

# Sustainable Development Bond Program

## Green bond - Green Buildings

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1

**SUSTAINABILITY AT THE CORE OF GROUPE BPCE'S DNA**

2

**SUSTAINABLE DEVELOPMENT BOND PROGRAM**

3

**GREEN BOND – GREEN BUILDINGS**

**1**

**SUSTAINABILITY  
AT THE CORE  
OF GROUPE BPCE'S DNA**

# WE ARE ECO-FRIENDLY AND SOCIALLY AWARE...

*Corporate Social  
Responsibility  
is at the core of Groupe  
BPCE's DNA and  
Central  
to its Strategy*

As part of our strategic plan, Groupe BPCE has implemented a CSR policy focused on achieving four key policy agendas:

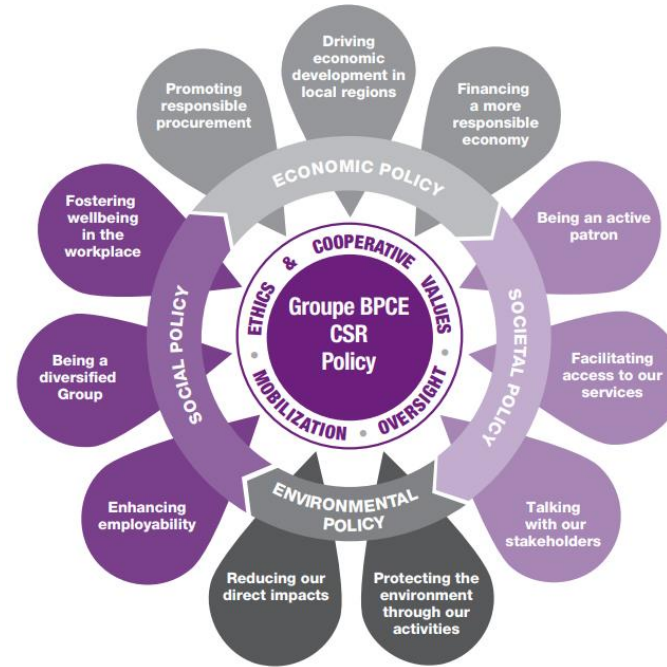
**Economic Sustainability**

**Community Development**

**Environmental Conservation**

**and Social Advancement**

## ELEVEN PRIORITY PROJECTS IDENTIFIED BY THE GLOBAL CSR HAVE BEEN LAUNCHED



## ENVIRONMENTAL POLICY

Renewable energy development

Funding local public authorities to achieve their energy and ecological transition projects

Households and SMEs

## ECONOMIC POLICY

#1 bank for local authorities

#1 bank for SMEs

Promote responsible savings

## SOCIETAL POLICY

Community investment

## SOCIAL POLICY

Workplace and employee value

# WITH AMBITIOUS TARGETS...

3 pillars

10 commitments  
in our TEC 2020  
strategic plan  
(2018-2020)

## ECONOMIC AND SOCIETAL STRATEGY

1

Commitments towards  
**OUR CUSTOMERS  
and TERRITORIES**

ACHIEVEMENTS	TEC2020 TARGETS
9 entities	12 Group entities audited by an external auditor based in ISO 26000
14 labelled Group entities	14 labelled Group entities with Responsible Supplier Relations and Procurement Certification

## SUSTAINABLE STRATEGY

2

Commitments to  
**GREEN GROWTH**

ACHIEVEMENTS	TEC2020 TARGETS
€139.8bn outstanding	€35bn responsible savings including SRI
-13% between 2017 and 2020	-10% reduction in CO <sub>2</sub> emissions
€11.35bn <sup>(1,2)</sup> Outstanding amount of financing for the energy transition	€10bn <sup>(1)</sup> outstanding amount of financing for the energy transition
3 / 2 / 2 3 public issues in 2018 2 public issues in 2019 2 public issues in 2020	2 green or social bond issues per year during the strategic plan

## SOCIAL STRATEGY

3

Commitments to  
**OUR EMPLOYEES**

ACHIEVEMENTS	TEC2020 TARGETS
56% <sup>(3)</sup>	70% employees recommending the Group as an employer
27.9%	30% female company directors
44.5%	45% women in management role
8.7M	10M training hours for Group employees

1) Renewable energy loans + building energy renovation loans + environmentally friendly equipment loans for small businesses and SMEs + green car loans

2) As of 31/12/2020

3) As of 31/12/2019

# AND KEY INITIATIVES FOR SUSTAINABLE FINANCE

## NATIXIS GREEN WEIGHTING FACTOR



First Bank to introduce an **In-house mechanism** that links analytical capital allocation to the degree of climate and environmental performance of each financing

Used as a tool to **monitor Natixis' climate strategy** at both bank and business lines' levels, and as an impact decision tool to do a transaction or not

### Objectives:

- Accelerate Natixis' transition to sustainable finance => **Incentivize green business origination (including for our "brown" franchises)**
- Integrate climate transition risk in the overall risk assessment of lending transactions => **penalize negative impact on climate**

Determining the rating of each loan **depending on the environmental impact of the object being financed** or of each corporate depending on its **carbon footprint & strategy and impact on most material environmental issues**

**Strengthening fossil fuel exclusion policies:** exit shale oil & gas exploration and production activities and exit all thermal coal activities by 2030 for OECD countries, by 2040 for the rest of the world

## STRONG DEVELOPPEMENT FOR INCLUSIVE FINANCE

### FACILITATING ACCESS TO BANKING SERVICES FOR PERSONS WITH DISABILITIES.

Percentage of **accessible branches** (2005 Disability Act) from 63% in 2017 to 100% in 2020.

### PROMOTING PERSONAL AND PROFESSIONAL MICROLOANS IN PARTNERSHIP WITH SUPPORT NETWORKS.

In 2020, Groupe BPCE remained the **number one bank** in France in personal and professional microloans with support, with nearly one third of the market.

### IMPROVING TREATMENT OF CUSTOMERS FACING FINANCIAL DIFFICULTIES.

In September 2018, the Group set a goal of **increasing the number of OCFs** (Offre Clients *Fragiles*) by 30%. As of December 31, 2019, this objective had been met, with an increase of 35%.

# ... AND INCREASING COMMITMENT & RECOGNITION

Recently upgraded by MSCI and Vigeo Eiris respectively to AA and Advanced

Following 1<sup>st</sup> assessment, A- rating awarded by CDP






## A STRATEGY BASED ON STANDARDS

 <p>Level « Advanced »</p>	 <p>PRINCIPLES FOR RESPONSIBLE BANKING</p>
 <p>Assessment of CSR risks and impacts in funded projects Natixis has been a member of the EP since 2010.</p>	 <p>Principles for Responsible Investment Incorporation of criteria for institutional investors in the investment decision-making process. Natixis has been a member of the PRI since 2010</p>

## A SOLID ETHICAL AND SOCIAL FOUNDATION

<p>Group Code of Conduct and Ethics <a href="http://guide-ethique.groupebpce.fr/">http://guide-ethique.groupebpce.fr/</a></p>	 <p>27 companies of the BPCE Group have received the AFNOR Professional equality label Women / Men</p>
 <p>Signed by BPCE since 2010</p>	<p>Charter for the balance of life times (2017) Cancer@work Charter</p>

## COMMITMENTS AND PROGRESS RECOGNIZED BY NON-FINANCIAL RATING AGENCIES

 <p>Performance judged "Advanced" by Vigeo Eiris (60/100 in 2020, 57/100 in 2019)</p>	 <p>Corporate ESG Performance RATED BY ISS ESG BPCE is among the top 10% in the sector ("Prime") (C in 2020, C in 2019)</p>
 <p>"Medium Risk", 33<sup>rd</sup>/384 (22.3 in 2020*; 65/100 in 2019, 61/100 in 2016) *New rating methodology in 2019</p>	 <p>Among the top 16% in the sector (AA in 2020, A in 2019)</p>
 <p>For its 1st assessment in 2020, CDP awarded Groupe BPCE a rating of A-, one of the highest in the banking sector</p>	

## PROVEN AND EVALUATED PROCESSES

 <p>9 banks evaluated by an external third party according to ISO 26000 in 2020</p>	 <p>14 companies certified since 2015 on their responsible practices towards their suppliers. Signatory since December 2010</p>
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**2**

**SUSTAINABLE  
DEVELOPMENT BOND  
PROGRAM**

# DESIGNING A POLICY FOR REGULAR ISSUANCE

## RATIONALE FOR ISSUANCE



Sustainable Development meets the needs of the present without compromising the ability of future generations to meet their own needs.

As expressed in the Paris Agreement on Climate Change and the UN Sustainable Development Goals, there is need for private capital to help finance sustainable development objectives.

Our framework aligns with the core components of **the Green and Social Bond Principles published by the ICMA** and relies on **clear concepts** supporting repeat transactions, including:

## METHODOLOGY

Based on external research and generally accepted principles (e.g. Green & Social Bond Principles, EU Taxonomy) ensuring transparency and common understanding of concepts



## SCALABILITY

Dedicated issuance targets supporting regular issuance and repeat transactions. BPCE has issued 2 green or social bonds/year during the 2018/2020 strategic plan

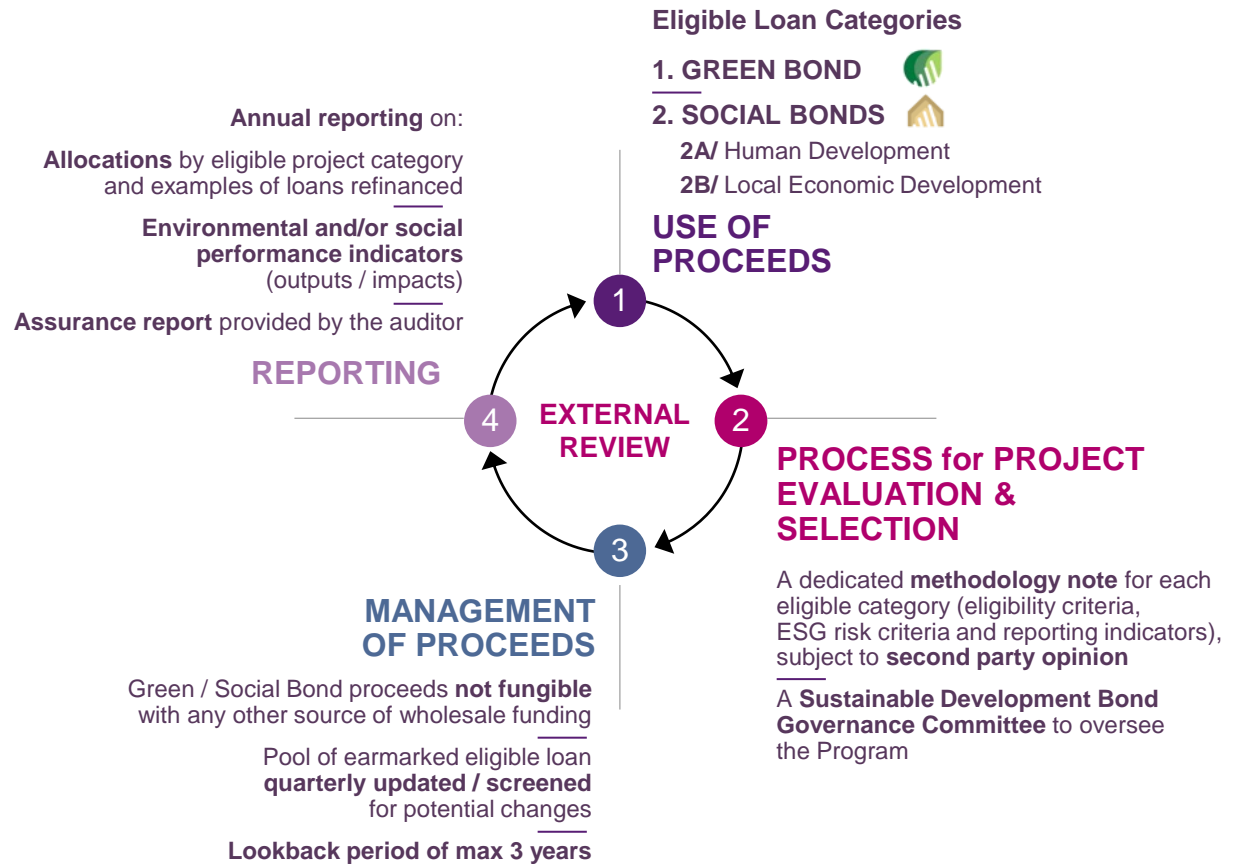
## INNOVATION

Regarding eligible assets and impact metrics for future issuance

## GOVERNANCE

A Sustainable Bond Governance Committee has been formed to oversee the governance of issuance under the Program

# OUR FRAMEWORK INCLUDES GBP<sub>s</sub> & SBP<sub>s</sub> WITHIN OUR ISSUANCE POLICY...



# ... AND DEFINES CLEAR SUB- CATEGORIES FOR OUR SUSTAINABLE ISSUANCE

5 categories are  
actionable for bond  
issuance



## ENVIRONMENTAL DEVELOPMENT

Focused  
on environmental  
sustainability  
and creating a positive  
contribution to  
the reduction of climate  
change and other  
environmental  
challenges

- Renewable Energy
- Energy Efficiency
- Green Buildings
- Clean Transportation
- Sustainable Water Management
- Sustainable Waste Management
- Sustainable Agriculture
- Biodiversity conservation



## HUMAN DEVELOPMENT

Addressing social  
sustainability challenges  
through contributions key  
to human development

- Healthcare
- Education
- Social Housing
- Sport Economy

## LOCAL ECONOMIC DEVELOPMENT

Supporting regional and  
community development

- Employment Conservation  
and Creation in economically  
or socially underprivileged areas
- Affordable Basic Infrastructure

# OUR ACHIEVEMENTS & AWARDS SO FAR: €6.6BN OF OUTSTANDING BONDS

**€5.6bn issued by BPCE SA since 2015 in green, social and transition bonds o/w**

€2.05bn of green bond issues for Renewable Energies and Green Buildings

€3.46bn equiv. of social bond issues for Human and Local Economic Development in Yen, € and \$

€0.1 bn of transition bonds

**€1.0bn of green Structured Private Placements issued by Natixis since 2019**

2017

**SOCIAL BONDS: €512m equiv.**

Assets of BPs and CEs  
Lookback period of 3 years  
Education & Healthcare

1 Yen Issue & 1 USD Issue



2018

**SOCIAL BONDS: €1.02bn equiv.**

Assets of BPs and CEs  
Lookback period of 3 years  
Education & Healthcare

2 Yen Issues



2018-2019

**SOCIAL BONDS: €1.68bn equiv.**

**Methodology Note:**  
**Local Economic Development**

Assets of BPs and CEs  
Lookback period of 3 years  
Financing or refinancing of loans to small businesses and nonprofit organizations that seek to benefit people who live/work in economically and/or socially underprivileged areas

1 € Issue & 2 Yen Issues



2019

**GREEN BONDS: €500m**  
**Methodology Note:**  
**Renewable Energies**

Assets of BPs, CEs, BPCE Energieo & Natixis: wind & solar power, biomass in France and abroad

1 € Issue



2020

**GREEN COVERED BONDS: €1.25bn**

**Methodology Note:**

**Green Buildings**

Assets of BPs and CEs

Lookback period of 3 years

Financing or refinancing of loans for the construction of energy-efficient dwellings

1 € Issue



**TRANSITION BONDS: €100**

Financing energy transition assets : Natixis assets consisting of project and/or corporate loans from relevant sectors such as potentially transport, power, midstream gas, mining and metals and building materials. The assets will be selected for their high emissions reduction potential as well as their contribution to a low carbon economy.

Project loans will be selected based on Natixis' in house Green Weighting Factor methodology.



**SOCIAL BONDS: €250m equiv.**

**Methodology Note:**

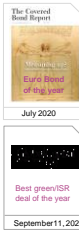
**Local Economic Development - COVID 19**

Assets of BPs and CEs  
Lookback period of 3 years

1 Yen Issue



Financing or refinancing of loans eligible to Local Economic Development Methodology, concentrated on State Guaranteed Loans (SGL), main French government response to the COVID crisis.



**3**

**GREEN BOND  
GREEN BUILDINGS**

# RATIONALE FOR ISSUANCE (1/2)

*Groupe BPCE  
issues its third-  
ever public  
green bond*



## Consistency with Groupe BPCE's commitments to green growth

- In line with its commitments in terms of funding of the energy transition and of the improvement of French building stock energy efficiency



## Being a repeat sustainable issuer

- Pursue the same dynamic as the one adopted on social bonds
- Progressively widen the scope of eligible green assets
- Foster dialogue with SRI Investors



## Contribution to the sustainable finance market

- Provide investment opportunities for investors who seek to contribute to the financing of green investments
- Support our development of credit products with environmental objectives
- Facilitate transparency, disclosure and integrity

# RATIONALE FOR ISSUANCE (2/2)



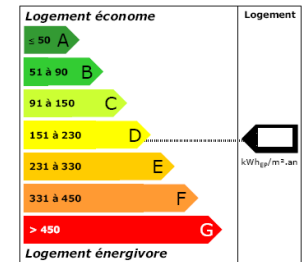
## Real Estate accounts for a significant share of Greenhouse Gas Emissions in France and the improvement of the energy efficiency of the stock constitutes a major step towards carbon neutrality

Building sector (residential and commercial): 2nd largest GHG emitter in France, accounting for **27%** of emissions in 2015

Nearly 54% of primary housing in France is classified in categories **E to G** (Energy Performance Certificate) and 63% in the Ile de France region

In France, the residential sector represents:

- **52% of final electricity consumption**
- **40% of final energy consumption of natural gas**



Eligible loans financed or refinanced under Groupe BPCE's methodology note for Green buildings should constitute a **positive contribution to climate change mitigation** through **energy savings** and **stock renewal** in the building sector

A Green Bond issue supporting **Groupe BPCE Active contribution to France National Low Carbon Strategy (SNBC)**

The National Low Carbon Strategy has set an objective of reducing energy consumption in all sectors, including the building sector, which makes it necessary to **reinforce energy efficiency**



# USE OF PROCEEDS (1/2)

*Eligible Assets:  
Home loans  
financing the top  
15% most  
carbon efficient  
dwellings in  
France*

## Financing or Refinancing of loans\* for the construction of energy efficient dwellings

### Eligible Green Building Residential Mortgage loans include:

- Single and multi-family housing buildings located in France (excluding second homes)
- Belonging to the top 15% of the most carbon efficient buildings in France

\* Only term loan facilities, of which only drawn amounts are considered eligible

### GOALS & BENEFITS

Positive contribution to climate change mitigation by reducing green house gas emission



# USE OF PROCEEDS (2/2)

*Eligible Assets:  
Home loans  
financing the top  
15% most  
carbon efficient  
dwellings in  
France*

## Top 15% most carbon efficient buildings: Focus on France Residential Assets

In France the “**Reglementation Thermique 2012**” imposes a primary energy consumption for residential buildings of less than **50 kWh/m<sup>2</sup>/yr** (adjusted from 40kWh/m<sup>2</sup>/year to 65 kWh/m<sup>2</sup>/year) which means all new buildings since 2013 achieve a level of **A** or **B** in the French Energy Performance Certificate (EPC) scheme

Building Type (kWh/m <sup>2</sup> /y)	Class A	Class B	Class C	Class D	Class E	Class F	Class G
Residential	< 50	51 to 90	91 to 150	151 to 230	231 to 330	331 to 450	> 450

Dwellings constructed under RT 2012 regulation use mostly natural gas and electricity for heating which are less carbon intensive than technologies used for older assets (mainly oil fueled) supporting the overall decarbonization of the energy mix of the French housing sector

According to Climate Bonds Initiative at **January 2019**, the construction permits issued under RT2012 represented some **7.1%** of the residential stock in France

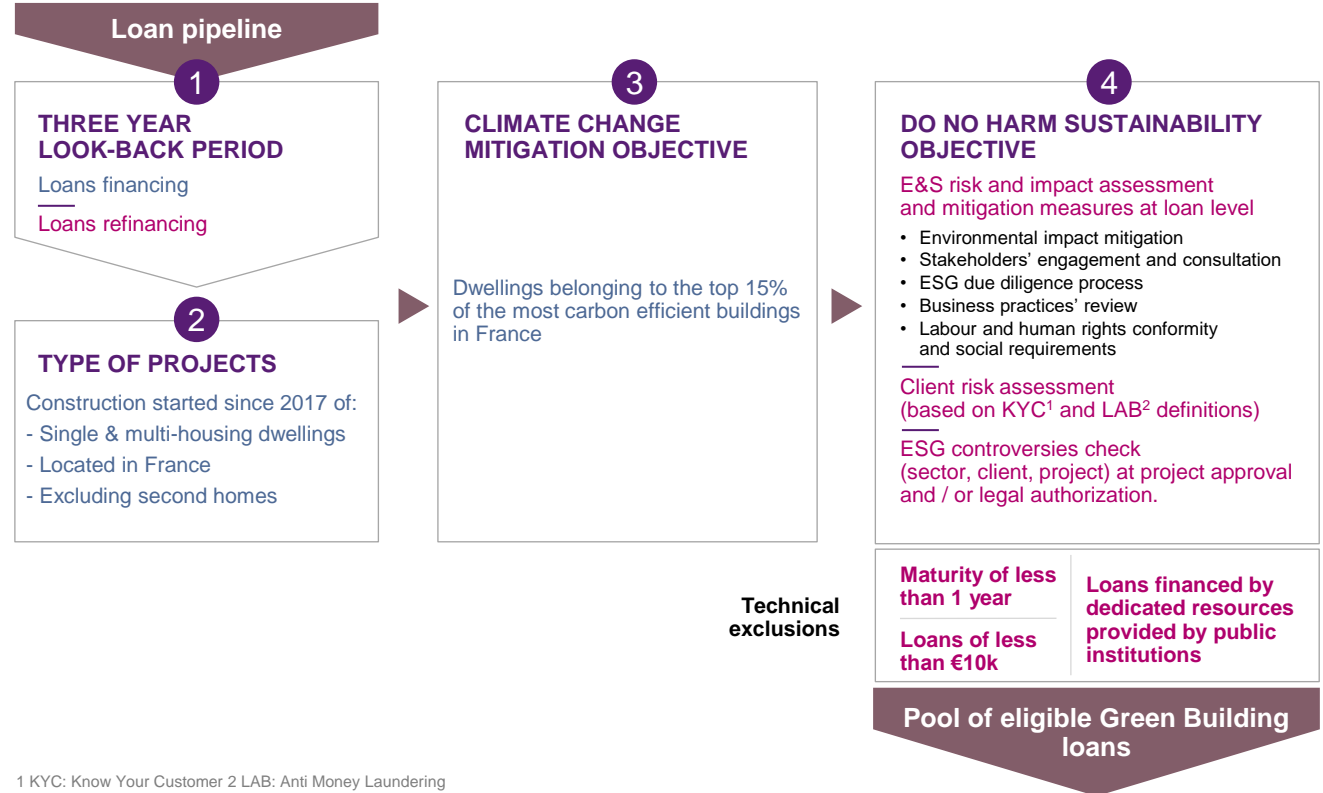
According to INSEE statistics the construction rate in France is 1% (renewal rate of existing stock/year) meaning RT 2012 buildings will remain in the top 15% most carbon efficient French residential assets until at least 2027

Loan financing the construction of residential assets built under RT 2012 regulation fall within the top 15% of the most carbon efficient residential assets in France

**Groupe BPCE will include in the eligible portfolio, loans originated since 2017 falling strictly within the top 15% of most carbon-efficient eligible assets in France eligibility threshold**

# SELECTION METHODOLOGY AND WORKFLOW

Groupe BPCE will select Residential Mortgage Loans thanks to a specific methodology and selection workflow



# OUTSTANDING PORTFOLIO

*Groupe BPCE is committed to supporting the transition to energy efficient real estate in France*

**Loans eligible for refinancing via Green Building Bond proceeds are selected within an Eligible Pool of Residential Mortgage Loans of €4.7bn\*:**

Main residence mortgage loans granted during the last three years

**€125bn**



Of which Eligible Green Building Loans

**€12.7bn**

**OF WHICH ELIGIBLE GREEN BUILDING LOANS ALSO ELIGIBLE TO BPCE SFH**

**€4.7bn**

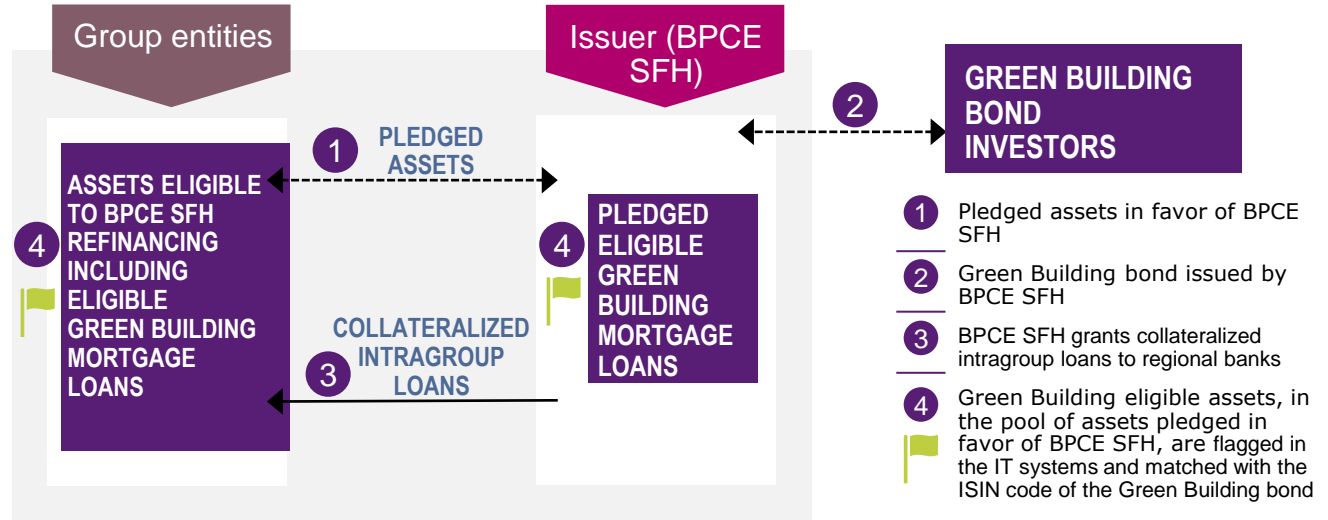
Only construction loans and loans for the purchase of a new building with a remaining life of more than one year and a residual principal amount of at least €10,000

\* As of End 03-31-2021 - Scope: Banque Populaire & Caisse d'Epargne networks

# MANAGEMENT OF PROCEEDS

*Tracking and allocation process*

## Groupe BPCE will implement dedicated processes to ensure tracking and transparency



The dedicated Group Committee (via the Portfolio Management & Financial Engineering function) ensures the adequate monitoring of the evolution of the Green Portfolio on a quarterly basis and that the issued amount remains significantly lower than the amount of the Green Portfolio

# REPORTING

Two  
levels of  
reporting

Groupe BPCE will report publicly and annually at Program level (pool of eligible loans) on allocation and environmental impacts until bond maturity

## ALLOCATION REPORT

Number and amount of loans granted  
Asset Types (%)  
Geography (%)  
Share of Financing vs Refinancing (%)  
Development & Acquisition vs Refurbishment of existing buildings (%)  
Year of construction or last refurbishment (%)  
Average LTV (%) by Asset Type  
Environmental certification or Energy Efficiency Label achieved or targeted & year of obtention

### **Indicators specific to Residential Assets:**

Single housing vs Multi family (%)  
Number of housing built or refurbished

## OUTPUTS & IMPACT REPORT

***Impact Indicators will be provided on a case-by-case basis depending on data availability and statistical analysis will be implemented to assess ex-ante environmental impact if necessary (where sufficient reliable data exists)***

Estimated Annual Energy Savings (in KWh per sqm/year)  
Estimated Annual Avoided/Saved GHG emissions (in tCO2 equivalent per sqm/year)

## EXTERNAL REVIEW

The Green Building Bond will benefit from two types of external review, which will be made publicly available on the issuer's website

### BEFORE ISSUANCE



Vigeo Eiris provided a **Second-Party Opinion** on both the Sustainable Groupe BPCE's Development Bond Program and on Green Bond – Green Building Methodology Note.

*“Vigeo Eiris is of the opinion that the Green Bonds to be issued within Groupe BPCE's Sustainable Development Bond Programme and the Methodology Note for Green Buildings are aligned with the four core components of the Green Bond Principles 2018. We express a reasonable assurance (our highest level of assurance) on the Issuer's commitments and on the contribution of the contemplated Bonds to sustainable development.*

*The Eligible Assets are likely to contribute to three of the United Nations' Sustainable Development Goals (“SDGs”), namely: Goal 7. Affordable and clean energy; Goal 11. Sustainable Cities and Communities and Goal 13. Climate Action.”*

### AFTER ISSUANCE



**PWC** will be appointed as External Auditor to annually verify the allocation of funds, the compliance in all material aspects, of **eligible loans (re)financed with** (i) **the eligibility criteria**, (ii) **the allocated amount** and (iii) **the pending cash allocation** under the Green Buildings Methodology Note

# APPENDIX



# REPORTING

## *Environmental Impact indicators*

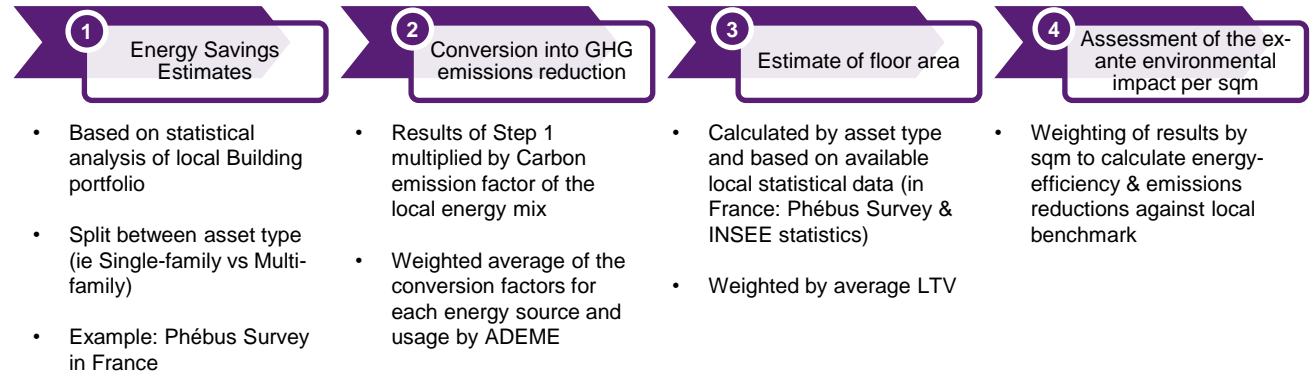
### Ex-ante Environmental Impact Calculation Methodology

Groupe BPCE is committed to reporting on the estimated environmental impact of the green building eligible loans included in the eligible Pool

In order to calculate the Estimated Annual Energy Savings (in KWh per sqm/year) and the Estimated Annual Avoided/Saved GHG emissions (in tCO2 equivalent per sqm/year) Groupe BPCE has implemented a specific methodology to address the challenge of data availability:

#### Statistical Approach – data availability & portfolio analysis

**Where there is insufficient data availability with regards the energy efficiency of the financed asset** Groupe BPCE will conduct a statistical analysis methodology to assess the environmental impact of its eligible loans portfolio:



# GRUPE BPCE'S ENTITIES PARTICIPATING IN THE SUSTAINABLE DEVELOPMENT BOND PROGRAM

ORIGINATING ENTITIES	
Regional Banks	Banques Populaires Caisses d'Epargne
Listed Entity	Natixis SA
Subsidiaries	Palatine Lease Factor CFF

ISSUING ENTITIES	
MLT Programs	BPCE SA
Private Placement	Natixis SA, SI, Purple (Note, Neu MTN, EMTN) BPCE SA
Covered Bonds	BPCE SFH CIE FF Natixis Pfandbriefbank
Securitization	BPCE Natixis CFF

ELIGIBLE ASSETS	
Format	General Obligation Loans Project Finance loans
Types of clients	Corporates Retail Local Authority
Lookback period	Financings granted less than three years ago

# CONTACT LIST



## ROLAND CHARBONNEL

Director Group Funding & Investor Relations

+33 1 58 40 69 30

[roland.charbonnel@bpce.fr](mailto:roland.charbonnel@bpce.fr)

## JULIEN PHILIPPON

Director Portfolio Management  
& Financial Engineering

+33 1 58 40 40 01

[julien.philippon@bpce.fr](mailto:julien.philippon@bpce.fr)

## JEAN-PHILIPPE BERTHAUT

Head of Group Funding

+33 1 58 40 69 15

[jean-philippe.berthaut@bpce.fr](mailto:jean-philippe.berthaut@bpce.fr)

## FRANÇOIS COURTOIS

Head of Investor Relations

+33 1 58 40 46 69

[francois.courtois@bpce.fr](mailto:francois.courtois@bpce.fr)

## FRANCE de SURY

Deputy Head of Investor Relations

+33 1 58 40 39 95

[france.desury@bpce.fr](mailto:france.desury@bpce.fr)

## ANNE SADOURNY

Investor Relations

+33 1 58 40 76 59

[anne.sadourny@bpce.fr](mailto:anne.sadourny@bpce.fr)

## CINDY AMAR

Investor Relations APAC

+852 3915 1314

[cindy.amar@natixis.com](mailto:cindy.amar@natixis.com)

## MARIANNE MEDORA

Investor Relations the Americas

+1 212 891 5782

[marianne.medora@natixis.com](mailto:marianne.medora@natixis.com)

## DAMIEN POMMIER

Investor Relations the Americas

+1 212 632 2856

[d.pommier@natixis.com](mailto:d.pommier@natixis.com)

## ANNE-LAURE GARNIER

Financial Engineering

+33 1 58 40 33 43

[anne-laure.garnier@bpce.fr](mailto:anne-laure.garnier@bpce.fr)

## JEAN-GUILLAUME COLLIGNON

Financial Engineering

+33 1 58 40 74 43

[jean-guillaume.collignon@bpce.fr](mailto:jean-guillaume.collignon@bpce.fr)