Groupe BPCE : Sustainable Development Bond Program

Methodology Note for Green bonds / Green Buildings eligible category
01  BPCE Sustainable Development Bond Framework

02  Focus on Green Bonds

03  Green Buildings Methodology

04  Appendices
01

BPCE Sustainable Development Bond Framework
BPCE Sustainable Development Bond Framework

Addressing key components of sustainability

BPCE’s Sustainable Development Bond Framework is a two pillar strategy that targets environmental and social financings to ensure long term sustainability

Green Bonds

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

Social Bonds

Addressing social sustainability challenges through contributions key to human development

- Healthcare
- Education
- Social Housing
- Social Inclusion

Supporting regional and community development

- Employment conservation and creation in economically or socially underprivileged areas
- Affordable basic infrastructure
Scope of the program: BPCE’s Sustainable Development Bond Framework encompasses the main entities of the group and all issuing signatures, for defined types of assets.

- **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

- **Originating entities**
  - Regional Banks
    - Banques Populaires
    - Caisses d'Epargne
  - Listed Entity
    - Natixis SA
  - Branches
    - Palatine
    - Lease
    - Factor
    - CFF

- **Issuing entities**
  - MLT Programs
    - BPCE SA
  - Private Placement
    - Natixis SA, SI, Purple (Note, Neu MTN, EMTN)
    - BPCE SA
  - Covered Bonds
    - Cie FF
    - BPCE SFH
  - Securitization
    - BPCE
    - Natixis
    - CFF

- **Issuing entities**
  - MLT Programs
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    - BPCE SA
  - Covered Bonds
    - Cie FF
    - BPCE SFH
  - Securitization
    - BPCE
    - Natixis
    - CFF
BPCE Sustainable Development Bond Framework

GBP & SBP Compliance

The Sustainable Development Bond Framework is aligned with the recommendation of the ICMA (Green & Social Bond Principles)

### Use of Proceeds

<table>
<thead>
<tr>
<th>SOCIAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Human Development</strong></td>
</tr>
<tr>
<td>• Healthcare</td>
</tr>
<tr>
<td>• Education</td>
</tr>
<tr>
<td>• Social Housing</td>
</tr>
<tr>
<td>• Social development</td>
</tr>
<tr>
<td><strong>Local Economic development</strong></td>
</tr>
<tr>
<td>• Employment conservation &amp; creation</td>
</tr>
<tr>
<td>• Affordable basic infrastructure</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>GREEN</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Renewable Energy</td>
</tr>
<tr>
<td>• Energy Efficiency</td>
</tr>
<tr>
<td>• Green buildings</td>
</tr>
<tr>
<td>• Clean transportation</td>
</tr>
<tr>
<td>• Sustainable Water management</td>
</tr>
<tr>
<td>• Sustainable Waste Management</td>
</tr>
<tr>
<td>• Biodiversity Conservation</td>
</tr>
<tr>
<td>• Sustainable Agriculture</td>
</tr>
</tbody>
</table>

### Selection process & Project Evaluation

- For each eligible category, a methodology note defines specific eligibility criteria, including ESG selection criteria and reporting indicators.
- A Sustainable Development Bond Governance Committee and an Operational Committee oversee both the methodologies and actual implementation of both framework and methodology notes.
- Framework and methodology notes, including any substantial change to any, will be subject to the prior review by the provider of a second party opinion.

### Management of Proceeds

- Net bond proceeds will be granted to Groupe BPCE’s regional banks or subsidiaries, by way of inter-company loans when necessary.
- Green and social Bond proceeds will not be fungible with any other source of wholesale funding.
- **Lookback period of max 3 years**
- Pending allocation or reallocation, proceeds (swapped into euros if the bonds are not issued in euros) will be invested in cash or equivalents.
- At least once a year, earmarked eligible assets within the pool will be updated / screened for potential changes in eligibility status.

### Reporting

- Once a year, as long as Green Bonds or Social Bonds are outstanding, BPCE will publish reports on:
  1. **Allocations** by eligible project category and for each bond issue some examples of loans refinanced;
  2. **Yet to be allocated amount** of cash or cash equivalents;
  3. **Relevant environmental and/or social key performance indicators** (outputs / impacts).
  4. **Assurance report** provided by BPCE auditor on the compliance, in all material respects, of (i) the eligible loans with the selection criteria, and (ii) the pending cash allocation.

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By BPCE Sustainable Development Bond Governance Committee and BPCE Sustainable Development Bond Operational Committee
Groupe BPCE has established a dedicated Governance (and ad-hoc comitology*) to monitor its Sustainable Development Bond Program

**Sustainable Development Bond Governance Committee**

Joint sponsorship of Groupe BPCE’s CFO and Head of Environmental, Social, and Governance (ESG) with participation from ESG, business development and finance teams of the Group regional banks and Natixis, Head of MLT Funding & Investor relations, Head of Asset and Liability Management (ALM), Head of Portfolio Management and external ESG experts

**Strategy & Supervision**
- Issuance targets and follow up of deliveries,
- Framework, methodology notes and reporting review and approval,
- Supervision of the governance and process for eligible asset pool evaluation and selection,
- Deal reviews and enforcement of lessons learnt

**Innovation**
- Steering BPCE group’s entities sustainable product (loans) innovation process, including how to embed impact and eligibility criteria in products characteristics
- Definition of new issuance types

**Dialogue and engagement**
- Market practice review and dialogue with external stakeholders
- Support of business initiatives and dialogue with clients

*Ad-hoc dedicated committees may be created within the financing entities to identify eligible assets, apply exclusion criteria, monitor the eligible asset pool and produce ad-hoc reporting at issuance and/or batch of issuance levels
02
Focus on Green Bonds
**Focus on Green Bond Issuance**

*Eligible Categories*

BPCE’s Green Bond Framework is aligned with the Green Bond Principles defined by ICMA in terms of Use of Proceeds

<table>
<thead>
<tr>
<th>Eligible assets</th>
<th>Goals &amp; Benefits</th>
<th>UN SDG*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renewable Energy</td>
<td>Positive contribution to climate change mitigation by reducing green house gas emission</td>
<td>7 7AFFordable and clean energy (7)</td>
</tr>
<tr>
<td>Energy Efficiency</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Green buildings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clean transportation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sustainable Water Management</td>
<td>Preservation of resources &amp; pollution prevention and control</td>
<td>6 6Clean water and sanitation (6)</td>
</tr>
<tr>
<td>Sustainable Waste Management</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sustainable Agriculture</td>
<td>Conservation of life below water and on land &amp; biodiversity</td>
<td>14 14 Life below water (14)</td>
</tr>
<tr>
<td>Biodiversity Conservation</td>
<td>Improve &amp; preserve quality of life</td>
<td>15 15 Life on land (15)</td>
</tr>
</tbody>
</table>
03
Green Buildings Methodology
# Green Bond Methodology for Green Buildings

The following methodology description is related to the “Green buildings” Eligible category under BPCE « Green bond » type of issuance

## Green Buildings Methodology

<table>
<thead>
<tr>
<th>Use of Proceeds</th>
<th>Selection &amp; evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Acquisition, and construction of green buildings</td>
<td>ESG selection criteria</td>
</tr>
<tr>
<td>• Improvement in Energy efficiency of existing buildings</td>
<td>Environmental impact mitigation: biodiversity, local disturbances from construction to exploitations phases, landscape</td>
</tr>
</tbody>
</table>

### Management of proceeds

- Proceeds allocated through intra-group loans
- Eligible pool of assets updated at least yearly
- 3 years look back period
- Audit trail: Green flags introduced in treasury

### Reporting

- Issuances
- Eligible asset pool: size, split by buildings type, geography, surface
- Impact: Environmental Certification achieved, Annual Energy intensity (KWh) per sqm & Annual reduced/avoided GHG emissions (EIB methodology)
- External assurance: auditor’s report

### Governance

- BPCE Sustainable Development Bond Committee
- Ad-hoc dedicated committees within financing entities

### External review

- Second Opinion
- Third party audit of proceeds allocation and actual eligibility

---

1. **Green Bonds**

   - 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
Green Buildings - 1. Use of proceeds

Eligible Assets

Conscious of the real estate sector strong environmental impact (especially in terms consumption of natural resources and of climate change with 30% of global annual greenhouse gas emissions*), Groupe BPCE has devised a dedicated methodology to identify Green Buildings in order to further support its overall focus on environmental sustainability.

Eligible Assets screening criteria

<table>
<thead>
<tr>
<th>Loan Types</th>
<th>Residential Assets</th>
<th>Non-Residential Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Development of new buildings or acquisition of existing buildings financed no more than 36 months prior to a green bond issuance</td>
<td>• Multi-Family&lt;br&gt;• Single Family</td>
<td>• Public Services&lt;br&gt;• Commercial (offices, retail, logistics…)&lt;br&gt;• Recreational (hotels, sports centers…)&lt;br&gt;Aligned with at least one of the dedicated eligibility criteria set-out in the specific section of the present methodology note</td>
</tr>
<tr>
<td>• Renovation or dedicated energy efficiency improvement of existing buildings (such as ECO-PTZ**) financed no more than 36 months prior to a green bond issuance</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Asset Types</th>
<th>Exclusion Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential Assets</td>
<td>• Residential Buildings for the purpose of secondary housing (holiday homes…)&lt;br&gt;• Industrial buildings dedicated to support activities with clearly established net negative environmental impact (such as buildings for the purpose of fossil fuel activities)</td>
</tr>
<tr>
<td>Non-Residential Assets</td>
<td></td>
</tr>
</tbody>
</table>

* UNEP FI, Sustainable Real Estate Investment, February 2016
** Additional Information provided in Appendix
# Green Buildings - 1. Use of proceeds

## Eligibility Criteria

Eligible Assets must be aligned with at least one of the following eligibility criteria:

<table>
<thead>
<tr>
<th>Project Category</th>
<th>Eligibility criteria</th>
</tr>
</thead>
</table>
| Development & Acquisition of Buildings | - Buildings belonging to the top 15% of the most carbon efficient buildings in their respective region*
- Buildings aligned with European Nearly-Zero-Energy Buildings (NZEB) low consumption building standards corresponding to buildings with a very high energy performance. The NZEB concept is part of the EU Energy Performance of Buildings Directive (EPBD)*
- Buildings with Design, Post-Construction or In-Use environmental certification such as LEED with a Minimum level of “Gold”, BREEAM with a Minimum level of “Very Good”, HQE with a Minimum level of “Excellent”**
- Buildings with French Energy Efficiency Labels such as BEPOS Effinergie 2017 (“Bâtiment à énergie positive”), BBC Effinergie 2017 (“Bâtiment Basse Consommation), E+/C- (“Energie Positive & Réduction Carbone”), BBCA (“Bâtiment Bas Carbone”)*
- Buildings achieving a Medium or Dark Green Rating as per Natixis Green Weighting Factor methodology* |
| Renovation Of Existing Buildings | - Loans to support dedicated energy efficiency works (including ECO-PTZ*) such as: HVAC systems renovation and improvement; Geothermal energy systems; Insulation retrofitting; LED relamping; Solar panels installation; Heat Recovery Systems; Motion detectors roll-out…
- Loans dedicated to Major renovation or Restructuring of existing buildings as per Near Zero-Energy Buildings (NZEB) standard or demonstrating at least 30% of energy consumption savings
- Loans dedicated to Heavy refurbishment aiming at obtaining one or more of the “In-Use” environmental certification or energy efficiency/low-carbon labels listed above
- Loans dedicated to Energy Efficiency retrofits achieving a Medium or Dark Green Rating as per Natixis Green Weighting Factor methodology* |

*Refers to near zero energy or nearly zero energy building.
**Refers to building energy performance target.

Methodology for Green Buildings Asset Selection

Groupe BPCE will select Green Buildings loans thanks to a specific methodology and selection workflow.

Loan pipeline

<table>
<thead>
<tr>
<th>Look-back period</th>
<th>Loans granted no more than 36 months prior to a green bond issuance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exclusion</td>
<td>Dedicated financings backed by dedicated resources</td>
</tr>
<tr>
<td></td>
<td>Buildings dedicated to Industrial Activities with Net negative environmental impact</td>
</tr>
<tr>
<td></td>
<td>Residential Buildings outside of primary housing activities</td>
</tr>
</tbody>
</table>

Eligibility Criteria

1/ Loans dedicated to Eligible Assets:
   - Development of new buildings or acquisition of existing buildings
   - Renovation or dedicated energy efficiency improvement of existing buildings

2/ Loans dedicated to Eligible Asset Types (Residential & Non-Residential)

3/ Loans achieving at least one of the dedicated environmental eligibility criteria

Do no harm sustainability objective

- Environmental regulation applicable to building construction & refurbishment including
  - Environmental impact mitigation: biodiversity, local disturbances from construction and exploitation phases, landscape
- Client risk assessment (based on KYC and LAB internal processes) including
  - Business practices’ review: money laundering, corruption, conflict of interest, overindebtedness
- ESG controversies check (sector, client, project) at project approval and / or legal authorization including
  - Local impact mitigation & Stakeholders’ engagement and consultation
  - ESG due diligence process
  - Labour and human rights conformity and social requirements

Eligible pool of loans validated by the Committee
Green Buildings - 3. Management of Proceeds

Tracking and allocation process

Groupe BPCE will implement dedicated processes to ensure tracking and transparency

The 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 nominal of the green portfolio.

- Green bond issuance done by BPCE, Natixis, Special Purpose Vehicles, BPCE SFH or Compagnie de Financement Foncier, ISIN tagged as green.
- Treasury collects net proceeds in order to finance or refinance green assets.
- Introduction of a green flag in treasury systems for eligible facilities and matched with the ISINs of green issuances.
- Net proceeds are allocated to existing, on going or future eligible green assets.
- Green proceeds audit trail.
- The treasury department* will proceed to intragroup loans equal to the issued amount from the main body to originating entities on a prorata basis of the eligible assets provided.

*Specific arrangements are set in case the issuer consists in a Special Purpose Vehicle or a Covered Bond.
# Green Buildings - 4. Reporting

## Two levels of reporting

Groupe BPCE will publish an annual Allocation and Impact Reporting presented on a portfolio basis.

<table>
<thead>
<tr>
<th>Eligible Pool of Loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allocation Reporting</td>
</tr>
<tr>
<td>- Number and amount of loans granted</td>
</tr>
<tr>
<td>- Asset Types (%)</td>
</tr>
<tr>
<td>- Geography (%)</td>
</tr>
<tr>
<td>- Share of Financing vs Refinancing (%)</td>
</tr>
<tr>
<td>- Development &amp; Acquisition vs Refurbishment of existing buildings (%)</td>
</tr>
<tr>
<td>- Year of construction or last refurbishment (%)</td>
</tr>
<tr>
<td>- Average LTV (%) by Asset Type</td>
</tr>
<tr>
<td>- Environmental certification or Energy Efficiency Label achieved/targeted &amp; year of obtention</td>
</tr>
</tbody>
</table>

**Indicators specific to Residential Assets**

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

<table>
<thead>
<tr>
<th>Impact Reporting</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>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)</strong></td>
</tr>
<tr>
<td>- Estimated Annual Energy Savings <em>(in KWh per sqm/year)</em></td>
</tr>
<tr>
<td>- Estimated Annual Avoided/Saved GHG emissions <em>(in tCO2 equivalent per sqm/year)</em></td>
</tr>
</tbody>
</table>

- Reporting will only include the pro-rated share of output and impact indicators that corresponds to the project amount financed by the Green Bond (green bond share of financing VS. total project amount)
- **Reporting methodologies and assumptions** used in the quantitative determination are detailed in Appendix*
- **Project and Sponsor names** - Due to French banking laws, BPCE, Natixis and other group entities cannot disclose the name of the underlying projects or sponsors. Project specific data will thus be anonymized.

*Additional Information provided in Appendix*
Groupe BPCE has appointed Vigeo Eiris as Second Party Opinion on the Green Buildings methodology note.

**VIGEO EIRIS’ OPINION**

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\(^5\) (our highest level of assurance) on the Issuer’s commitments and on the contribution of the contemplated Bonds to sustainable development.
Appendices
## Green Buildings Appendix

### Originating & issuing entities within Groupe BPCE

#### ORIGINATING ENTITIES

| Loans to Individuals (Retail Network) | Regional Banks | Banques Populaires | Caisses d’Epargne |
| Loans to Corporate Clients (Corporate Lending) | Regional Banks | Banques Populaires | Caisses d’Epargne |
| Listed Entity | Natixis SA |
| Subsidiaries | BPCE SEF |

#### FINANCING ENTITIES

| Covered Bonds | Cie FF | BPCE SFH |
| Securitization | BPCE | CFF |
| MLT Programs | BPCE SA |
| Private Placement | Natixis SA, SI, Purple (Note, Neu MTN, EMTN) |
| Securitization | BPCE SA |
| | BPCE SA |
| | Natixis CFF |

#### ELIGIBLE ASSETS

| Regional Banks | Home Loans (Residential) |
| | ECO-PTZ |
| Regional Banks | Mortgage Loan |
| Listed Entity | VEFA |
| Subsidiaries | Project Finance |
Green Buildings Appendix

FOCUS ON FRANCE (1/3): France “Stratégie Nationale Bas-Carbone” (SNBC)

What is the situation in the residential sector?

France “Stratégie Nationale Bas Carbone” (SNBC) to tackle the building sector challenge

The IRB3* indicator tracks the energy transition of the building sector by measuring the final energy consumption of the residential (and tertiary) sectors by energy vector, in metropolitan France (adjusted for climate variations).

Final energy consumption does not decrease (+0.1% per year on average between 2015 and 2017), its trend is inverted to the objectives of the SNBC 2015 scenario (-2.1% per year on average between 2015 and 2017). The average annual gap between 2015 and 2017 between actual and projected consumption is thus +9.4%.

*Indicators of the results of the National Low Carbon Strategy (SNBC), directly comparable to the national objectives and illustrating the results of the strategy as a whole.
Green Buildings Appendix

FOCUS ON FRANCE (2/3): Improving the quality of the existing park represents a national priority in France

**SNBC involves a dynamic renovation strategy**

- Building sector (residential and tertiary) : 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 *(including transport and marketing costs applied to households / €51bn in 2017)*
  - 40% of final energy consumption of natural gas *(511 TWh as a percentage of total energy consumption)*

- Discrepancy between budgets allocated to energy efficiency spending and the effectiveness of the measures taken : what package of works to be favoured in order to improve the perceived and felt comfort of the dwelling with a view to bringing new & old to the same level ?

- Of the 51 million single-family homes renovated between 2014 and 2016**, only 25% have been refurbished so as to gain at least one energy class : **necessary change of scale**

- Lack of information from professionals and households, and skepticism about the effectiveness of improvement works to overcome

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(*)Insee, Phébus, Pegase , recensement de la population 2013, Fidéli 2015
(**)Ademe étude TREMI, oct. 2018
Green Buildings Appendix

FOCUS ON FRANCE (3/3): Energy expenses and GHG emissions: costs reduction through investment

As of 01/01/19, EPC A and B represented some 7.1% of the residential stock in France

- 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.
- Even if the correlation is not perfect, switching from “FG” to “ABCD” Energy Performance Certificate (EPC) can halve energy costs.
- Taking transport into account seems more difficult to implement below a certain density of population.

According to Climate Bonds Initiative* at 1 January 2019, the construction permits issued under RT2012 (Energy Performance Certificate level A or B) represented some 7.1% of the residential stock in France.

Note: consumption is high by the conventional method of energy performance diagnosis (DPE) and measured in primary energy; heating and domestic hot water (ECS) are the only uses concerned (cooling and electricity production negligible).
Scope: main residences in Metropolitan France.
Green Buildings Appendix
A methodology note dedicated to “green buildings”

- Loans (re)financed under this methodology note should constitute a **positive contribution to climate change mitigation** through **energy savings** and **stock renewal** in the building sector.

- A set of eligibility criteria able to capture the **various realities of low carbon buildings** and **buildings renovations** financed by Groupe BPCE as described in the **Use of Proceeds** section of the **Methodology Note**.

- **Active contribution** to **France National Low Carbon Strategy (SNBC)** for buildings.
Green Buildings Appendix

Environmental Eligibility Criteria (1/11): Definition of EPBD & NZEB

- The Energy Performance of Buildings Directive (EPBD) is, together with the Energy Efficiency Directive, the main legislative instruments to promote the energy performance of buildings and to boost renovation of buildings within the EU.
- The EPBD has been in force since 2010 and has been updated in 2018 to "improve the energy performance of new and existing buildings, support the deployment of electric charging infrastructure, plan national renovation strategies and an intelligence indicator." The new provisions must be transposed by Member States into national law at the latest by 10 March 2020.
- Among a broad range of policies and supportive measures that aim to help EU governments to boost the energy performance of buildings, the directive requires all new buildings from 2021 to be Nearly-Zero-Energy Buildings (NZEB).
- NZEB means buildings with a very high energy performance. The nearly zero or very low amount of energy required should be covered to a very significant extent by renewable sources, including sources produced on-site or nearby.
- As concrete numeric thresholds or ranges are not defined in the EPBD, these requirements leave room for interpretation, allowing Member States to define their NZEB requirements in their national regulation and building codes in a flexible way and leading to different NZEB definitions from country to country.

Green Buildings Appendix

Environmental Eligibility Criteria (2/11): Definition of EPBD & NZEB

Official nZEB definition – State of Implementation*

According to CA EPBD report (2015), about 40% of the Member States (MSs) do not yet have a detailed definition of the nZEB in place. About 60% of the MSs have laid out their detailed nZEB definition in a legal document, but a few of them emphasise the draft status of the definition, or that the definition might be updated later on.

In this context nZEB is not currently applicable in all EU Member States. However, The EU Commission has issued benchmarks for the energy performance of nZEB depending on clearly identified climatic zones:

<table>
<thead>
<tr>
<th>Climatic Zones</th>
<th>Non Residential</th>
<th>Residential</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oceanic</td>
<td>40-55 kWh/(m²·y) of net primary energy with, typically, 85-100 kWh/(m²·y) of primary energy use covered by 45 kWh/(m²·y) of on-site renewable sources</td>
<td>15-30 kWh/(m²·y) of net primary energy with, typically, 50-65 kWh/(m²·y) of primary energy use covered by 35 kWh/(m²·y) of on-site renewable sources</td>
</tr>
<tr>
<td>Mediterranean</td>
<td>20-30 kWh/m²/y of net primary energy, with typically, 80 – 90 kWh/m²/y of primary energy use covered by 60 kWh/m²/y of on-site renewable</td>
<td>0-15 kWh/m²/y of net primary energy, with typically, 50-65 kWh/m²/y of primary energy use covered by 50 kWh/m²/y of on-site renewable</td>
</tr>
<tr>
<td>Continental</td>
<td>40/55 kWh/m²/y of net primary energy, with typically, 85-100kWh/m²/y of primary energy use covered by 45 kWh/m²/y of on-site renewable</td>
<td>20-40 kWh/m²/y of net primary energy, with typically, 50-70kWh/m²/y of primary energy use covered by 30 kWh/m²/y of on-site renewable</td>
</tr>
<tr>
<td>Nordic</td>
<td>55-70 kWh/m²/y of net primary energy, with typically, 85-100kWh/m²/y of primary energy use covered by 30 kWh/m²/y of on-site renewable</td>
<td>40-65 kWh/m²/y of net primary energy, with typically, 65-90kWh/m²/y of primary energy use covered by 25 kWh/m²/y of on-site renewable</td>
</tr>
</tbody>
</table>

NZEB definition by Country*

NZEB climate zones*

Source: Enerdata

https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32016H1318
Green Buildings Appendix
Environmental Eligibility Criteria (3/11): Official nZEB definition – FRANCE*

The French government considers that its nZEB definition matches the present regulation RT2012. Therefore, since the 1st January 2013, all new constructions are nZEBs in France.

- **Residential buildings**: primary energy consumption of less than 50 kWh/m2/yr (“low-consumption buildings”/Bâtiments Basse Consommation or BBC)
- **Non-residential buildings**: primary energy consumption lower than 70 kWh/m2/year for buildings without air-conditioning and 110 kWh/m2/yr for buildings with air-conditioning

The required consumption levels are subject to variations, depending at least on geographical areas and altitudes.

For example, the ceiling of 50 kWh/m2/yr is subject to adjustment, based on volumes of greenhouse gas emitted by the mobilized energy sources, the purposes for which buildings are used and their characteristics and geographical locations and varies between 40 and 65 kWh/m2/yr.

Buildings or dwellings going beyond RT2012 (i.e. better than nZEB official definition) are labelled, with 2 main labels:

- **Effinergie+**: Buildings with higher performance than RT2012 (since 2012)
- **BEPOS**: Positive energy buildings (since 2013) with an annual primary consumption below 20 kWh/m2

Green Buildings Appendix

Environmental Eligibility Criteria (4/11): Top 15% most carbon efficient buildings: Focus on France Residential Assets*

The definition of the 15% of the most carbon efficient buildings in their respective regions varies over time and location depending on the energy performance of existing building stock.

In the context of France the RT 2012 imposes a primary energy consumption for residential buildings of less than 50 kWh/m2/yr (adjusted from 40 kWh/m2/year to 65 kWh/m2/year) which means all new buildings since 2013 achieve a level of A or B in the French Energy Performance Certificate (EPC)* scheme:

<table>
<thead>
<tr>
<th>Building Type (kWh/m²/yr)</th>
<th>Class A</th>
<th>Class B</th>
<th>Class C</th>
<th>Class D</th>
<th>Class E</th>
<th>Class F</th>
<th>Class G</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>&lt; 50</td>
<td>51 to 90</td>
<td>91 to 150</td>
<td>151 to 230</td>
<td>231 to 330</td>
<td>331 to 450</td>
<td>&gt; 450</td>
</tr>
</tbody>
</table>

Furthermore 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 1 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 parc) meaning RT 2012 buildings will remain in the top 15% most carbon efficient French residential assets until at least 2027 which is also supported by the *Enquête Phébus** evaluation of the evolution of the housing stock per energy performance class (see right)*.

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

Groupe BPCE will include in the eligible portfolio loans originated from 2017 falling strictly under the top 15% of most carbon-efficient eligible assets in France eligibility threshold.

*https://www.aft.gouv.fr/files/medias-aft/3_Dette/3.2_OATMLT/3.2.2_OATVerte/Evaluation%20of%20the%20tax%20credit%20for%20energy%20transition_uk.pdf
*https://www.ecologique-solidaire.gouv.fr/diagnostic-performance-energetique-dpe
Green Buildings Appendix
Environmental Eligibility Criteria (5/11): Environmental Certifications (1/2):

HQE (Haute Qualité Environnementale)

Standard for green building in France launched in 2005. Makes it possible to identify buildings whose environmental and energy performance is aligned with current best practice. The main areas of focus are reducing a building’s consumption, its environmental impact and improving the health and comfort of the users.

Scope: programming, design and construction phases for new and renovated buildings
Certification Levels: Pass, Good, Very good, Excellent, Exceptional
Areas of Project Assessment: Global Building management system
Areas of Environmental Assessment: Energy, Environment (Site, Components, Worksite, Water, Waste, Maintenance), Comfort (Hydrothermal, Acoustic, Visual, Olfactory), Health (Spaces quality, Air Quality, Water Quality)
Evaluation process: Environmental certificates are assigned at all stages of the building life cycle. On-site audits are required

BREEAM (Building Research Establishment Environmental Assessment Method)

Certification of the assessment of the sustainability performance of individual buildings, communities and infrastructure projects

Scope: from design and construction through to operation and refurbishment
Certification Levels: Pass, Good, Very Good, Excellent, Outstanding
Areas of Project Assessment: Project management, deployment, minimal environmental disturbance worksite, stakeholder engagement
Evaluation process: Two stages / audit reports: a ‘BREEAM Design Stage’ and a ‘Post Construction Stage’ with different assessment criteria

https://www.certivea.fr/offres/certification-hqe-batiment-durable
https://www.breeam.com/
LEED (Leadership in Energy and Environmental Design)

North American system for standardizing high environmental quality buildings created by the US Green Building Council. In addition to aiming to reduce the resources used by the construction sector, its objective is to raise environmental awareness within communities.

**Scope**: design, construction, maintenance and operation of buildings

**Certification Levels**: Certified, Silver, Gold, Platinum

**Areas of Project Assessment**: Integrative process over the lifecycle of the project requiring identification and creation of synergies between various project stakeholders

**Areas of Environmental Assessment**: Energy and atmosphere, Sustainable Sites Location and Transportation, Materials and resources, Water efficiency, Indoor environmental quality, Innovation in Design, Regional Priority

**Evaluation process**: Several different rating systems designed to apply to a specific sector (e.g. New Construction, Major Renovation, Core and Shell Development, Schools-/Retail-/Healthcare New Construction and Major Renovations, Existing Buildings: Operation and Maintenance)

[https://www.usgbc.org/leed](https://www.usgbc.org/leed)
BePOS (Bâtiment à énergie positive)

Energy Efficiency label created following the RT 2012 law put into effect at the beginning of 2013 in France, which aims to reduce the energy consumption of new buildings

This label anticipates the future thermal regulation (RE 2020). A regulation that should require buildings to have a production of energy greater than their consumption, hence the name BePOS for positive energy building with 4 possible performance levels:

- “Energy 1”, “Energy 2” and “Energy 3” levels show progress in the improvement of the building’s energy efficiency and use of renewable heat and electricity
- The first two levels, “Energy 1” & “Energy 2” indicate an improvement on the requirements of existing energy efficiency standards (RT2012). Their implementation should lead to improved building performances via cost effective measures, either through energy efficiency measures or the use of renewable energy (particularly heat energy) to meet the building’s needs
- “Energy 3” level represents an additional effort compared to the previous two levels. Achieving this level requires greater endeavor in terms of the energy efficiency of the building and its systems, as well as significant use of renewable energy sources
- “Energy 4” level refers to a building with a flat or negative level of overall energy use, which contributes to the production of renewable energy for the local area

Areas of Environmental Assessment: Energy, Environment (Site, Components, Worksite, Water, Waste, Maintenance), Comfort (Hydrothermal, Acoustic, Visual, Olfactory), Health (Spaces quality, Air Quality, Water Quality)

Requirements: Assessment of the embodied energy and ecomobility potential; compliance with RT 2012 and the rules of the Effinergie+ label, and incorporate Commissioning procedures to ensure that equipment operates

https://www.ademe.fr/expertises/batiment/quoi-parle-t/batiments-a-energie-positive
Green Buildings Appendix
Environmental Eligibility Criteria (8/11): Energy-Efficiency labels (2/4)

E+C- (Energy+ Carbon-)

The E+C- certification label indicates the use of best practices established for buildings with high energy and environmental performance levels. The E+C- is jointly composed of an Energy factor (evaluated via the “BEPOS” rating indicator) and a Carbon factor (evaluated via the “Carbon” indicator).

E+C- considers all building uses (including "other uses" - common areas, elevators, car parks...). It goes further than RT2012, which is based only on five uses (heating, domestic hot water production, cooling, lighting, auxiliaries). The label takes into account the lifecycle GHG emissions, based on an average life span of 50 years. Buildings may achieve one of 4 possible performance levels for Energy and one of two possible levels for Carbon.

Energy (E+) imply an improvement in energy performance at a controlled cost, through energy efficiency measures or measures linked to renewable heat.

Carbon (C-) is made up of two thresholds each: GHG emissions over the entire lifecycle of the building (Eges) and a sub-threshold made up of emissions relating to construction products and equipment (Eges PCE).


Requirements: The certification body responsible for awarding the E+C- label must carry out at least two compliance checks: one during the study phase and one during the construction phase.

https://www.certivea.fr/offres/label-e-c
The BBCA label is a unique score on the entire lifecycle of the building. It certifies the exemplary nature of a building in terms of carbon footprint. It concerns New buildings or Renovated buildings. The BBCA label values all the low carbon processes of a building:

- **Construction** (intelligent mix of materials, sobriety of design ...)
- **Exploitation** (low carbon energy, renewable energy ...)
- **Carbon Storage** (presence of bio-sourced materials)
- **Circular Economy** (selective deconstruction, reuse of products, pooling of spaces, the potential for change of use, the potential for extension)

The BBCA label certifies the exemplary nature of a building in terms of carbon footprint. It allows to demonstrate commitment to low carbon transition, enhance the low carbon performance of the building, measure the building's carbon footprint over its entire lifecycle, attest of his performance with the BBCA score reached

- **BBCA standard**: is awarded to buildings that make real efforts to limit their overall emissions both on the construction and on the exploitation phase and which can integrate the carbon storage in their constructive systems

- **BBCA performance**: values buildings that make extra efforts compared to BBCA Standard on construction and operation. Climate Innovation points also contribute to achieving this level

- **BBCA excellence**: values buildings that make particularly important efforts and go beyond the BBCA performance level. This level attests the excellence in terms of Low Carbon Construction

https://www.batimentbascarbone.org/label-bbca/
The French BBC Effinergie label is intended to identify new buildings or parts of buildings that comply with very low energy requirements that contribute to achieving the 2050 targets. The reference values are defined by the EFFINERGIE® association and include, for example, a maximum consumption target for new residential constructions of 50 kWhep/m²/year.

The evaluation criteria are aligned with the BePOS label with the addition of several elements:

- **Sobriety and energy efficiency** in the building industry with reinforced requirements on bioclimatic design and energy consumption.
- **Quality and comfort** from design (qualification/certification of design offices), to acceptance (measurement of building permeability, measurement of network tightness, commissioning).
- **Appropriation** of the property and **raising awareness** of future residents to the challenges of the energy transition (building and ecomobility, guide for project owners and residents).


**Requirements:** The certification body responsible for awarding the E+C- label must carry out at least two compliance checks: one during the study phase and one during the construction phase.

The interest-free eco-loan (eco-PTZ) is intended for any owner of a dwelling used as a principal residence in France and completed more than 2 years prior to a loan request to finance works dedicated to improve energy performance.

The loan is granted by a bank that has signed an agreement with the French State, in the form of an interest-free repayable advance, in accordance with the terms detailed in Article 244 quater U of the French General Tax Code. The conditions for obtaining this loan depend on specific eligibility criteria and for a maximum fixed amount of €30,000 per dwelling over 15 years.

1/ Insulation work or the installation of equipment allowing the use of renewable energy sources
   • Thermal insulation of the roofing system
   • Thermal insulation of walls facing the outside
   • Thermal insulation of windows on condition that the materials used replace single-glazed walls and doors opening to the outside
   • Insulation of low floors on basement, crawl space or open passage
   • Installation, regulation or replacement of heating or hot water systems
   • Installation of heating equipment using a renewable energy source
   • Installation of equipment for the production of domestic hot water using a renewable energy source

2/ Improvement of the overall energy performance level where the work must allow to achieve a minimum overall energy performance determined by a thermal study carried out by a design office making it possible to obtain
   • An annual consumption of less than 331 kWh/sqm in primary energy
   • An energy saving of at least 35% compared to annual primary energy consumption before work

3/ Rehabilitation of non-collective sanitation systems
   • Rehabilitate non-collective sanitation systems with energy-saving devices

All the work financed must be carried out by RGE (Recognised Environmental Guarantor) certified companies.

https://www.service-public.fr/particuliers/vosdroits/F19905
Groupe BPCE is committed to report on the estimated environmental impact of the 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 two distinct methodologies related to asset type and data availability:

**A** Sufficient data availability

Where there is sufficient data availability with regards the (targeted or observed) energy efficiency of the financed asset:

- Calculation of energy savings estimate based on existing energy consumption data and carbon intensity of local energy mix
- Comparison of the actual energy consumption and GhG emissions of the asset against a local benchmark
- Weighting of the result by the LTV of the loan to reflect estimated savings directly linked to Groupe BPCE financing

**B** Statistical Approach – insufficient data availability & portfolio analysis

Where there is insufficient data availability with regards the (targeted or observed) energy efficiency of the financed asset (notably in the context of residential assets financing). Groupe BPCE will conduct a statistical analysis methodology to assess the environmental impact of its eligible loans portfolio:

1. **Energy Savings Estimates**
   - Based on statistical analysis of local Building portfolio
   - Split between asset type (ie Single-family vs Multi-family)
   - Example: Phébus Survey in France

2. **Conversion into GHG emissions reduction**
   - Results of Step 1 multiplied by Carbon emission factor of the local energy mix
   - Weighted average of the conversion factors for each energy source and usage by ADEME

3. **Estimate of floor area**
   - Calculated by asset type and based on available local statistical data (in France: Phébus Survey & INSEE statistics
   - Weighted by average LTV

4. **Assessment of the ex-ante environmental impact per sqm**
   - Weighting of results by sqm to calculate energy-efficiency & emissions reductions against local benchmark

Green Buildings Appendix

Natixis Green Weighting Factor Methodology for Green Buildings Assessment (1/3): Natixis Green Weighting Factor

The GWF is an in-house mechanism that links analytical capital allocation to the degree of sustainability of each financing

- **Objectives:**
  - Speed up 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**

- **A tool to monitor Natixis’ climate strategy:** setting medium to long term targets + monitoring of the bank’s loan book climate trajectory to become aligned with Paris Agreement objectives (+2°C scenario)

- **Double level of impact:**
  - **Transaction level:** impact transaction’s financial performance indicators as of credit decision => impact decision to do or not a transaction
  - **Portfolio level:** impact portfolio’s financial performance ex ante => impact business mix

- Selected indicator: GWF is applied to **analytical Risk Weighted Assets** with no impact on regulatory RWA = internal tool

- Prerequisite: **development of a proprietary methodology (taxonomy)** to classify financings depending on their environmental / climate impact

- Timing: developed in 2018, implemented progressively to **all geographies and all lending activities** in 2019, expanded to all banking activities in 2020
Green Buildings Appendix

Natixis Green Weighting Factor Methodology for Green Buildings Assessment (2/3): Natixis Green Weighting Factor

- Rating methodology using 7-level scale
- Climate change centric, adjusted by most material environmental externalities: biodiversity, water, pollution, waste
- Simple tool, with no room for interpretation: limited number of criteria, retrievable information, thresholds
- Using a life-cycle analysis approach along with established market practices
- Sectorial approach: cross-sector hierarchy and cross-asset hierarchy within each sector

DEDICATED PURPOSE financing

- Objective: determine the “color” (rating) of each loan depending on the environmental impact of the object being financed
- Tool: development 46 different decision trees for each activity within 8 macro-sectors

GENERAL PURPOSE financing

- Objective: determine the “color” (rating) of each corporate and public client depending on its carbon footprint, strategy to decarbonize and impact on most material environmental issues
- Rating of clients representing 80% corporate exposure
Green Buildings Appendix

Natixis Green Weighting Factor Methodology for Green Buildings Assessment (3/3): Natixis Green Weighting Factor for Building

1/ Building intrinsic initial coloring

<table>
<thead>
<tr>
<th>Intrinsic Energy Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Country-specific energy performance indicators’ depending on the type of buildings and the purpose of financing</td>
</tr>
</tbody>
</table>

Medium and Dark Green buildings will have a minimum level of:

- Energy Performance Label
- Energy Performance aligned with National Building standards and building code
- Energy Performance Certificate B or A
- Environmental Certifications LEED Gold, BREAM Very Good, HQE Very Good

2/ In-use key operational impacts adjustments

Depending on building type, transaction type and location, the Intrinsic climate initial color rating is adjusted by the building’s in use operational impacts (where material) through either:

- in-use certifications or GHG content of energy
- water stress exposure

Also, depending on the building’s proximity to Key Biodiversity area and on national regulations, the intrinsic climate initial color rating can also be adjusted for sensitive biodiversity.