 8 of Regulation (EU) 2020/852 (the Taxonomy Regulation);
- Implementing internal control over information relevant to the preparation of the Information that is free from material misstatement, whether due to fraud or error.

The Statement was prepared by applying the entity's Guidelines as mentioned previously.

Responsibility of the Statutory Auditor, appointed as independent third party

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- The compliance of the Statement with the requirements of Article R. 225-105 of the French Commercial Code;
- The fairness of the historical financial information (actual or extrapolated) provided in accordance with Article R.225-105-I(3) and II of the French Commercial Code concerning action plans and policy outcomes, including the key performance indicators on the main risks.

(1) *Accreditation Cofrac Inspection, number 3-1049, scope available at www.cofrac.fr*

As it is our responsibility to provide an independent conclusion on the Information as prepared by Management, we are not authorised to help prepare said Information, as that could compromise our independence.

However, it is not our responsibility to comment on:

- The entity's compliance with other applicable legal and regulatory requirements (in particular, the disclosures provided for in Article 8 of Regulation (EU) 2020/852 (the Taxonomy Regulation), the French duty of care law and anti-corruption and tax avoidance legislation);
- The fairness of the disclosures provided for in Article 8 of Regulation (EU) 2020/852 (the Taxonomy Regulation);
- The compliance of products and services with the applicable regulations.

Regulatory provisions and applicable professional guidance

We performed our work described below in accordance with the provisions of Articles A. 225 1 and following of the French Commercial Code, the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*) relating to this engagement and International Standard on Assurance Engagements 3000 (Revised)[1].

Our independence and quality control

Our independence is defined by the provisions of Article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) for statutory auditors. Our firm maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with applicable legal, regulatory and ethical requirements and the professional guidance issued by the French Institute of Statutory Auditors relating to this engagement

Means and resources

Our work was carried out by a team of five people between October 2021 and March 2022 and took a total of eighteen weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted around twenty interviews with the people responsible for preparing the Statement, representing in particular executive finance, risk management, human resources and environmental departments.

Nature and scope of our work

We planned and performed our work to address the areas where we identified that a material misstatement of the Information was likely to arise.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion:

- We obtained an understanding of all the consolidated entities' activities, and the description of the principal risks associated;
- We assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- We verified that the Statement includes each category of social and environmental information set out in article L. 225-102-1 III as well as information regarding compliance with human rights and anti-corruption and tax avoidance legislation;
- We verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code;
- We verified that the Statement presents the business model and a description of principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- We referred to documentary sources and conducted interviews to:
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented;
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix. Concerning certain risk[2], our work was carried out on the consolidating entity, for the other risks, our work was carried out on the consolidating entity and on a selection of entities[3].
- We verified that the Statement covers the scope of consolidation, i.e. all the consolidated entities in accordance with article L. 233-16 of the French Commercial Code, within the limitations set out in the Statement;
- We obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;

(1) *ISAE 3000 (Revised) - Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*
(2) *Changes in carbon regulations in express services; Quality of service as perceived by customers; Transformation of the group's networks and production facilities; Non-compliance; Disruption of activities in the event of a major crisis.*
(3) *Véhiposte; Mail and Parcels Logistics Network Department; International Mail / Parcels Technical Department; Recygo and Nouvelle Attitude; La Poste Immobilier; GeoPost Head Office; La Poste Head Office.*

- For the key performance indicators and other quantitative outcomes that we considered to be the most important, as presented in Appendix, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
  - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities and covers between 68% and 100% of the consolidated data selected for these tests.
- We assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

The procedures performed in a limited assurance engagement are less in extent than for a reasonable assurance engagement performed in accordance with the professional guidance issued by the French Institute of Statutory Auditors; a higher level of assurance would have required us to carry out more extensive procedures.

Paris-La Défense, on 15 March 2022

KPMG S.A.

Anne Garans

Partner
Sustainability Services

Stéphanie Millet

Partner

a3 GLOSSARY

Addressed mail

Type of targeted mail that includes a specific recipient and address (as opposed to unaddressed mail).

Advertising mail

Mail that promotes a brand, its products or its services (may be addressed or unaddressed).

Arcep

French Authority for regulation of the electronic communications and postal sectors: an independent French administrative authority whose goal is to ensure that the postal market remains open and operational (issues authorisations to operate postal activities, issues opinions on rates and universal service quality objectives, and approves universal service rates).

Business mail

Mail whose purpose is to manage and cultivate a brand or company relationship with customers.

BtoB

Business to Business – used to describe a business to business relationship.

BtoC

Business to Consumer – used to describe a business to consumer relationship.

Business process outsourcing (BPO)

Outsourcing of certain processes to an outside service provider, a subcontractor.

CDPPT

Departmental Commission on local postal coverage (*Commission départementale de présence postale territorial*): tasked, in particular, with negotiating with La Poste to determine the spending used to improve access to postal services in rural areas and in urban priority neighbourhoods, to strengthen postal coverage in French overseas departments, and to monitor how the provisions of the local postal coverage agreement are applied.

Circular economy

The purpose of the circular economy is to move from a model aimed at reducing impacts to a model aimed at creating value at a social, economic and environmental level (new design, production and consumption methods, prolonging duration of use, encouraging use over possession, reusing and recycling components).

Cogas

Advisory and Benefits in Kind Management Committee (*Conseil d'orientation et de gestion des activités sociales*): implements the employee policy defined by the group, allocates the budget and controls its use within the framework of management shared with the trade unions.

CSNP

The French High Commission for Digital and Postal Services (*Commission supérieure du numérique et des postes* – formerly CSSPPCE) is responsible for monitoring the postal and electronic communications (fixed line, mobile telephone services and Internet) businesses. In this capacity, it assesses the impact of new technologies in La Poste's daily and future activities.

The CSNP ensures that postal and electronic communications segments remain balanced. It provides opinions and recommendations, following a hearing, referral or fact-finding missions. The CSNP submits an annual report to the Parliament and the Prime Minister, works with the government in the broader sense, and in particular with the Minister of the Economy, Industry and the Digital Sector.

CtoC

Consumer to Consumer – used to describe a mail or parcel sent from one consumer to another consumer.

Delivery times

The number of business days between when goods are received by the carrier and when they are delivered to the end-customer.

Desktop publishing

A set of tools, services, resources and IT applications used in publishing documents. It is mostly used when producing documents in bulk (mail shots, contracts, invoices, account statements, advertising messages, etc.).

Eco-design

Taking into account environmental protection when designing the product. eco-design takes into account the whole product life cycle, from the extraction of raw materials to its end of life elimination. It also includes the consumption of materials and energy, water and air discharges, waste production, noise, etc. The aim of eco-design is to improve the overall ecological quality of products. For example, eco-design of envelopes and postal Parcels, buildings, etc.

Hackathon

Combination of "hack" and "marathon". Event during which teams (composed of developers, but also sometimes designers and project managers) must develop an IT project, usually software or an application. They must do so over a limited period, and generally a short one (one day, one weekend).

Hub

Concentration/dispatch platform for a region. The Network, which includes the hubs, is arranged in the form of a "spider's web": all the express post collected during the day is consolidated in a hub, in general close to an airport, station or multimodal platform, before being redirected to local storages or destination centres, or to another hub.

IARD

Fire, Accident and Miscellaneous Risks (incendie, accidents et risques divers): French abbreviation used to designate property and casualty insurance.

Incubator

Organisation that aids and supports business creation. Its primary function is to help those in charge of an innovative project in view of creating a company. Incubators mostly operate within the framework of projects associated with a technological innovation. They support project leaders in drawing up a business plan, filing patents, etc. They provide premises, offices, and help them network.

Integrated operator

Global transport companies that operate in the entire shipping chain: airline company (cargo fleets), customs agent, cargo agent and road carrier.

IoT

Internet of Things: the interconnection between the Internet and things, places, and physical environments. This term designates a growing number of devices that are connected to the Internet and that therefore permit communication between our physical property and the digital realm. These types of connections make it possible to gather new data on the Network and, accordingly, new knowledge and types of expertise.

IPC

International Post Corporation: a cooperative non-profit organisation of European, North American and Asia-Pacific postal operators whose missions are to improve the quality of international service, conduct studies and research in the area of postal services and encourage discussion forums on postal issues.

La Poste local and intercommunal agencies

Retail outlets managed in partnership with town halls or communities. In exchange for compensation, postal services are provided (see Chapter 5, Section 5.5.1).

"La Poste Relais" retail outlets (rural/urban)

A La Poste retail outlet managed by a retailer that offers most postal services during extended business hours. This type of outlet helps keep shops in rural areas open. In urban areas, located in high-traffic locations such as train stations and supermarkets, "La Poste Relais" outlets put the most used postal services in the daily path of a large number of citizens.

La Poste retail outlet

General term for all types of local postal coverage, ranging from post offices, France Services labelled post offices, *maisons de services au public* (public service areas – MSAP), local and inter-communal postal agencies, "La Poste Relais" outlets (in a shop or at an SSE partner location in a rural or urban area), services rendered by postmen-counter clerks, co-working spaces and any other forms of resource pooling that aims to share resources between La Poste and other public or private partners and approved by the National Observatory of Postal Coverage (ONPP).

Last mile

Last link in the logistics chain for a delivery. This phase ensures the individual shipping to companies as well as home delivery to private individuals.

Literature for the blind

Mail or Parcels containing documents sent or received by visually-impaired people or by organisations that assist them (non-profit organisations, specialised educational institutions, etc.). In France, the universal postal service includes mailing literature for the blind free of charge.

Mail pick up

Postal items awaiting pick-up at a retail outlet.

MVNO

Mobile Virtual Network Operator: a virtual mobile network operator that does not have its own technical infrastructure and that enters into agreements with mobile operators that have their own network in order to provide a range of services and technical solutions to its customers under its own brand.

National Observatory of Postal Coverage (ONPP)

Monitors management of the equalisation fund and controls the implementation of the local postal coverage agreement. It consists of representatives of the French State, the Association of French Mayors, the CSNP (formerly CSSPPCE) and La Poste Groupe.

Personal microcredit

Loan for consumers who wish to complete a project (excluding start-up), but who do not have access to traditional bank credit.

Pickup pick-up and drop-off points

Service to make Parcels available in automated lockers (lockers located outside are accessible 24/7). As soon as the parcel is available, a text message and/or email is automatically sent to the recipient including a collection code. Recipients have three business days to pick up their parcel.

Portage

Delivery of print media by a deliverer to a subscriber's home or workplace, unlike press delivery.

Portage also refers to the home delivery service for meals, shopping, and medicines.

Postman-counter clerk

A postman/postwoman who carries out all services related to his or her job (mail delivery, local services) as well as post office counter services. Postmen-counter clerks handle all La Poste service offerings (Mail, Parcel, Chronopost, La Banque Postale group and La Poste Mobile pre-paid mobile phone refill cards).

Press delivery

Transport and delivery of pressprint media through La Poste's traditional circuit.

Printed advertising

Unadressed admail: advertising delivered to letterboxes. Type of mail that does not include a specific recipient and address (as opposed to addressed mail).

Public Service Agreement

The Public Service Agreement between La Poste and the French State fixes the framework and the methods used to perform the public service missions entrusted to La Poste (delivery of mail/Parcels six days out of seven to all French homes, banking accessibility *via* La Banque Postale group, contribution to regional planning through its postal coverage, transport and press delivery). The agreement currently in force covers the period between 2018 and 2022.

Reverse logistics

Reverse logistics, or return logistics, concerns managing flows from the consumer to the manufacturer (after-sales service, waste recycling, unsold goods management, etc.).

Rural area

A municipality with fewer than 2,000 inhabitants.

Scanning

A process consisting of scanning a parcel from its drop off at the post office to its delivery (a parcel is scanned an average of four times during handling and shipment). With the tracking number, customers can see where their package is, at all times.

Shipper

A term used in the express sector for an ordering customer who pays for the transport.

Silver economy

Economy that serves senior citizens. It is intended to support a population with a growing life expectancy, which is creating new needs – particularly in the leisure, transport, food, safety, healthcare, household, shared housing, insurance, telephone assistance, Internet and sports sectors.

Single-piece mail

Items posted and handled individually, as opposed to bulk mail. Another term for individual mail.

Social and solidarity-based economy (SSE)

A group of companies organised in the form of cooperatives, mutual companies, non-profit organisations or foundations whose internal functioning and business principles are based on solidarity and social benefits.

Think tank

Non-profit institution that brings together experts and produces studies and proposals in relation to public policy.

Tracking

Service provided by express or bullet transportation carriers involving the computerised monitoring of an item's progress from collection to delivery. Transport companies try to offer as many tracking points as possible (usually at each reload). Electronic handsets, carried by drivers and delivery people, enable customers to access information on final delivery.

Urban logistics

Method of shipping cargo flows entering, leaving and circulating in a city under the best conditions while taking many elements into consideration (habitat, economic activity, urban management, transportation, pollution and urban congestion, etc.).

URBY

Network of local logistics sites established in cities by La Poste Groupe to focus on goods so as to pool deliveries and prevent lorries with small loads from entering towns. These pooling hubs offer services, particularly to shopkeepers and traders in the town centre: home delivery for their customers, return-to-sender management, collecting recycling, etc. Urby is a subsidiary of GeoPost.

VAD

Distance sales (*vente à distance*) (for example, e-commerce and mail order).

VAE

Electric bike (*vélo à assistance électrique*).

a4 CROSS-REFERENCE TABLES

1. Management report cross-reference table
2. Report on corporate governance cross-reference table
3. Statement on non-financial performance cross-reference table
4. Annual financial report cross-reference table
5. Universal Registration Document cross-reference table

1. MANAGEMENT REPORT CROSS-REFERENCE TABLE

This Universal Registration Document includes all of the items from the Board of Directors' management report on the 2021 fiscal year listed in Articles L. 225-100-1 *et seq.* of the French Commercial Code. The management report comprises the sections of the Universal Registration Document identified in the table below:

Required item	Reference text	Sections of the Universal Registration Document	Page
I. Review of the financial position and results			
Analysis of the change in business, results and financial position of the Company and the group over the year just ended	L. 225-100-1, L. 232-1 and L. 233-26 of the French Commercial Code	Sections 5.1	202 to 240
Results of the subsidiaries and controlled entities by business unit	L. 233-6 of the French Commercial Code	Section 5.1.4	217 to 229
Research and development activities	L. 232-1 and L. 233-26 of the French Commercial Code	Note 9.2 to the parent company financial statements	452
Description of the main risks and uncertainties	L. 225-100-1 of the French Commercial Code	Section 2.1 (except paragraph Update on the Ukranian crisis)	94 to 107
Indications on the financial risks related to the effects of climate change and presentation of the measures taken by the Company to reduce them	L. 22-10-35 of the French Commercial Code	Section 2.1.3, Risk 13	102
Group policy in terms of financial risk management and exposure to price, credit, liquidity and cash risk	L. 225-100-1 of the French Commercial Code	Note 34 to the consolidated financial statements	327 to 378
Reintegration of overhead expenses and sumptuary expenses	French General Tax Code Article 39.4 and 223 *quater*, Article 39.5 and 223 *quinquies*	Section 5.4.6	429 to 430
Information on payment terms for customers and suppliers	L. 441-14 of the French Commercial Code	Section 5.4.6"	429 to 430
Five-year financial summary	R. 225-102 of the French Commercial Code	Section 5.4.4	428
Company and group foreseeable trends and outlooks	L. 232-1 and L. 233-26 of the French Commercial Code	Section 5.1.8.1	240
Significant events after the end of the reporting period	L. 232-1 and L. 233-26 of the French Commercial Code	Section 5.1.8.2 Note 42 to the consolidated financial statements	240 403 to 418

Required item	Reference text	Sections of the Universal Registration Document	Page
Main characteristics of the internal control and risk management procedures relating to the preparation and processing of accounting and financial information	L. 22-10-35 of the French Commercial Code	Section 2.2.3	110 to 111
II. Statement on non-financial performance	See Statement on non-financial performance cross-reference table		
III. Vigilance plan	L. 225-102-4 of the French Commercial Code	Section 3.1.3.3 Appendix 1	122 492 to 510
IV. Legal and shareholding information			
Employee shareholding at the last day of the fiscal year	L. 225-102 of the French Commercial Code	N/A	
Identity of the shareholders owning over 5%; Shares held by the issuer	L. 233-13 of the French Commercial Code	Section 6.1.2	484
Information on share buybacks	L. 225-211 of the French Commercial Code	N/A	
Amount of dividends distributed over the last three fiscal years	243 *bis* of the French General Tax Code	Section 6.1.3	485
Acquisition of equity stakes or controlling stakes in companies registered headquarters in France	L. 233-6 of the French Commercial Code	Section 5.1.1.4 and 5.1.6.1	207 to 211 232 to 234
V. Report on corporate governance	See report on corporate governance cross-reference table		
VI. Miscellaneous			
Information on loans granted to other companies	L. 511-6 and R. 511-21-3 of the French Monetary and Financial Code	N/A	
List of branches	L. 232-1 of the French Commercial Code	Section 6.3	485 to 486

2. REPORT ON CORPORATE GOVERNANCE CROSS-REFERENCE TABLE

In accordance with the provisions of Articles L. 225-37 paragraph 6, L. 225-68 and L. 226-10-1 paragraph 1, the report on corporate governance is included in the management report in application of the provisions of Article L. 225-37 paragraph 6 of the French Commercial Code.

The Statutory Auditors' report on the Board of Directors' report on corporate governance is included in their report on the annual financial statements.

This report consists of the following items:

Required item	Reference text	Sections of the Universal Registration Document	Page
List of all terms of office and functions exercised in any company by each director during the fiscal year	L. 225-37-4, 1° of the French Commercial Code	Section 4.1.1	166 to 179
Agreements between an executive officer or a significant shareholder and a subsidiary	L. 225-37-4, 2° of the French Commercial Code	N/A	
Summary table of delegations granted by the General shareholders' Meeting that are still valid regarding capital increases	L. 225-37-4, 3° of the French Commercial Code	Section 4.3.1	193 to 197
Procedure of exercise for Executive Management	L. 225-37-4, 4° of the French Commercial Code	Section 4.1.2	179 to 180
Limitations of the powers of the Chief Executive Officer by the Board	L. 22-10-10, 3° of the French Commercial Code	Section 4.1.2	179 to 180
Composition, conditions of preparation and organisation of the Board of Directors	L. 22-10-10, 1° of the French Commercial Code	Section 4.1.1 Section 4.2 (ex.4.2.4 and 4.2.5)	166 to 179 187 to 190
Application of the principle of balanced representation of women and men on the Board of Directors	L. 22-10-10, 2° of the French Commercial Code	Section 4.1.1)	166 to 179
Reference to a corporate governance code and application of the comply or explain principle	L. 22-10-10, 4° of the French Commercial Code	Section 4.2.4	191 to 192
Specific conditions related to shareholders attentance at General shareholders' Meeting	L. 22-10-10, 5° of the French Commercial Code	Section 6.4	486 to 487
Assessment procedure for current agreements implemented	L. 22-10-10, 6° of the French Commercial Code	N/A	
Information likely to have an impact in the event of a tender or exchange offer	L. 22-10-11 of the French Commercial Code	Section 6.1.2	484
Description of the diversity policy applied to members of the Board of Directors with regard to criteria such as age, gender or qualifications and professional experience, as well as a description of the aims of this policy, and its implementation modalities and results obtained during the fiscal year just ended	R. 22-10-29, paragraph 2 and 3 of the French Commercial Code	N/A	

3. STATEMENT ON NON-FINANCIAL PERFORMANCE CROSS-REFERENCE TABLE

Required item	Reference text	Sections of the Universal Registration Document	Page
Business (or commercial) model	Articles L. 225-102-1 and R. 225-105, I of the French Commercial Code	Section 1.2.3	22 to 23
Description of the main risks related to the activity of the Company or group, including, where relevant and proportionate, the risks created by business relations, products or services	Articles L. 225-102-1 and R. 225-105, I. 1° of the French Commercial Code	Section 3.1.1 § Identification of major risks	117
Information on the way in which the Company or group takes into account the social and environmental consequences of its activity, and the effects of this activity with regard to respect for human rights and the fight against corruption (description of the policies applied and reasonable diligence procedures implemented to prevent, identify and mitigate the main risks related to the activity of the Company or group)	Articles L. 225-102-1, III, R. 225-104 and R. 225-105, I. 2° of the French Commercial Code	Section 3.1.1 § Introduction § Alignment with international reference frameworks § ESG recognition	116 to 117
Results of the policies applied by the Company or the group, including key performance indicators	Articles L. 225-102-1 and R. 225-105, I. 3° of the French Commercial Code	Section 3.4.1 § Methodological note on ESG indicators	162 to 163
Employee information (employment, work organisation, health and safety, labour relations, training, equal opportunities)	Articles L. 225-102-1 and R. 225-105, II. A. 1° of the French Commercial Code	Section 3.3	146 to 161
Environmental information (general policy on the environment, pollution, circular economy, climate change)	Articles L. 225-102-1 and R. 225-105, II. A. 2° of the French Commercial Code	Section 3.2.4	133 to 141
Societal information (societal commitments for sustainable development, subcontracting and suppliers, fair commercial practices)	Articles L. 225-102-1 and R. 225-105, II. A. 3° of the French Commercial Code	Section 3.1.2 § Customer satisfaction and responsible customer relationship Section 3.2.1 Section 3.2.2 Section 3.2.3	120 125 to 127 128 to 130 130 to 133
Information on the fight against corruption	Articles L. 225-102-1 and R. 225-105, II. B. 1° of the French Commercial Code	Section 3.1.3.2	122
Information on action to promote human rights	Articles L. 225-102-1 and R. 225-105, II. B. 2° of the French Commercial Code	Section 3.3.1	147 to 150
Specific information for companies operating at least one installation on the list indicated in Article L. 515-36 of the Environment Code	L. 225-102-2 of the French Commercial Code		N/A
Statement by the independent third party body on the information in the Statement on non-financial performance	Articles L. 225-102-1, III and R. 225-105 of the French Commercial Code	Appendix 2	511 to 513

4. ANNUAL FINANCIAL REPORT CROSS-REFERENCE TABLE

This Universal Registration Document includes all items from the financial report referred to under Article L. 451-1-2 of the French Monetary and Financial Code and Article 222–3 of the General Regulations of the AMF:

	Sections of the Universal Registration Document	Pages
Management report	See the cross-reference table below	
Financial statements		
● Parent company financial statements	Section 5.5	431 to 473
● Statutory Auditors' report on the parent company financial statements	Section 5.6	474 to 478
● Consolidated financial statements	Section 5.2	241 to 419
● Statutory Auditors' report on the consolidated financial statements	Section 5.3	420 to 426

5. UNIVERSAL REGISTRATION DOCUMENT CROSS-REFERENCE TABLE

This Universal Registration Document includes all of the items required under Appendices I and II of the Delegated Regulation (EU) No. 2019/980, as presented in the table below:

Sections of Regulation No. 2019/980		Sections of the Universal Registration Document	Pages
Chapter 1	Persons responsible, third-party information, expert reports and approval by the competent authority		
	1.1 & 1.2 Identification and declaration of the persons responsible	Section 6.6	488
	1.3 & 1.4 Statement by experts and third-party information	N/A	-
	1.5 Approval by the competent authority	-	-
Chapter 2	Statutory Auditors	**Section 6.5**	487
Chapter 3	Risk factors	**Section 2.1**	94 to 107
Chapter 4	Information about La Poste Groupe	**Section 6.3**	485 to 486
Chapter 5	Business overview		
	5.1 Main activities	Section 1.1 Sections 1.3	8 to 13 24 to 77
	5.2 Main markets	Sections 1.3	24 to 77
	5.3 Milestones in the development of the issuer's activities	Section 1.1.2 Sections 1.3 Section 5.1	10 to 11 24 to 77 202 to 240
	5.4 Strategy and objectives	Section 1.2.2	16 to 21
	5.5 Dependence on patents or licences, industrial, commercial or financial contracts or new manufacturing processes	N/A	-
	5.6 Competitive position	Sections 1.3	24 to 77
	5.7 Investments	Section 5.1	202 to 240
Chapter 6	Organisational structure	**Section 1.1.3**	12 to 13
Chapter 7	Review of the financial position and results	**Section 5.1**	202 to 240

Sections of Regulation No. 2019/980		Sections of the Universal Registration Document	Pages
Chapter 8	**Cash and capital**	**Section 5.1**	202 to 240
Chapter 9	**Regulatory environment**	**Section 1.4**	78 to 92
Chapter 10	**Information on trends**	**Section 5.1**	202 to 240
Chapter 11	**Profit forecasts or estimates**	**N/A**	-
Chapter 12	**Administrative, management and supervisory bodies and Executive Management**		
	12.1 members of the administrative, management or supervisory bodies	Section 4.1	166 to 186
	12.2 Conflicts of interest in the administrative, management and supervisory bodies and in Executive Management	Section 4.1.4	186
Chapter 13	**Compensation and benefits**		
	13.1 Compensation paid	Section 4.3	193 to 199
	13.2 Total amount of provisions	Section 4.3	193 to 199
Chapter 14	**Operation of the administrative and management bodies**		
	14.1 Expiry of current terms of office	Section 4.2	187 to 192
	14.2 Service agreements	Section 4.2	187 to 192
	14.3 Information on the Audit Committee and Compensation Committee	Section 4.2	187 to 192
	14.4 Compliance with the corporate governance system	Section 4.2	187 to 192
	14.5 Potential significant impacts on corporate governance	Section 4.2	187 to 192
Chapter 15	**Employees**	**Section 3.2**	125 to 145
Chapter 16	**Principal shareholders**	**Section 6.1.2**	484
Chapter 17	**Related-party transactions**	**Section 5.1.7**	239
Chapter 18	**Financial information relating to assets and liabilities, financial position and results**		
	18.1 Historical financial information	Sections 5.2 and 5.6	241 to 419 474 to 478
	18.2 Interim and other financial information	N/A	
	18.3 Audit of historic annual financial information	Sections 5.3 and 5.6	420 to 426 474 to 478
	18.4 *Pro forma* financial information	N/A	
	18.5 Dividend policy	Section 6.1.3	485
	18.6 Legal and arbitration proceedings	Section 5.1.7	239
Chapter 19	**Additional information**	**Section 6.3**	485
Chapter 20	**Material contracts (other than contracts entered into in the course of normal business)**	**Section 6.2**	485
Chapter 21	**Available documents**	**Section 6.3**	485

In accordance with Article 19 of Regulation (EU) No. 2017/1129 of the European Parliament and Council of 14 June 2017, the following information is included for reference in this Universal Registration Document:

- for 2019: the consolidated financial statements for the year ending 31 December 2019 and the related Statutory Auditors' report, the parent company financial statements and the related Statutory Auditors' report, and the financial information from the management report available in the Universal Registration Document filed with the French Financial Markets Authority (*Autorité des marchés financiers* – AMF) on 16 March 2020 under No. D.20-0132 and accessible with the following link:

  AMF - La Poste - Universel registration document 2019;

- for 2020: the consolidated financial statements for the year ending 31 December 2020 and the related Statutory Auditors' report, the parent company financial statements and the related Statutory Auditors' report, and the financial information from the management report available in the Universal Registration Document filed with the AMF on 18 March 2021 under No.D.21-0146 and accessible wit the following link:

AMF - La Poste - Universel registration document 2020;

- for 2021: Chapter 1 of the Universal Registration Document of La Banque Postale filed with the French Financial Markets Authority on 22 March 2022 and accessible with the following link:

AMF - La Banque Postale - AMF - La Poste - Universel registration document 2021.

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GROUP FINANCE AND DEVELOPMENT DEPARTMENT
9 rue du Colonel Pierre Avia - 75757 PARIS CEDEX 15
Tél : +33 (0)1 55 44 00 00
www.lapostegroupe.com

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GROUPE