SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Methodology Note for Sustainable Agriculture eligible category

Groupe BPCE
12 July 2021

VERIFICATION PARAMETERS

<table>
<thead>
<tr>
<th>Type(s) of instruments contemplated</th>
<th>Green Bonds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relevant standards</td>
<td>Green Bond Principles (GBPs) as administered by ICMA</td>
</tr>
<tr>
<td>Scope of verification</td>
<td>Groupe BPCE’s Methodology Note for Sustainable Agriculture eligible category (as of July 2021)</td>
</tr>
<tr>
<td>Lifecycle</td>
<td>Pre-issuance verification</td>
</tr>
<tr>
<td>Validity</td>
<td>As long as Groupe BPCE’s Methodology Note for Sustainable Agriculture eligible category remains unchanged</td>
</tr>
</tbody>
</table>
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Scope of work

Groupe BPCE ("the issuer" or "BPCE") commissioned ISS ESG to assist with its Methodology Note for Sustainable Agriculture eligible category by assessing three core elements to determine the sustainability quality of the instrument:

1. Methodology Note’s link to BPCE’s sustainability strategy – drawing on BPCE’s overall sustainability profile and issuance-specific Use of Proceeds categories.
2. BPCE Methodology Note for Sustainable Agriculture eligible category (July 2021 version) – benchmarked against the International Capital Market Association’s (ICMA) GBPs.
3. The Sustainable Agriculture eligible category\(^1\) – whether the projects contribute positively to the UN SDGs and perform against ISS ESG’s issue-specific key performance indicators (KPIs) (See Annex 3).

\(^1\) ISS conducted its assessment solely on the Sustainable Agriculture eligible category and not on the Renewable Energy Use of Proceeds category that will be selected in compliance with another Methodology Note.
## ISS ESG ASSESSMENT SUMMARY

<table>
<thead>
<tr>
<th>SPO SECTION</th>
<th>SUMMARY</th>
<th>EVALUATION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Part 1:</strong> Methodology Note link to issuer’s sustainability strategy</td>
<td>According to the ISS ESG Corporate Rating published on 26.02.2021, the issuer shows a high sustainability performance against the industry peer group on key ESG issues faced by the Commercial Banks &amp; Capital Markets sector. The issuer is rated 12th out of 287 companies within its sector. The Use of Proceeds categories described in this Methodology Note are consistent with the issuer’s sustainability strategy and material ESG topics for the issuer’s industry. The rationale for issuing Green Bonds to finance Sustainable Agriculture projects is clearly described by the issuer.</td>
<td>Consistent with issuer’s sustainability strategy</td>
</tr>
<tr>
<td><strong>Part 2:</strong> Alignment with GBPs</td>
<td>The group has defined a formal concept for its Sustainable Development Bond Programme regarding Use of Proceeds, processes for project evaluation and selection, management of proceeds and reporting. For each eligible category included in the Sustainable Development Bond Programme, the issuer provided a methodology note defining specific eligibility criteria. This methodology note assessed by ISS ESG aims at providing a detailed definition of Sustainable Agriculture eligible category. The content of this methodology note is in line with the GBPs.</td>
<td>Aligned</td>
</tr>
<tr>
<td><strong>Part 3:</strong> Sustainability quality of the eligible category</td>
<td>The overall sustainability quality of the Sustainable Agriculture eligible category in terms of sustainability benefits, risk avoidance and minimisation is good based upon the ISS ESG assessment. The Green Bonds will (re-)finance eligible asset categories which include: Organic agriculture, Environmental protection in farms and Forest and protected areas. Overall, most of the Use of Proceeds categories positively contribute to SDGs 2 ‘zero hunger’, 14 ‘Life below water’ and 15 ‘Life on land’. The environmental and social risks associated with those Use of Proceeds categories have been well managed.</td>
<td>Positive</td>
</tr>
</tbody>
</table>

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2 ISS ESG’s evaluation is based on the Methodology Note for Sustainable Agriculture eligible category (July 2021 version), and on the ISS ESG Corporate Rating applicable at the SPO delivery date (updated on the 26.02.2021).
ISS ESG SPO ASSESSMENT

PART I: GREEN BONDS LINK TO BPCE’S SUSTAINABILITY STRATEGY

A. ASSESSMENT OF BPCE’S ESG PERFORMANCE

The ISS ESG Corporate Rating provides material and forward-looking environmental, social and governance (ESG) data and performance assessments.

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>SECTOR</th>
<th>DECILE RANK</th>
<th>TRANSPARENCY LEVEL</th>
</tr>
</thead>
<tbody>
<tr>
<td>BPCE</td>
<td>Commercial Banks &amp; Capital Markets</td>
<td>1</td>
<td>VERY HIGH</td>
</tr>
</tbody>
</table>

This means that the company currently shows a high sustainability performance against peers on key ESG issues faced by the Commercial Banks & Capital Markets sector and obtains a Decile Rank relative to industry group of 1, given that a decile rank of 1 indicates highest relative ESG performance out of 10.

ESG performance

As of 04.06.2021, this Rating places BPCE 12th out of 287 companies rated by ISS ESG in the Commercial Banks & Capital Markets sector.

Key challenges faced by companies in terms of sustainability management in this sector are displayed in the chart on the right, as well as the issuer’s performance against those key challenges in comparison to the average industry peers’ performance.

Sustainability Opportunities

BPCE offers a range of products with social and environmental benefits. In France, it is the leading provider of personal microloans and a major provider of professional microloans. On the international level, BPCE for example partnered with the IFC to develop financing for agricultural cooperatives in Cameroon. In addition, the group’s Caisse d’Epargne entities are highly active in the social housing sector, e.g., through the Habitat en Région network, representing approx. 8% of social housing in France. Solidarity-based savings are also offered. Through its subsidiaries Mirova, Ecofi Investissements and Banque Palatine, the company offers a broad range of SRI products, some of them with a comprehensive best-in-class approach and exclusions. In addition, BPCE’s subsidiary Natixis has developed the Green Weighting Factor, which is an in-house capital allocation mechanism that aims to promote finance deals with a positive impact on both the climate and the environment, by adjusting the expected profitability threshold on these various transactions according to their effects on climate change. Moreover, Natixis is set to completely exit the thermal coal industry by 2030 for countries in EU and the OECD, and in 2040 for the rest of the world. Although constituting a relatively large and diverse product portfolio, the above products are not the main business model of the company.
**Sustainability Risks**

In the financial sector, the main sustainability challenges are in the lending, investment banking, and mainstream asset management business. The company is a signatory to the Equator Principles, a voluntary initiative to observe social and environmental criteria in project finance. Its subsidiary Natixis has also developed sector policies on, e.g., dams and palm oil. However, BPCE’s subsidiary is financing the controversial Oyu Tolgoi mine in Mongolia. Natixis shows an initial approach to considering social and environmental aspects in mainstream asset management and own investments, excluding companies involved in controversial weapons and those violating the UN Global Compact Principles. Moreover, for both financing and investments, Natixis excludes coal-fired power plants and thermal coal mines, and companies for which coal-fired power plants or thermal coal mines account for over 25% of activity. Similar guidelines are in place for companies active in tobacco, tar sands and arctic drilling. In the social dimension, customer and product responsibility as well as employee relations are important challenges. BPCE has implemented an information security management system and procedures to address debt repayment problems, but only some measures to ensure responsible marketing and sales practices. Employee-related risks are relatively well managed, with mental health measures and work-life balance options being available. Business ethics is addressed through an adequate code of conduct as well as compliance measures.

**Governance opinion**

BPCE is jointly owned by the 14 Banques Populaires and the 15 Caisses d’Epargne in France. As cooperative banks, the Caisses d’Epargne and Banques Populaire banks are owned by nearly 9 million cooperative shareholders, which are themselves shareholders of BPCE. About three quarters of the supervisory board members are considered to be independent, including the chair of the board, Mr. Thierry Cahn (as at June 28, 2021). Furthermore, a majority of the company’s audit, remuneration and nomination committees is independent. With regard to remuneration, BPCE publicly discloses its remuneration policy for members of the executive management team on an individual basis and subdivided according to fixed amounts, variable performance-related components and long-term incentive components. Regarding the company’s sustainability governance, half of the sustainability committee’s members meet the independence criteria (as at December 31, 2020). In addition, ESG targets for sustainable value creation are to some extent included in variable executive compensation. The company has established a code of business conduct covering several issues in general terms, and it implements some measures to ensure compliance. However, important topics such as antitrust violations, as well as further measures such as third party anti-corruption due diligence and anonymous reporting channels, are not sufficiently addressed.

**Sustainability impact of products and services portfolio**

Using a proprietary methodology, ISS ESG assessed the contribution of BPCE’s current products and services portfolio to the Sustainable Development Goals defined by the United Nations (UN SDGs). This analysis is limited to the evaluation of final product characteristics and does not include practices along BPCE’s production process.

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3 Natixis.
**SECOND PARTY OPINION**

*Sustainability Quality of the Issuer and Methodology Note for Sustainable Agriculture eligible category*

<table>
<thead>
<tr>
<th>PRODUCT/SERVICES PORTFOLIO</th>
<th>ASSOCIATED PERCENTAGE OF REVENUE</th>
<th>DIRECTION OF IMPACT</th>
<th>UN SDGS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responsible deposits and savings</td>
<td>5%</td>
<td>CONTRIBUTION</td>
<td></td>
</tr>
</tbody>
</table>

_Breaches of international norms and ESG controversies_

The group is not facing any controversy.

**B. CONSISTENCY OF GREEN BONDS WITH BPCE’S SUSTAINABILITY STRATEGY**

*Key sustainability objectives and priorities defined by the issuer*

Since 2003, banks belonging to Groupe BPCE are signatories to the United Nations Global Compact and have undertaken to comply with its ten principles. Moreover, the Group supports and takes part in the principal initiatives and working groups in the French financial market devoted to socially responsible investment (SRI). It is also a member of the Observatory of Corporate Social Responsibility (ORSE); of Avise, an association set up to support the development of initiatives designed to create new jobs and promote social cohesion; and holder of the Finansol label used to identify solidarity-based investments.

The group has integrated its CSR approach to its overall strategy with a focus on three key areas:

- **Commitments to its customers and territories:** As the 2nd largest provider of financing for the French economy (c. 30 million customers), the group is eager to preserve long term and high quality customer relationship following key KPIs such as Net Promoter Score (NPS) or % of complaints processes within 10 days.

- **Commitments to its employees:** Under French Act No. 2018-15 dated September 5, 2018, for the Freedom to choose one's professional future, companies with the required workforce have drawn up indicators to determine their level of commitment to professional equality between men and women. The ambition of the Group as a whole and its principal companies in this area is reflected in a score of 91 points out of 100 in 2020.

- **Commitments to green growth:** The group promotes the environment through the activities pursued by its different business lines and has €10 billion in outstandings devoted to financing the energy transition. Banque Populaire, one of BPCE’s subsidiaries focuses its

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4 This index takes into account five differently weighted indicators: the gap between men and women’s pay (score: 38 out of 40), salary increases (19 out of 20), promotions (15 out of 15), salary increases upon return from maternity leave (15 out of 15), and the distribution of men and women in the ten highest pay levels (4 out of 10).

5 As at December 2019: renewable energy outstandings + energy-efficient building renovation loans + green equipment for professionals and SMEs + financing of green vehicles.
efforts on sustainable agriculture and is eager to develop the financing of eco-friendly agricultural equipment⁶.

Rationale for issuance

In July 2018, the group launched its Sustainable Development Bond Program, that has been revised in April 2020, enabling the issuance of Green Bonds and Social Bonds that align finance-raising activities with the sustainable development imperatives and missions of the group. This Sustainable Development Bond Program covers both Green Use of Proceeds categories and Social Use of Proceeds categories that both support the bank’s main sustainability objectives and commitment towards ESG topics.

The Methodology Note for Sustainable Agriculture eligible category assessed in this SPO aims at providing more details on Sustainable Agriculture eligible category (including Biodiversity conservation projects). Methodology notes for Green Buildings and Renewable Energy have already been disclosed by the group.

Contribution of Use of Proceeds categories to sustainability objectives and priorities

ISS ESG mapped the Use of Proceeds categories financed under these Green Bonds with the sustainability objectives defined by the issuer, and with the key ESG industry challenges as defined in the ISS ESG Corporate Rating methodology for the Commercial Banks & Capital Markets sector. Key ESG industry challenges are key issues that are highly relevant for a respective industry to tackle when it comes to sustainability, e.g. climate change and energy efficiency in the buildings sector. From this mapping, ISS ESG derived a level of contribution to the strategy of each Use of Proceeds categories.

<table>
<thead>
<tr>
<th>USE OF PROCEEDS CATEGORY</th>
<th>SUSTAINABILITY OBJECTIVES FOR THE ISSUER</th>
<th>KEY ESG INDUSTRY CHALLENGES</th>
<th>CONTRIBUTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainable Agriculture</td>
<td>✓</td>
<td>✓</td>
<td>Contribution to a material objective</td>
</tr>
</tbody>
</table>

Opinion: ISS ESG finds that the Use of Proceeds financed through this bond are consistent with the issuer’s sustainability strategy and material ESG topics for the issuer’s industry. The rationale for issuing Green Bonds is clearly described by the issuer.

PART II: ALIGNMENT WITH ICMA’s GBP

1. Use of Proceeds

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

<table>
<thead>
<tr>
<th>ELIGIBLE PROJECT CATEGORIES</th>
<th>DEFINITIONS AND ELIGIBILITY CRITERIA</th>
<th>OBJECTIVES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic agriculture</td>
<td>Loans granted to farms certified in compliance with the EU &amp; national organic farming regulation, such as “Agriculture biologique” “BioCohérence” and “Demeter” labels. Investments dedicated to specific equipment and/or R&amp;D to support the investments dedicated to specific equipment and/or R&amp;D to support the development of organic agriculture and related inputs. Loans granted to pure player corporates in organic agro-business activities.</td>
<td>Reduction of agricultural inputs and use of environmentally friendly agro-processing modes.</td>
</tr>
<tr>
<td>Forest and protected areas</td>
<td>Sustainable forestry - included afforestation or reforestation – FSC or PEFC certified or equivalent. Investment in protected areas (regional natural parcs). Preservation or restoration of natural landscapes, soil remediation and costal, marine and water environment.</td>
<td>Development and/or adoption of sustainable production practices.</td>
</tr>
<tr>
<td>Renewable energy</td>
<td>Loans or investments to promote use of renewable technology in the agriculture sector, such as solar panels, biomass (methanization) –</td>
<td>Reduction/ Avoidance of GHG emissions via renewable energy production.</td>
</tr>
</tbody>
</table>
Opinion: ISS ESG considers the Use of Proceeds description provided by the issuer Methodology Note for Sustainable Agriculture eligibility criteria as aligned with the GBPs. Environmental benefits are clearly described by the issuer.

2. Process for Project Evaluation and Selection

Group BPCE will select Sustainable Agriculture loans thanks to a specific methodology and selection workflow:

- **Lookback period:**
  - Loans granted no more than 36 months prior to a green bond issuance

- **Eligibility criteria:**
  - Loans granted by the Banques Populaires Network
  - Loans dedicated to Eligible clients (eligible NACE code & juridical category)
  - Loans dedicated to farms achieving at least one of the dedicated sustainable agriculture eligibility criteria

- **Exclusion**
  - Dedicated financings backed by dedicated resources
  - Specific agricultural activities such as tobacco, alcohol, sugar cane... (list of excluded NACE code)

- **Do no harm Sustainability objective**
  - Environmental regulation applicable to sustainable agriculture including environmental impact mitigation: biodiversity, pesticides utilization, land preservation
  - Client risk assessment (based on KYC and LAB internal processes) including business practices’ review: money laundering, corruption, conflict of interest, over indebtedness
  - 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 and labour and human rights conformity and social requirements

Opinion: ISS ESG considers the Process for Project Evaluation and Selection description provided by the issuer’s Methodology Note for Sustainable Agriculture eligibility criteria as aligned with the GBPs. BPCE has defined transparent criteria for projects eligible for Green bond proceeds. Moreover, the issuer is committed to follow E&S risks related to projects and to partially or totally excluded from eligible loans, assets for which any material and critical controversies emerge. The projects selected show alignment with the sustainability strategy of the issuer.

3. Management of Proceeds

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.

i. Sustainable bond issuance done by BPCE, Natixis, Special Purpose Vehicles, BPCE SFH or Compagnie de Financement Foncier, ISIN tagged as sustainable

ii. Treasury collects net proceeds in order to finance or refinance sustainable assets

iii. Introduction of a sustainable flag in treasury systems for eligible facilities and matched with the ISINs of sustainable issuances
iv. Net proceeds are allocated to existing, on-going or future eligible sustainable assets
v. Sustainable proceeds audit trail
vi. 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.

**Opinion:** ISS ESG finds that the Management of Proceeds proposed by the issuer’s Methodology Note for Sustainable Agriculture eligibility criteria as aligned with the GBPs. The pool of financed assets will be monitored on a quarterly basis.

4. Reporting

Two levels of reporting: Group BPCE will publish an annual Allocation and Impact Reporting presented on a portfolio basis

**Allocation Reporting**

- Number and amount of loans granted
- Allocation by geography (%)
- Share of proceeds allocated to financing vs refinancing (%)

**Output & impact Reporting**

During the life of the bond, completion of a study among our farmer customers who benefited from Banques Populaires financing in order to communicate on the contribution of these financings to the improvement of the practices in favor of sustainable agriculture:

<table>
<thead>
<tr>
<th>Activities</th>
<th>Output</th>
<th>Outcome</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description of the customer portfolio</td>
<td>What were the funds used for? For example: Acquisition of equipment</td>
<td>What are the direct impacts of the investments made? For example: Reduction in the use of pesticides / herbicides</td>
<td>What are the global impacts in the medium to long term? For example: Increase in the number of pollinating insects</td>
</tr>
<tr>
<td>Notably: Type of crop</td>
<td>Expansion of the farm</td>
<td>Reduction in water consumption</td>
<td>Replacement of water tables</td>
</tr>
<tr>
<td>Size of the farm</td>
<td>Development work</td>
<td>Reduction of GHG emissions</td>
<td>Mitigation of climate change</td>
</tr>
<tr>
<td>Profile of the farmer</td>
<td>Planting of hedges</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Labels, CAP premiums</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Impact Indicators will be provided on a case by case basis depending on data availability and statistical (where sufficient reliable data exists).

**Opinion:** ISS ESG finds that the reporting proposed by the issuer’s Methodology Note for Sustainable Agriculture eligibility criteria as aligned with the GBPs. The reporting is provided on both allocation and impact, and the frequency is in line with best market practices.

External review

A second party opinion will be provided also for every new Methodology note targeting a new Eligible Loan Category or in case of a substantial change in the use of proceeds for an existing Eligible Loan Category.

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3 Specific arrangements are set in case the issuer consists in a Special Purpose Vehicle or a Covered Bond.
PART III: SUSTAINABILITY QUALITY OF THE ISSUANCE

A. CONTRIBUTION OF THE GREEN BONDS TO THE UN SDGs

Based on the assessment of the sustainability quality of the Green Bonds and using a proprietary methodology, ISS ESG assessed the contribution of the BPCE’s Green Bonds to the Sustainable Development Goals defined by the United Nations (UN SDGs).

This assessment is displayed on a 5-point scale (see Annex 2 for methodology):

- Significant Obstruction
- Limited Obstruction
- No Net Impact
- Limited Contribution
- Significant Contribution

Each of the Green Bonds’ Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

<table>
<thead>
<tr>
<th>USE OF PROCEEDS</th>
<th>CONTRIBUTION OR OBSTRUCTION</th>
<th>SUSTAINABLE DEVELOPMENT GOALS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic Agriculture</td>
<td>Loans granted to farms certified in compliance with the EU &amp; national organic farming regulation</td>
<td>Significant contribution</td>
</tr>
<tr>
<td>Organic Agriculture</td>
<td>Investments dedicated to specific equipment and/or R&amp;D to support the development of organic agriculture and related inputs</td>
<td>Significant contribution</td>
</tr>
<tr>
<td>Organic Agriculture</td>
<td>Loans granted to pure player corporates in organic agrobusiness activities</td>
<td>Significant contribution</td>
</tr>
<tr>
<td>Environmental protection in farms</td>
<td>Loans granted to farms certified with the National label “Haute Valeur Environnementale”</td>
<td>Limited contribution</td>
</tr>
</tbody>
</table>

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8 Corporates with at least 90% of the turnover in organic business.
9 This assessment differs from the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology designed to assess the impact of an issuer’s product and service portfolio on the SDGs.
10 ISS ESG assesses the loans granted to farms certified with the Agriconfiance and HVE labels with a limited contribution as those labels do not include a strict prohibition of synthetic pesticides.
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Sustainability Quality of the Issuer
and Methodology Note for Sustainable Agriculture eligible category

Environmental protection in farms
Loans granted to farms certified with the Agriconfiance label

Environmental protection in farms
Loans granted to farms receiving premiums from European Common Agricultural Policy with Good Agricultural and Environmental Conditions (GAEC) as statutory management requirements

Forest and protected Areas
Sustainable forestry – included afforestation or reforestation – FSC or PEFC certified or equivalent

Forest and protected Areas
Loans granted to protected areas operators (such as natural parks’ operators)

Forest and protected Areas
Preservation or restoration of natural landscapes, soil remediation and costal, marine and water environment

13. This assessment differs from the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology designed to assess the impact of an issuer’s product and service portfolio on the SDGs. According to the European Union, loans granted to farms receiving premiums from European Common Agricultural Policy (with Good Agricultural and Environmental Conditions as statutory management requirements), aim to support a sustainable agriculture. However, according to ISS ESG proprietary methodology, this project category has no net impact on SDGs 2 and 15 as assessments indicate that the GAEC was not effective in limiting fertilizer use and the implementation of conditions were not sufficiently monitored.
B. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH THE ELIGIBLE CATEGORIES

Sustainable Agriculture (Organic agriculture / Environmental protection in farms)

The table below presents the findings of an ISS ESG assessment of the eligible categories (Organic agriculture / Environmental protection in farms) against ISS ESG KPIs.

<table>
<thead>
<tr>
<th>Assessment Against ISS ESG KPI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Soil and biodiversity management in agricultural production</td>
</tr>
<tr>
<td>Soil and biodiversity management are covered by certifications and labels in compliance with the EU &amp; national organic farming regulation. Moreover, both the Agriconfiance, ‘Haute Valeur and Environmentale’ labels and the GAEC(^ {14} ) covers soil and biodiversity management.</td>
</tr>
<tr>
<td>✓ It is worth noting that the Haute Valeur Environnementale (HVE) label, the official French national label for sustainable agriculture included in the eligibility criteria, suffers strong criticisms from non-governmental organizations (NGOs). One of the main criticisms is related to the label’s approach of Plant Protection Products (or pesticides). NGOs consider that the threshold of 30% (calculated as ‘total pesticides bought’ / ‘total revenues of the farm’) is too high, and then not relevant, for most of the actors that could pretend to obtain this certification. However, as of today, the HVE is considered by the French government, as the highest sustainable certification level for non-organic production.</td>
</tr>
<tr>
<td>✓ All the projects financed are / will be located in France where production of GMO is forbidden by law.</td>
</tr>
<tr>
<td>Water conservation in agricultural production</td>
</tr>
<tr>
<td>During the origination process, there are specific data elements that have to be collected relating to water (e.g., whether the asset is located in a water stress region or not). If limited information is available on the influence that such information has in the decision process, it is worth noting that water use is regulated in France, and, particularly, in case of severe droughts.</td>
</tr>
<tr>
<td>✓</td>
</tr>
<tr>
<td>Climate impact of agricultural production</td>
</tr>
<tr>
<td>If limited information is available regarding measures in place that systematically monitor the climate impact of financed assets (e.g., GHG emissions reduction), it is worth noting that, under this framework, the issuer plans to finance solely sustainable agricultural productions that will mostly have a positive climate impact.</td>
</tr>
</tbody>
</table>

\(^ {14} \) Good agricultural and environment conditions (GAEC) are statutory management requirements that have to be respected by farmers to be eligible to CAP aid. Statutory management requirements cover topics such as water pollution, water use, soil management, biodiversity management, retention of landscape features, food safety and animal welfare.
Animal welfare in livestock and poultry farming

Animal welfare in livestock and poultry farming are covered by the certifications / labels in compliance with the EU & national organic farming regulation, by French national legislation and/or by the GAEC.

Food safety management system

Food safety management system is covered by national legislation.

Working conditions

All of the assets are / will be located in France, where high labour and health and safety standards are in place for construction and maintenance work (e.g. ILO core conventions).

Sustainable Forestry

The table below presents the findings of an ISS ESG assessment of the eligible categories (Sustainable Forestry) against ISS ESG KPIs.

<table>
<thead>
<tr>
<th>Conservation and biodiversity management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certifications (FSC and PEFC) ensure that assets financed provide for protection of natural habitat and wildlife. For projects where certifications do not apply (e.g. Preservation or restoration of natural landscapes, soil remediation and costal, marine and water environment) limited information is available regarding whether a system is in place that systematically monitor the protection and management of natural habitat and wildlife of the financed assets.</td>
</tr>
<tr>
<td>Certifications (FSC and PEFC) ensure that assets financed provide for measures to protect biodiversity. For projects where certifications do not apply (e.g. Preservation or restoration of natural landscapes, soil remediation and costal, marine and water environment), limited information is available regarding whether a system is in place that systematically monitor the biodiversity management of the financed assets.</td>
</tr>
<tr>
<td>Certifications (FSC and PEFC) ensure that assets financed provide for measures to reduce impacts on soil. For projects where certifications do not apply (e.g. Preservation or restoration of natural landscapes, soil remediation and costal, marine and water environment) limited information is available regarding whether a system is in place that systematically monitor the impact on soil management of the financed assets.</td>
</tr>
<tr>
<td>All the projects financed are / will be located in France where production of GMO is forbidden by law. Certifications (FSC and PEFC) ensure that the assets financed do not use GMO. KPI only applicable for forestry projects.</td>
</tr>
<tr>
<td>Certifications (FSC and PEFC) ensure that the assets financed provide for high standards regarding the use of chemicals and fertilizers. KPI only applicable for forestry projects.</td>
</tr>
</tbody>
</table>
### Water management (only applicable for plantations)

During the origination process, there are specific data elements that have to be collected relating to water (e.g., whether the asset is located in a water stress region or not). If limited information is available on the influence that such information has in the decision process, it is worth noting that water use is regulated in France, and, particularly, in case of severe droughts.

### Fire management

- All of the assets are / will be located in France, where fire management is covered by national legislation.

### Human rights and local communities

- Certifications (FSC and PEFC) ensure that the assets financed provide for measures to protect human rights and local communities.

- All of the assets are / will be located in France, where high labour and health and safety standards are in place for construction and maintenance work (e.g. ILO core conventions).
DISCLAIMER

1. Validity of the SPO: As long as Groupe BPCE’s Methodology Note for Sustainable Agriculture eligible category remains unchanged.

2. ISS ESG uses a scientifically based rating concept to analyse and evaluate the environmental and social performance of companies and countries. In doing so, we adhere to the highest quality standards which are customary in responsibility research worldwide. In addition, we create a Second Party Opinion (SPO) on bonds based on data from the issuer.

3. We would, however, point out that we do not warrant that the information presented in this SPO is complete, accurate or up to date. Any liability on the part of ISS ESG in connection with the use of these SPO, the information provided in them and the use thereof shall be excluded. In particular, we point out that the verification of the compliance with the selection criteria is based solely on random samples and documents submitted by the issuer.

4. All statements of opinion and value judgements given by us do not in any way constitute purchase or investment recommendations. In particular, the SPO is no assessment of the economic profitability and credit worthiness of a bond but refers exclusively to the social and environmental criteria mentioned above.

5. We would point out that this SPO, in particular the images, text and graphics contained therein, and the layout and company logo of ISS ESG and ISS-ESG are protected under copyright and trademark law. Any use thereof shall require the express prior written consent of ISS. Use shall be deemed to refer in particular to the copying or duplication of the SPO wholly or in part, the distribution of the SPO, either free of charge or against payment, or the exploitation of this SPO in any other conceivable manner.

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ANNEX 1: Methodology

ISS ESG Green KPIs
The ISS ESG Green Bond KPIs serve as a structure for evaluating the sustainability quality – i.e. the social and environmental added value – of the use of proceeds of BPCE’s Green Bonds.

It comprises firstly the definition of the use of proceeds category offering added social and/or environmental value, and secondly the specific sustainability criteria by means of which this added value and therefore the sustainability performance of the assets can be clearly identified and described.

The sustainability criteria are complemented by specific indicators, which enable quantitative measurement of the sustainability performance of the assets and which can also be used for reporting. If a majority of assets fulfill the requirement of an indicator, this indicator is then assessed positively. Those indicators may be tailor-made to capture the context-specific environmental and social risks.

To review the KPIs used in this SPO, please contact Federico Pezzolato (details below) who will send them directly to you.

Environmental and social risks assessment methodology
ISS ESG evaluates whether the assets included in the asset pool match the eligible project category and criteria listed in the Green Bond KPIs.

All percentages refer to the amount of assets within one category (e.g. wind power). Additionally, the assessment “no or limited information is available” either indicates that no information was made available to ISS ESG or that the information provided did not fulfil the requirements of the ISS ESG Green Bond KPIs.

The evaluation was carried out using information and documents provided to ISS ESG on a confidential basis by BPCE (e.g. Due Diligence Reports). Further, national legislation and standards, depending on the asset location, were drawn on to complement the information provided by the issuer.

Assessment of the contribution and association to the SDG
The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method, ISS ESG identifies the extent to which BPCE’s Green Bonds contributes to related SDGs.
ANNEX 2: ISS ESG Corporate Rating Methodology

The following pages contain methodology description of the ISS ESG Corporate Rating.
BPCE SA

Methodology - Overview

The ESG Corporate Rating methodology was originally developed by Institutional Shareholder Services Germany (formerly oekom research) and has been consistently updated for more than 25 years.

ESG Corporate Rating - The ESG Corporate Rating universe, which is currently expanding from more than 8,000 corporate issuers to a targeted 10,000 issuers in 2020, covers important national and international indices as well as additional companies from sectors with direct links to sustainability and the most important bond issuers that are not publicly listed companies.

The assessment of a company’s social & governance and environmental performance is based on approximately 100 environmental, social and governance indicators per sector, selected from a pool of 800+ proprietary indicators. All indicators are evaluated independently based on clearly defined performance expectations and the results are aggregated, taking into account each indicator’s and each topic’s materiality-oriented weight, to yield an overall score (rating). If no relevant or up-to-date company information with regard to a certain indicator is available, and no assumptions can be made based on predefined standards and expertise, e.g. known and already classified country standards, the indicator is assessed with a D-.

In order to obtain a comprehensive and balanced picture of each company, our analysts assess relevant information reported or directly provided by the company as well as information from reputable independent sources. In addition, our analysts actively seek a dialogue with the assessed companies during the rating process and companies are regularly given the opportunity to comment on the results and provide additional information.

Analyst Opinion - Qualitative summary and explanation of the central rating results in three dimensions:
(1) Opportunities - assessment of the quality and the current and future share of sales of a company’s products and services, which positively or negatively contribute to the management of principal sustainability challenges.
(2) Risks - summary assessment of how proactively and successfully the company addresses specific sustainability challenges found in its business activity and value chain, thus reducing its individual risks, in particular regarding its sector’s key issues.
(3) Governance - overview of the company’s governance structures and measures as well as of the quality and efficacy of policies regarding its ethical business conduct.

Norm-Based Research - Severity Indicator - The assessment of companies’ sustainability performance in the ESG Corporate Rating is informed by a systematic and comprehensive evaluation of companies’ ability to prevent and mitigate ESG controversies. ISS ESG conducts research and analysis on corporate involvement in verified or alleged failures to respect recognized standards for responsible business conduct through Norm-Based Research.
Norm-Based Research is based on authoritative standards for responsible business conduct such as the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles for Business and Human Rights and the Sustainable Development Goals.

As a stress-test of corporate disclosure, Norm-Based Research assesses the following:
- Companies’ ability to address grievances and remediate negative impacts
- Degree of verification of allegations and claims
- Severity of impact on people and the environment, and systematic or systemic nature of malpractices
Severity of impact is categorized as Potential, Moderate, Severe, Very severe. This informs the ESG Corporate Rating.

Decile Rank - The Decile Rank indicates in which decile (tenth part of total) the individual Corporate Rating ranks within its industry from 1 (best – company’s rating is in the first decile within its industry) to 10 (lowest – company’s rating is in the tenth decile within its industry). The Decile Rank is determined based on the underlying numerical score of the rating. If the total number of companies within an industry cannot be evenly divided by ten, the surplus company ratings are distributed from the top (1 decile) to the bottom. If there are Corporate Ratings with identical absolute scores that span a division in decile ranks, all ratings with an equal decile score are classified in the higher decile, resulting in a smaller number of Corporate Ratings in the decile below.

Distribution of Ratings - Overview of the distribution of the ratings of all companies from the respective industry that are included in the ESG Corporate Rating universe (company portrayed in this report: dark blue).
SECOND PARTY OPINION
Sustainability Quality of the Issuer
and Methodology Note for Sustainable Agriculture eligible category

BPCE SA

Methodology - Overview

Industry Classification - The social and environmental impacts of industries differ. Therefore, based on its relevance, each industry analyzed is classified in a Sustainability Matrix. Depending on this classification, the two dimensions of the ESG Corporate Rating, the Social Rating and the Environmental Rating, are weighted and the sector-specific minimum requirements for the ISS ESG Prime Status (Prime threshold) are defined (absolute best-in-class approach).

Industry Leaders - List (in alphabetical order) of the top three companies in an industry from the ESG Corporate Rating universe at the time of generation of this report.

Key Issue Performance - Overview of the company's performance with regard to the key social and environmental issues in the industry, compared to the industry average.

Performance Score - The ESG Performance Score allows for cross-industry comparisons using a standardized best-in-class threshold that is valid across all industries. It is the numerical representation of the alphabetic ratings (D+ to A+) on a scale of 0 to 100 with 50 representing the prime threshold. All companies with values greater than 50 are Prime, while companies with values less than 50 are Not Prime. As a result, intervals are of varying size depending on the original industry-specific prime thresholds.

Rating History - Development of the company's rating over time and comparison to the average rating in the industry.

Rating Scale - Companies are rated on a twelve-point scale from A+ to D: A+ - the company shows excellent performance.

D+ - the company shows poor performance (or fails to demonstrate any commitment to appropriately address the topic).

Overview of the range of scores achieved in the industry (light blue) and indication of the grade of the company evaluated in this report (dark blue).

Sources of Information - A selection of sources used for this report is illustrated in the annex.

Status & Prime Threshold - Companies are categorized as Prime if they achieve/exceed the sustainability performance requirements (Prime threshold) defined by ISS ESG for a specific industry (absolute best-in-class approach) in the ESG Corporate Rating. Prime companies are sustainability leaders in their industry and are better positioned to cope with material ESG challenges and risks, as well as to seize opportunities, than their Not Prime peers. The financial materiality of the Prime Status has been confirmed by performance studies, showing a continuous outperformance of the Prime portfolio when compared to conventional indices over more than 14 years.

Transparency Level - The Transparency Level indicates the company's materiality-adjusted disclosure level regarding the environmental and social performance indicators defined in the ESG Corporate Rating. It takes into consideration whether the company has disclosed relevant information regarding a specific indicator, either in its public ESG disclosures or as part of the rating feedback process, as well as the indicator's materiality reflected in its absolute weight in the rating. The calculated percentage is classified in five transparency levels following the scale below.

0% - < 20%: very low
20% - < 40%: low
40% - < 60%: medium
60% - < 80%: high
80% - 100%: very high

For example, if a company discloses information for indicators with a cumulated absolute weight in the rating of 23 percent, then its Transparency Level is "low". A company's failure to disclose, or lack of transparency, will impact a company's ESG performance rating negatively.
ANNEX 3: Quality management processes

SCOPE
BPCE commissioned ISS ESG to compile a Methodology Note for Sustainable Agriculture eligible category SPO. The Second Party Opinion process includes verifying whether the Methodology Note aligns with the GBPs as administered by ICMA and to assess the sustainability credentials of its Green Bonds, as well as the issuer’s sustainability strategy.

CRITERIA
Relevant Standards for this Second Party Opinion
- ICMA GBPs
- ISS ESG KPI set:
  - Sustainable agriculture
  - Sustainable forestry

ISSUER’S RESPONSIBILITY
BPCE’s responsibility was to provide information and documentation on:
- Methodology Note
- Asset pool / Eligibility criteria
- Documentation of ESG risks management at the asset level

ISS ESG’S VERIFICATION PROCESS
ISS ESG is one of the world’s leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS ESG has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

ISS ESG has conducted this independent Second Party Opinion of the Green Bonds to be issued by BPCE based on ISS ESG methodology and in line with the ICMA GBPs.

The engagement with BPCE took place from May to July 2021.

ISS ESG’S BUSINESS PRACTICES
ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behaviour and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.
About ISS ESG SPO

ISS ESG is one of the world’s leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

As part of our Sustainable (Green & Social) Bond Services, we provide support for companies and institutions issuing green bonds, advise them on the selection of categories of projects to be financed and help them to define ambitious criteria.

We assess alignment with external principles (e.g. the ICMA Green / Social Bond Principles), analyse the sustainability quality of the assets and review the sustainability performance of the issuer themselves. Following these three steps, we draw up an independent SPO so that investors are as well informed as possible about the quality of the bond / loan from a sustainability perspective.


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