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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

**Human Development**

Addressing social sustainability challenges through contributions deemed key to human development:

- Healthcare
- Education
- Social Housing
- Sport Economy

**Local Economic Development**

Supporting regional and community development:

- Employment conservation and creation in economically or socially underprivileged areas
- Affordable basic infrastructure
BPCE SUSTAINABLE DEVELOPMENT BOND FRAMEWORK

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.

**Originating entities**
- Regional Banks: Banques Populaires, Caisses d’Epargne
- Branches: CFF, Factor, Lease, Palatine, Natixis SA

**Issuing entities**
- MLT Programs: Banques Populaires, Caisses d’Epargne
- Private Placement: BPCE SA, Natixis SA, SI, Purple (Note, Neu MTN, EMTN)
- Covered Bonds: BPCE SFH, Cie FF, Natixis Pfandbrief
- Securitization: BPCE SA, CFF, Natixis

**Eligible Assets**
- Format: General Obligation Loans, Project Finance Loans
- Type of Clients: Corporates, Retail, Local Authority
- Lookback Period: Financings granted less than three years ago
The Sustainable Development Bond Framework is aligned with the recommendation of the ICMA (Green & Social Bond Principles)

### Use of Proceeds

**GREEN**
- Renewable Energy
- Energy Efficiency
- Green buildings
- Clean transportation
- Sustainable Water management
- Sustainable Waste Management
- Biodiversity Conservation
- Sustainable Agriculture

**SOCIAL**
- Human Development
- Healthcare
- Education
- Social Housing
- Sport Economy
- Local Economic development
- Employment conservation & creation
- Affordable basic infrastructure

### 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 oversees 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:

- **Allocations** by eligible project category and for each bond issue some examples of loans refinanced,
- **Yet to be allocated amount** of cash or cash equivalents;
- **Relevant environmental and/or social key performance indicators** (outputs / impacts),
- **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.
BPCE Sustainable Development Bond Framework

Dedicated governance

Group 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 & Financial Engineering and external ESG experts

<table>
<thead>
<tr>
<th>Strategy &amp; Supervision</th>
<th>Innovation</th>
<th>Dialogue and engagement</th>
</tr>
</thead>
<tbody>
<tr>
<td>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</td>
<td>Steering Groupe BPCE group’s entities sustainable product (loans) innovation process, including how to embed impact and eligibility criteria in product characteristics Definition of new issuance types</td>
<td>Market practice review and dialogue with external stakeholders Support of business initiatives and dialogue with clients</td>
</tr>
</tbody>
</table>

*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
Focus on Social Bonds
**Focus on Social Bond Issuance**

*Eligible Categories*

BPCE’s Sustainable Development Bond Program is aligned with the Social bond Principles (SBP) defined by ICMA for Eligible Loan Categories

<table>
<thead>
<tr>
<th>Eligible Assets</th>
<th>Goals &amp; Benefits</th>
<th>UN SDGs*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare</td>
<td>Contribution to access to healthcare &amp; improvement of healthcare facilities/services and coverage</td>
<td><strong>1</strong> NO POVERTY</td>
</tr>
<tr>
<td>Education</td>
<td>Contribution to access to education and ensure inclusive and equitable quality education and learning opportunities</td>
<td><strong>3</strong> GOOD HEALTH AND WELL-BEING</td>
</tr>
<tr>
<td>Social housing</td>
<td>Contribution to access for more people to adequate, safe and affordable housing</td>
<td><strong>5</strong> GENDER EQUALITY</td>
</tr>
<tr>
<td>Sport Economy</td>
<td>Contribution to underpin and enable sport activities</td>
<td><strong>10</strong> REDUCED INEQUALITIES</td>
</tr>
</tbody>
</table>

**Human Development**

Access to essential and basic services for all

**Local Economic Development**

Contribution to local development and quality of life

| Employment conservation & creation | Job conservation and/or creation, focusing on economically depressed areas, contribution to poverty reduction and economic growth | **1** NO POVERTY |
| Affordable Basic Infrastructure  | Contribution to access to sustainable transport systems and basic infrastructure & improvement of quality of life | **6** DECENT WORK AND ECONOMIC GROWTH |
03
Human Development – Local Economic Development - Methodology Note
Local Economic Development Methodology Note

The hereafter description relates to the “Local Economic Development” Eligible Loans category under Groupe BPCE’s Sustainable Development Bond Program (Social)

Use of Proceeds
- Small & Medium Enterprises and Not-for-profit organizations located within underprivileged areas of the French territory

Management of Proceeds
- Proceeds allocated through intra-group loans
- Eligible pool of assets updated at least yearly
- 3 years look back period
- Audit trail: Eligible projects earmarked within IT System

Reporting
- Eligible asset pool: size, number of loans, geography, type of activities financed
- Impact indicators: Impact indicators provided on a case by case basis
- External assurance: auditor’s report

Selection & Evaluation
- Client risk assessment (based on KYC and LAB internal processes)
- ESG controversies check (sector, client, project) at Loan approval
- Labour and human rights conformity and local requirements
- Business practices review: money laundering, corruption, conflict of interest, over indebtedness policy

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

External review
- Second Party Opinion (SPO)
- Third party audit of proceeds allocation and actual eligibility

UN SDGs* related to sport activities

2 Social Bonds
- Focused on social sustainability and creating a positive contribution to the access to essential and basic services for all and local community development and well-being
  - Local Economic Development
  - Employment conservation and creation
  - Affordable Basic Infrastructure

ESG selection criteria

11 GROUPE BPCE – SUSTAINABLE DEVELOPMENT BOND PROGRAM

* Sustainable Development Goals
Local Economic Development Methodology Note – rationale for the note

Local Economic Development support regional and community development and resilience through financing of small businesses, SMEs*, local authorities and non-profit organizations that seek to benefit people who live and/or work in economically and/or socially disadvantaged areas or communities

<table>
<thead>
<tr>
<th>Eligibility Criteria &amp; Target Populations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Relative Poverty Rate (60% threshold)</strong></td>
</tr>
<tr>
<td>The poverty rate is the ratio of the number of people (in a given age group) whose income falls below the ‘poverty threshold’, which is established at 60% of the median household income for the total population. Measure is relative rather than absolute, and reflects economic disparity, (poverty in Western economies dependent on social context).</td>
</tr>
<tr>
<td>Area (defined by zip code) with a poverty rate in the top third of all areas in metropolitan France</td>
</tr>
<tr>
<td><strong>Unemployment Rate</strong></td>
</tr>
<tr>
<td>Numerator : Number of persons aged between 14 and 70 having declared themselves “unemployed” (regardless of any registration with the employment center)</td>
</tr>
<tr>
<td>Denominator: Labor force which includes employed and unemployed workers.</td>
</tr>
<tr>
<td>Area (defined by zip code) with an unemployment rate in the top third of all areas in metropolitan France</td>
</tr>
<tr>
<td><strong>Business Creation Level</strong></td>
</tr>
<tr>
<td>Numerator : Number of companies created over the last year.</td>
</tr>
<tr>
<td>Denominator : Number of companies at the beginning of the year</td>
</tr>
<tr>
<td>Area (defined by zip code) with a business creation lower than the median of metropolitan France areas as a whole</td>
</tr>
</tbody>
</table>

*Small & Medium Enterprises are defined as corporations with an annual turnover below €10m*
**Local Economic Development Methodology Note**

**Process for selection and evaluation**

Groupe BPCE selects Local Economic Development eligible loans thanks to a specific methodology and selection workflow:

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**Loan pipeline**

<table>
<thead>
<tr>
<th>LED eligible categories</th>
<th>Loans granted to Small &amp; Medium Enterprises with an annual turn-over below €10m or Not for Profit Entities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Look-back period</td>
<td>Loans granted during the last three years prior to any issuance falling under the LED eligible categories</td>
</tr>
</tbody>
</table>
| Exclusions              | Dedicated financings backed by public resources  
                          | Loans granted to Small & Medium Enterprises whose activity belongs to excluded categories (Oil & Gas, mining, tobacco, firearms, etc.) |
| Do no harm sustainability objective |
|                          | **Client risk assessment (based on KYC and LAB internal processes) including**  
                          |   | Business practices’ review: money laundering, corruption, conflict of interest, overindebtness |
|                          | **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 |

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**Eligible pool of loans validated by the Committee**
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 Social Portfolio (including LED assets) on a quarterly basis and that the issued amount remains significantly lower than the nominal of the eligible social portfolio.

- Social bond issuance done by BPCE or Natixis, ISIN tagged as social bond
- Treasury collects net proceeds in order to finance or refinance eligible social loans
- Introduction of a LED flag in treasury systems for eligible facilities and matched with the ISINs of Social Bond issuances
- Net proceeds are allocated to existing, on going or future eligible social loans
- The treasury department may proceed to intragroup loans equal to the issued amount from the main body to originating entities on a pro-rata basis of the eligible assets provided

*Specific arrangements are set in case the issuer consists in a Special Purpose Vehicle or a Covered Bond.*
Local Economic Development Methodology Note
Reporting - Set of allocation & impact indicators

Groupe BPCE will publish an annual Allocation and Impact Reporting presented on an Eligible Loan Portfolio basis

<table>
<thead>
<tr>
<th>Eligible Pool of Loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allocation Reporting</td>
</tr>
<tr>
<td>o Allocations by eligible project category (EUR)</td>
</tr>
<tr>
<td>o Share of Proceeds allocated to financing or refinancing (%)</td>
</tr>
<tr>
<td>o Amount of unallocated proceeds kept in cash and cash equivalents (EUR)</td>
</tr>
<tr>
<td>Output &amp; Impact Reporting</td>
</tr>
<tr>
<td>Loans or Project loans financing</td>
</tr>
<tr>
<td>o Number of loans granted to SMEs and Not for Profit</td>
</tr>
<tr>
<td>o Split by type of economic categories and geography</td>
</tr>
</tbody>
</table>

*Impact Indicators will be provided on a best effort basis depending on data availability and statistical analysis (where sufficient reliable data exists)*

Allocation and outputs & impacts indicators will be disclosed by eligible loans category (i.e. eligible pool of assets) level

Additional indicators may be provided based on publicly available statistics on in France (such as INSEE database)
Human Development – Local Economic Development Methodology Note

External Review - Second party Opinion at methodology note level

Groupe BPCE has appointed Vigeo Eiris as Second Party Opinion on the Local Economic Development methodology note

Vigeo Eiris is of opinion that the Bond considered by Groupe BPCE is aligned with the Social Bond Principles and expresses an overall reasonable\textsuperscript{4} assurance (our highest level of assurance) on the Issuer’s commitments and the Bond’s contribution to sustainability.
Appendices
Local Economic Development Methodology Note

Excluded NACE* Codes

Several NACE Codes are excluded from Eligible assets categories in order not to include within the LED Eligible Portfolio assets related to the following industries:

- Tobacco
- Mining
- Oil&Gas
- Defense

The complete list of excluded sectors is available on Groupe BPCE’ Investors website:

https://groupebpce.com/investisseurs/dette/obligations-sociales

*NACE: The NACE codes are the European Industry-standard classification system