

SECOND PARTY OPINION¹

ON THE SUSTAINABILITY OF GROUPE BPCE'S SUSTAINABLE DEVELOPMENT BOND PROGRAMME²

April 2020

SCOPE

Groupe BPCE (the "Issuer") launched a "Sustainable Development Bond Programme" (the "Programme") aiming at edging the potential forthcoming Green and/or Social Bond issuances³. Groupe BPCE has formalised its Programme in a Framework (the "Framework") to drive transparency and coherence to its issuances. The initial Framework was published in July 2018 and was revised in April 2020. This Framework includes broad definitions of Eligible Loan Categories and will be complemented by Methodology Notes that will describe the main characteristics of each type of Bond to be issued under the Programme.

Vigeo Eiris was commissioned to provide an independent opinion on the sustainability credentials and management of the Programme of Groupe BPCE, according to our Environmental, Social and Governance ("ESG") exclusive assessment methodology, and on the alignment with the International Capital Market's Green Bond Principles and Social Bonds Principles (respectively GBP and SBP, together referred to as the "Principles"), both edited in June 2018.

The opinion is based on the review of the Programme, consisting in the assessment of the coherence between the Programme and the Issuer's sustainability commitments and in the evaluation of the Programme's alignment with the Principles.

Our sources of information include information provided from the Groupe BPCE, from documents provided by Groupe BPCE, and was complemented with interviews with involved departments and managers held at the Issuer's headquarters in Paris (France) in 2018 and via teleconference.

We carried out our due diligence assessment on the update of the Framework in April 2020. We consider that we were provided with access to all the appropriate documents we solicited. To this purpose we used our reasonable efforts to verify such data accuracy.

VIGEO EIRIS' OPINION

Vigeo Eiris is of the opinion that the Sustainable Development Bond Programme of Groupe BPCE is aligned with the four core components of the Green and Social Bond Principles 2018.

We express a reasonable assurance⁴ (our highest level of assurance) on the Issuer's commitments and on the Programme's contribution to sustainability.

The Issuer has described the main characteristics of the Programme within its formalised Sustainable Development Bond Programme Framework which covers the four core components of the GBP 2018 (the last updated version was provided to Vigeo Eiris on April 29th, 2020). The Issuer has committed to make this document publicly accessible on Groupe BPCE's website,⁵ in line with good market practices.

We are of opinion that the Programme is coherent with Groupe BPCE's main sustainability priorities and sector issues and that it contributes to achieving the Issuer's sustainability commitments and targets.

Use of Proceeds

- ▶ The net proceeds of Groupe BPCE's Green and/or Social Bonds to be potentially issued under this Programme will be used to finance or refinance, in whole or in part, existing or future loans granted to fourteen Eligible Loan Categories.

¹ This opinion is to be considered as the "Second Party Opinion" described in the GBP voluntary guidelines (June 2018 Edition) edited by the International Capital Market Association (www.icmagroup.org).

² The "Sustainable Development Bond Programme" is to be considered as the Programme applicable to potential forthcoming Green and/or Social bond issuances.

³ The "Green Bond", "Social Bond" are to be considered as the bonds to be potentially issued, subject to the discretion of the Issuer. The name "Green Bond", "Social Bond" has been decided by the Issuer: it does not imply any opinion from Vigeo Eiris.

⁴ Definition of Vigeo Eiris' scales of assessment (as detailed in the Methodology section):

- Level of Evaluation: Advanced, Good, Limited, Weak.
- Level of Assurance: Reasonable, Moderate, Weak.

⁵ <https://groupebpce.com/en/investors/funding/green-bonds>

- ▶ The Eligible Loan Categories included in the Issuer's Framework are considered generally defined in the Framework, as they do not specify in detail the types of projects to be financed, nor the eligibility criteria. However, Vigeo Eiris values Groupe BPCE's commitment to define in the Methodology Notes to be drafted for each Eligible Loan Category, the associated eligibility criteria, the environmental and/or social objectives and benefits and their contribution to the United Nations Sustainable Development Goals (the "UN SDGs") and targets. Similarly, Vigeo Eiris acknowledges Groupe BPCE's commitment to assess and, where feasible, quantify the expected environmental and/or social benefits of the Eligible Loans.
- ▶ The Eligible Loan Categories are intended to contribute to three main environmental objectives (Climate change mitigation, Pollution prevention and control and Biodiversity conservation) and to seven social objectives (Access to healthcare, Access to quality education, Access to affordable housing, Social inclusion, Employment generation, Socio economic advancement and empowerment, Affordable basic infrastructure). These objectives are formalised in the Framework and considered clearly defined and relevant.
- ▶ The Eligible Loan Categories are likely to contribute to fourteen of the United Nations' Sustainable Development Goals ("SDGs"), namely: Goal 1. No poverty; Goal 3. Good Health and Well-being; Goal 4. Quality Education; Goal 5. Gender Equality; Goal 6. Water and Sanitation; Goal 7. Affordable and Clean energy; Goal 8. Decent work and economic growth; Goal 9. Industry, Innovation and Infrastructure; Goal 10. Reduced inequalities; Goal 11. Sustainable Cities and Communities; Goal 12. Responsible Consumption and Production; Goal 13. Climate Action; Goal 14. Life Below Water; and Goal 15. Life on Land. Of note, Vigeo Eiris will assess in detail the likely contribution of Eligible Loan Categories to specific UN SDGs objectives and targets in the SPOs covering every new Methodology Note.
- ▶ In case of refinancing, the Issuer has committed to disclose the look-back period in the Methodology Notes of the Green/Social Bond issuances and the refinancing share in the annual reporting of each issuance. An area for improvement is to commit to disclose the refinancing share before or at the issuance date.

Process for Projects Evaluation and Selection

- ▶ The governance of the Programme is transparent and clearly defined. The process for loans' evaluation and selection will rely on explicit selection and exclusion criteria. We value Groupe BPCE's commitment to clearly define a dedicated evaluation and selection process and criteria for each Eligible Loan Category in dedicated Methodology Notes.
- ▶ The identification and management of environmental and social risks associated with the Eligible Loans is considered good. Groupe BPCE has committed to provide the specific details on the identification, management and control of ESG risks in the Methodology Notes that will be drafted for each Eligible Loan Category.

Management of Proceeds

- ▶ The rules for the management of proceeds are clearly defined and will be verified. We consider that they would enable a documented and transparent allocation process.

Reporting

- ▶ Groupe BPCE's reporting commitments are good, covering both the process, funds allocation and the environmental and social benefits of the Eligible Loan Categories.

Groupe BPCE's Green and/or Social Bond issuances will be supported by the following external reviews:

- Pre-issuance consultant reviews: Second Party Opinions delivered by Vigeo Eiris on the sustainability credentials and management of the Programme and of the associated Bonds (as necessary), based on pre-issuance commitments and covering all features of the Programme and the Bond(s). The Issuer commits to publish the hereby SPO as well as the SPOs covering every new Methodology note or substantial changes in the use of proceeds for an existing Eligible Loan Category on its website.
- An annual verification: An external verification performed by a third-party auditor, covering (i) the actual allocation of proceeds to Eligible Loans and their alignment with the eligibility criteria defined in each relevant Methodology note, (ii) the management of proceeds and pending cash allocation, annually and until the Bond's full allocation and in case of any material change.

This Second Party Opinion is based on the review of the information provided by the Issuer, according to our exclusive assessment methodology and to the GBP & SBP voluntary guidelines (June 2018). The Groupe BPCE acknowledges that in case of changes of such standards and market practices and expectations, VIGEO EIRIS shall exclude any liability regarding the use of the concerned Second Party Opinion and its compliance with then-current standards and market practices and expectations.

Paris, April 29th, 2020

Project team

Maria Juliana ORTIZ
Sustainability Consultant

Noémie WAPLER
Sustainability Consultant
Project Manager

Emilie BERAL
*Executive Director –
Issuer Business Unit*
Supervisor

For more information, contact:

Sustainable Finance Team
VEsustainablefinance@vigeo-eiris.com

Disclaimer

Transparency on the relation between Vigeo Eiris and the Issuer: Vigeo Eiris has executed 9 audit and consultancy missions for Groupe BPCE and its subsidiaries over the past 5 years. One entity belonging to Groupe BPCE is a shareholder of Vigeo Eiris (Crédit Coopératif, owning 0.08%).

This opinion aims at providing an independent opinion on the sustainability credentials and management of the Bond Programme, based on the information which has been made available to Vigeo Eiris. Vigeo Eiris has neither interviewed stakeholders out of the Issuer's employees, nor performed an on-site audit nor other test to check the accuracy of the information provided by the Issuer. The accuracy, comprehensiveness and trustworthiness of the information collected are a responsibility of the Issuer. The Issuer is fully responsible for attesting the compliance with its commitments defined in its policies, for their implementation and their monitoring. The opinion delivered by Vigeo Eiris neither focuses on the financial performance of the Bond Programme, nor on the effective allocation of its proceeds. Vigeo Eiris is not liable for the induced consequences when third parties use this opinion either to make investments decisions or to make any kind of business transaction.

Restriction on distribution and use of this opinion: The deliverables remain the property of Vigeo Eiris. The draft version of the Second Party Opinion by Vigeo Eiris is for information purpose only and shall not be disclosed by the client. Vigeo Eiris grants the Issuer all rights to use the final version of the Second Party Opinion delivered for external use via any media that the Issuer shall determine in a worldwide perimeter. The Issuer has the right to communicate to the outside only the Second Party Opinion complete and without any modification, that is to say without making selection, withdrawal or addition, without altering it in any way, either in substance or in the form and shall only be used in the frame of the contemplated concerned bond(s) issuance. The Issuer acknowledges and agrees that Vigeo Eiris reserves the right to publish the final version of the Second Party Opinion on Vigeo Eiris' website and on Vigeo Eiris' internal and external communication supporting documents.

DETAILED RESULTS

ISSUANCE

Coherence of the Programme

We are of opinion that the Programme is coherent with Groupe BPCE's main sustainability priorities and sector issues and that it contributes to achieving the Issuers' sustainability commitments and targets.

Mobilising the banking sector is key to the achievement of the United Nations Sustainable Development Goals and the Paris Agreement. The sector plays a significant role in closing the existing financial gap to make progress towards sustainable development. A major challenge for the development of effective sustainable financial products and services is the integration of environmental and social factors in the core of financial instruments.

Groupe BPCE, one of the largest banking groups in France, has formalised its commitments towards Corporate Social Responsibility in its "TEC 2020" strategic plan, by setting objectives and commitments to become the reference for green and responsible growth. These include:

The Cooperative and CSR Commitments:

- Strengthening of relationships with cooperative shareholders and stakeholders.
- Drawing up transparent sector-specific policies and integrating ESG criteria into credit policies.
- Professional deontology: Code of Ethics/Code of Behaviour.
- Societal responsibility of banks via the ISO 26000 approach - increase from 7 to 14 the number of establishments certified according to ISO 26000 standards.

The Commitments to customers and local communities:

- Contribute to regional ecosystems: local general interest initiatives, innovation, active sponsorship and socially responsible purchasing – increase from 7 to 14 the Group sites labelled as "Responsible Customer Relations and Purchasing".
- Access to financial services: vulnerable customers, individuals suffering from disabilities, protected persons.
- Prevention of over-indebtedness.
- Remaining leader in microcredit solutions with supportive measures.

A Commitment to green growth:

- Increase Energy Transition funding – more than EUR 10 billion.
- Development of responsible saving, namely SRI – more than EUR 35 billion in responsible saving.
- Develop an ambitious Green and Social Bond policy – 2 Bond issuances per year for the next 3 years.
- Reduce by 10% the Group's CO₂ emissions to improve the Group's carbon footprint (-3.5% per FTE and per year over the period).

In addition, the banks belonging to the Group are signatories of the United Nations Global Compact, and Natixis has signed up to the Equator Principles and United Nations Principles for Responsible Investment. Moreover, since 2019, Natixis has been implementing a Green Weighting Factor⁶ mechanism designed to factor in environmental risks and favour those deals with potential to have a positive impact on the climate and the environment compared to other financings.

By creating a Sustainable Development Bond Programme to issue Green and Social Bonds, Groupe BPCE coherently aligns with its sustainability strategy and commitments and it addresses the main issues of the sector in terms of sustainable development.

⁶ https://www.natixis.com/natixis/upload/docs/application/pdf/2019-09/190923_green_weighting_factor_rollout_natixis_pr.pdf.

Use of proceeds

The net proceeds of Groupe BPCE's Green and/or Social Bonds to be potentially issued under this Programme will be used to finance or refinance, in whole or in part, existing or future loans granted to fourteen Eligible Loan Categories.

The Eligible Loan Categories included in the Issuer's Framework are considered generally defined in the Framework, as they do not specify in detail the types of projects to be financed, nor the eligibility criteria. However, Vigeo Eiris values Groupe BPCE's commitment to define in the Methodology Notes to be drafted for each Eligible Loan Category, the associated eligibility criteria, the environmental and/or social objectives and benefits and their contribution to the United Nations Sustainable Development Goals (the "UN SDGs") and targets. Similarly, Vigeo Eiris acknowledges Groupe BPCE's commitment to assess and, where feasible, quantify the expected environmental and/or social benefits of the Eligible Loans.

The Eligible Loan Categories are intended to contribute to three main environmental objectives (Climate change mitigation, Pollution prevention and control and Biodiversity conservation) and to seven social objectives (Access to healthcare, Access to quality education, Access to affordable housing, Social inclusion, Employment generation, Socio economic advancement and empowerment, Affordable basic infrastructure). These objectives are formalised in the Framework and considered clearly defined and relevant.

In case of refinancing, the Issuer has committed to disclose the look-back period in the Methodology Notes of the Green/Social Bond issuances and the refinancing share in the annual reporting of each issuance. An area for improvement is to commit to disclose the refinancing share before or at the issuance date.

- **Green bonds**

The Eligible Green Categories are considered generally defined. The environmental objectives are clearly defined and relevant. The environmental benefits are clear and relevant. The Issuer commits to clearly define the eligibility criteria and the specific associated benefits of each Eligible Loan Category in dedicated Methodology Notes.

Groupe BPCE Framework		Environmental objectives and benefits
Green Bonds - Eligible Loan Categories	Definition and eligibility criteria	
Renewable Energy	Loans in the renewable energy sector and for the development, construction, operation and maintenance of renewable energy projects, including but not limited to solar and wind projects	Climate change mitigation -- <i>Renewable Energy Production</i> <i>Avoidance of GHG emissions</i>
Energy Efficiency	Loans for the development, construction, operation and maintenance of energy efficiency projects	Climate change mitigation -- <i>Energy savings</i>
Green Buildings	Loans or investments for the construction and retrofit of new, existing or refurbished green buildings	Climate change mitigation -- <i>Energy savings</i>
Sustainable Water Management	Loans for the development, construction, operation and maintenance of sustainable water management projects	Pollution prevention and control -- <i>Recycling of water</i>
Clean transportation	Loans for clean transport vehicles, equipment and infrastructure, including public and private transportation projects	Climate change mitigation -- <i>Contribute to improve air quality and quality of life</i>
Sustainable Waste Management	Loans for the development, construction, operation and maintenance of sustainable waste management projects	Pollution prevention and control -- <i>Recycling of waste</i>
Sustainable agriculture and fishery	Loans for the development, construction, operation and maintenance of Sustainable agriculture and fishery projects	Biodiversity conservation -- <i>Conservation of terrestrial and aquatic biodiversity</i>
Biodiversity conservation	Refinancing of loans for the development, construction, operation and maintenance of biodiversity conservation projects	Biodiversity conservation -- <i>Conservation of terrestrial and aquatic biodiversity</i>

- **Social bonds – Human Development**

The Eligible Social Categories (linked to Human Development) are considered generally defined. The social objectives are clearly defined and relevant. The social benefits are clear and relevant. The Issuer commits to clearly define the eligibility criteria, the specific associated benefits and the target populations of each Eligible Loan Category in dedicated Methodology Notes.

Groupe BPCE Framework		Social objectives and benefits
Social Bonds - Eligible Loan Categories	Definition and eligibility criteria	
Healthcare	Loans to customers with sectoral activity codes related to healthcare, with potential geo-scoring, including but not limited to hospitals and healthcare facilities	<p>Access to healthcare</p> <p>--</p> <p><i>Improvement of healthcare facilities/services and healthcare coverage</i></p>
Education	Loans to customers or projects with sectoral activity codes related to education, with potential geo-scoring, including but not limited to primary and secondary education, adult learning and continuing education	<p>Access to quality education</p> <p>--</p> <p><i>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for more people</i></p>
Social Housing	Loans to customers or projects with sectoral activity codes related to social housing and loans promoting social ownership	<p>Access to affordable housing</p> <p>--</p> <p><i>Ensure access for more people to adequate, safe and affordable housing</i></p>
Social Inclusion	Loans to customers or projects with sectoral activity codes related to social inclusion (activities with a social purpose but excluding healthcare, education and social housing), with potential geo-scoring Including, but not limited to, loans to customers or projects with sectoral activity codes related to sport (coaching, teaching) or financing sport infrastructures providing Social inclusion benefits	<p>Social inclusion</p> <p>--</p> <p><i>Ensure access for more people to other basic social services</i></p>

- **Social bonds – Local Economic Development**

The definitions of the Eligible Social Categories (linked to Local Economic Development) are considered generally defined. The social objectives are clearly defined and relevant. The social benefits are clear and relevant. The Issuer commits to clearly define the eligibility criteria, the specific associated benefits and the target populations of each Eligible Loan Category in dedicated Methodology Notes.

Groupe BPCE Framework		Social objectives and benefits
Social Bonds - Eligible Loan Categories	Definition and eligibility criteria	
Employment conservation and creation	Loans to customers or projects with geo-scoring of areas with high unemployment/low income/low job creation, with potential targeting of specific sectoral activity codes	<p>Employment generation and Socio economic advancement and empowerment</p> <p>--</p> <p><i>Facilitate job conservation or creation, revitalise economically depressed areas and reduce poverty</i></p>
Affordable Basic Infrastructure	Loans to customers or projects aiming at the improvement of community infrastructure (public transportation, etc.)	<p>Affordable basic infrastructure</p> <p>--</p> <p><i>Improve quality of life in particular in densely populated urban areas and local communities</i></p>

The Eligible Loan Categories are likely to contribute to fourteen of the United Nations’ Sustainable Development Goals (“SDGs”), namely: Goal 1. No poverty; Goal 3. Good Health and Well-being; Goal 4. Quality Education; Goal 5. Gender Equality; Goal 6. Water and Sanitation; Goal 7. Affordable and Clean energy; Goal 8. Decent work and economic growth; Goal 9. Industry, Innovation and Infrastructure; Goal 10. Reduced inequalities; Goal 11. Sustainable Cities and Communities; Goal 12. Responsible Consumption and Production; Goal 13. Climate Action; Goal 14. Life Below Water; and Goal 15. Life on Land.



Of note, Vigeo Eiris will assess in detail the likely contribution of Eligible Loan Categories to specific UN SDGs objectives and targets in the SPOs covering every new Methodology Note.

Green or Social Category	Eligible Loan Categories	UN SDGs identified
Green Bonds	Renewable Energy	SDG 7. Affordable and Clean Energy
		SDG 13. Climate Action
	Energy Efficiency	SDG 7. Affordable and Clean Energy
		SDG 13. Climate Action
	Green Buildings	SDG 7. Affordable and Clean Energy
		SDG 9. Industry, Innovation and Infrastructure
		SDG 13. Climate Action
	Sustainable Water Management	SDG 6. Clean Water and Sanitation
	Clean transportation	SDG 7. Affordable and Clean Energy
		SDG 13. Climate Action
Sustainable Waste Management	SDG 11. Sustainable Cities and Communities	
	SDG 12. Responsible Consumption and Production	
Sustainable agriculture and fishery	SDG 14. Life below Water	
	SDG 15. Life on Land	
Biodiversity conservation	SDG 14. Life below Water	
	SDG 15. Life on Land	
Social Bonds - Human Development	Healthcare	SDG 3. Good Health and Well-Being
	Education	SDG 4. Quality Education
	Social Housing	SDG 11. Sustainable Cities and Communities
		SDG 1. No Poverty

Green or Social Category	Eligible Loan Categories	UN SDGs identified
	Social Inclusion	SDG 3. Good Health and Well-Being
		SDG 10. Reduced Inequalities
		SDG 11. Sustainable Cities and Communities
Social Bonds – Local Economic Development	Employment conservation and creation	SDG 1. No Poverty
		SDG 5. Gender Equality
		SDG 8. Decent Work and Economic Growth
		SDG 10. Reduced Inequalities
	Affordable Basic Infrastructure	SDG 9. Industry, Innovation and Infrastructure
		SDG 11. Sustainable Cities and Communities

Process for Project Evaluation and Selection

The governance of the Programme is transparent and clearly defined. The process for loans' evaluation and selection will rely on explicit selection and exclusion criteria. We value Groupe BPCE's commitment to clearly define a dedicated evaluation and selection process and criteria for each Eligible Loan Category in dedicated Methodology Notes.

The governance of the Programme is reasonably structured, transparent and clearly defined. It is based on relevant internal and external expertise with well-defined roles and responsibilities:

- Groupe BPCE has created a Sustainable Development Bond Governance Committee with participation from ESG, business development and finance teams of the Group's regional banks and Natixis, Head of MLT Funding & Investor relations, Head of Asset and Liability Management (ALM), Head of Portfolio Management & Financial Engineering (PMIF) and of external ESG experts.
- The Sustainable Development Bond Governance Committee ("the Committee") is in charge of:
 1. Definition and supervision of the Sustainable Development Bond issuance policy, including:
 - Issuance targets of sustainable development bonds 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 of the Green and Social bonds issued under this Framework.
 2. Innovation:
 - Steering BPCE group's entities sustainable product (loans) innovation process, including how to embed impact and eligibility criteria in products characteristics and define and / or update new issuance types.
 3. Stakeholders' dialogue and engagement:
 - Market practice review and dialogue with external stakeholders (non-financial rating agencies, experts),
 - Sponsorship of initiatives with a focus on impact metrics and training.
 4. Definition and update of the Framework and Methodology Notes.
 5. Eligible asset pool identification, selection & allocation, monitoring, data collection and reporting, verification of compliance with selection and exclusion criteria.
 6. Mandate and coordination of external reviews (SPO and Audit).
 7. Coordination of internal stakeholders.

The verification and traceability are ensured throughout the process:

- The Sustainable Development Bond Governance Committee will meet quarterly to verify if all loans in the Programme continue to comply with the eligibility criteria established under each Methodology Note, and meeting minutes will be created to ensure decision traceability.
- 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. These committees may involve teams such as Group PMIF Department, ALM Department or Funding Department. The ad-hoc committees will also be in charge of making sure that the selection criteria and the exclusions are duly applied.

The issuer has committed to clearly define selection and exclusion criteria in the Methodology Notes to be drafted for each Eligible Loan Category and to externally verify the relevance and quality of these criteria.

At Programme level, the process relies on explicit exclusion criteria:

- Exclusion of all activities related to mining (including coal), oil & gas, defence, tobacco and nuclear activities.
- If any material and critical controversies emerge in relation to a specific asset, the company commits to substitute that asset with an alternative eligible asset.
- Exclusion of loans flagged as partially or totally as pledged assets for other funding sources such as European Investment Bank or Council of Europe Development Bank, Caisse de Dépôts et Consignations for instance, in order to avoid double counting.

The identification and management of environmental and social risks associated with the Eligible Loans is considered good. Groupe BPCE has committed to provide the specific details on the identification, management and control of Environmental, Social and Governance risks in the Methodology Notes that will be drafted for each Eligible Loan Category.

Groupe BPCE has committed to establishing dedicated ESG criteria in the Methodology Notes for each Eligible Loan Category to identify relevant regulation, supporting elements and assessment documents that will allow to monitor that the risks identified are appropriately managed by the beneficiaries of the loans. An area for improvement is to integrate ESG factors in the credit granting procedures of the Bank, externally verifying the quality and relevance of the adopted ESG criteria and formalising the related processes in the Programme Framework.

Management of proceeds

The rules for the management of proceeds are clearly defined and will be verified. We consider that they would enable a documented and transparent allocation process.

The process for allocation and management of the proceeds is clearly defined:

- The net proceeds of the potential Bonds will be managed within the Central Treasury function of BPCE in a dedicated way without fungibility with other sources of wholesale funding. Specific arrangements are set in case the issuer consists in a Special Purpose Vehicle or a Covered Bond. The allocation will be appropriately tracked using an internal system, ensuring that no fungibility with other sources of wholesale funding takes place.
- Groupe BPCE has committed to allocate the proceeds to Eligible Loans within a maximum of 2 years after the issuance of a specific green or social bond, in line with market practices. Unallocated proceeds (pending allocation or reallocation) will be kept in cash or cash equivalents and will not be invested in loans to clients who participate in activities explicitly excluded in the Framework (mining – including coal, oil & gas, defence, tobacco and nuclear activities).

The Issuer has committed to define a maximum reallocation period in the Methodology Notes that will be drafted for each Eligible Loan Category in case of divestment or if a loan fails to comply with the eligibility criteria in order to replace it with another loan respecting the eligibility criteria.

Traceability and verification are ensured throughout the process:

- Groupe BPCE has committed to update and screen the virtual asset pool of eligible assets and the earmarked eligible assets at least once a year for normal or early repayment as well as for sectoral exclusions and any other exclusions. Eligible assets from the updated virtual pool will be added to the pool of earmarked eligible assets if needed.
- Groupe BPCE has committed to an independent third-party verification of the tracking and allocation of proceeds once a year and until maturity of the Bonds.

Monitoring & Reporting

Groupe BPCE's reporting commitments are good, covering both the process, funds allocation and the environmental and social benefits of the Eligible Loan Categories.

The Issuer has committed to clearly define the process for monitoring and reporting in the Methodology Notes that will be drafted for each Eligible Loan Category.

Groupe BPCE has committed that the process will rely on relevant internal expertise and departments:

- The Portfolio Management & Financial Engineering function will be responsible for producing the report relying on data provided by relevant departments for each specific Eligible Loan Category.
- The Sustainable Development Bond Governance Committee will validate the report.

The Issuer commits to annually and transparently report on the Programme through dedicated Sustainable Development Bond Programme Reports, as long as the Bonds are outstanding. These Reports will be publicly available on Groupe BPCE's website for Green Bonds⁷ and for Social Bonds.⁸

The Issuer has committed to transparently communicate at Eligible Loan Category level, on:

- The allocation of proceeds (in line with confidentiality practices):

Table 1. Use of proceeds reporting indicators

Reporting indicators
- A brief description of some example of loans refinanced under each Eligible Loan Category (i.e. technology type, location and operational date)
- Aggregate amount of proceeds allocated, and number of loans granted for each Eligible Loan Category
- Total amount of unallocated proceeds in cash and cash equivalents
- Share of proceeds allocated to financing or refinancing (%)

- Environmental and/or social benefits (outputs and/or impacts), based on selected indicators that will be defined within the dedicated Methodology Notes, including the associated calculations' methodologies and assumptions.

Groupe BPCE will appoint an external auditor to verify on an annual basis, and until bond maturity, the bonds proceeds allocation. An area for improvement is to commit to an external verification of the data used to report on the environmental and social benefits of the bonds.

⁷ <https://www.groupebpce.fr/en/Investors/Funding/Green-bonds>

⁸ <https://www.groupebpce.fr/en/Investors/Funding/Social-bonds>

METHODOLOGY

In Vigeo Eiris' view, Environmental, Social and Governance (ESG) factors are intertwined and complementary. As such they cannot be separated in the assessment of ESG management in any organization, activity or transaction. In this sense, Vigeo Eiris writes an opinion on the Issuer's Corporate Social Responsibility as an organization, and on the process and commitments applying to the intended issuance.

Vigeo Eiris' methodology for the definition and assessment of the corporation's ESG performance is based on criteria aligned with public international standards, in compliance with the ISO 26000 guidelines, and is organized in 6 domains: Environment, Human Resources, Human Rights, Community Involvement, Business Behaviour and Corporate Governance. Our evaluation framework of the material ESG issues have been adapted, based on the specificities of the Issuer's business activity.

Our research and rating procedures are subject to internal quality control at three levels (analysts, heads of cluster sectors, and internal review by the audit department for second party opinions) complemented by a final review and validation by the Director of Methods. Our SPO are also subject to internal quality control at three levels (consultants in charge of the mission, Production Manager, and final review and validation by the Director of Sustainable Finance and/or the Director of Methods. A right of complaint and recourse is guaranteed to all companies under our review, following three levels: first, the team in contact with the company, then the Director of Methods, and finally Vigeo Eiris' Scientific Council.

All employees are signatories of Vigeo Eiris' Code of Conduct, and all consultants have also signed its add-on covering financial rules of confidentiality.

ISSUANCE

The Framework has been evaluated by Vigeo Eiris according to the GBP & SBP 2018 and on our methodology based on international standards and sector guidelines applying in terms of ESG management and assessment.

Use of proceeds

The definition of the Eligible Projects and of their sustainable objectives and benefits are a core element of Green/Social/Sustainable Bonds or Loans standards. Vigeo Eiris evaluates the definition of the Eligible Categories, as well as the definition and the relevance of the aimed sustainability objectives. We evaluate the definition of the expected benefits in terms of assessment and quantification. In addition, we evaluate the potential contribution of Eligible Projects to the United Nations Sustainable Development Goals' targets.

Process for evaluation and selection

The evaluation and selection process has been assessed by Vigeo Eiris on its transparency, governance and relevance. The eligibility criteria have been assessed on their explicitness and relevance vs. the intended objectives of the Eligible Projects. The identification and management of the ESG risks associated with the Eligible Projects are analysed based Vigeo Eiris' ESG assessment methodology, international standards and sector guidelines applying in terms of ESG management and assessment.

Management of proceeds

The rules for the management of proceeds and the allocation process are evaluated by Vigeo Eiris on their transparency, coherence and efficiency.

Reporting

Monitoring process and commitments, Reporting commitments, reporting indicators and methodologies are defined by the Issuer to enable transparent reporting on the proceeds allocation and tracking, on the sustainable benefits (output and impact indicators) and on the responsible management of the Eligible Projects financed. Vigeo Eiris has evaluated the reporting based on its transparency and relevance.

VIGEO EIRIS' ASSESSMENT SCALES

Performance evaluation	
Advanced	Advanced commitment; strong evidence of command over the issues dedicated to achieving the objective of social responsibility. Reasonable level of risk management and using innovative methods to anticipate emerging risks.
Good	Convincing commitment; significant and consistent evidence of command over the issues. Reasonable level of risk management.
Limited	Commitment to the objective of social responsibility has been initiated or partially achieved; fragmentary evidence of command over the issues. Limited to weak level of risk management.
Weak	Commitment to social responsibility is non-tangible; no evidence of command over the issues. Level of insurance of risk management is weak to very weak.

Level of assurance	
Reasonable	Able to convincingly conform to the prescribed principles and objectives of the evaluation framework
Moderate	Compatibility or partial convergence with the prescribed principles and objectives of the evaluation framework
Weak	Lack or unawareness of, or incompatibility with the prescribed principles and objectives of the evaluation framework



Vigeo Eiris is an independent international provider of environmental, social and governance (ESG) research and services for investors and public & private organizations. We undertake risk assessments and evaluate the level of integration of sustainability factors within the strategy and operations of organizations.

Vigeo Eiris offers a wide range of services:

- ▶ **For investors:** decision making support covering all sustainable and ethical investment approaches (including ratings, databases, sector analyses, portfolio analyses, structured products, indices and more).
- ▶ **For companies & organizations:** supporting the integration of ESG criteria into business functions and strategic operations (including sustainable bonds, corporate ratings, CSR evaluations and more).

Vigeo Eiris is committed to delivering client products and services with high added value: a result of research and analysis that adheres to the strictest quality standards. Our methodology is reviewed by an independent scientific council and all our production processes, from information collection to service delivery, are documented and audited. Vigeo Eiris has chosen to certify all its processes to the latest ISO 9001 standard. Vigeo Eiris is an approved verifier for CBI (Climate Bond Initiative). Vigeo Eiris' research is referenced in several international scientific publications.

With a team of more than 240 experts of 28 different nationalities, Vigeo Eiris is present in Paris, London, Brussels, Casablanca, Hong Kong, Milan, New York, Rabat and Santiago de Chile.

The Vigeo Eiris Global Network, comprising 4 exclusive research partners, is present in Brazil, Germany, Israel and Japan.

For more information: www.vigeo-eiris.com

Disclaimer

© 2020 Vigeo SAS and/or its licensors and subsidiaries (collectively, "Vigeo Eiris"). All rights reserved.

Vigeo Eiris provides its customers with data, information, research, analyses, reports, quantitative model-based scores, assessments and/or other opinions (collectively, "Research") with respect to the environmental, social and/or governance ("ESG") attributes and/or performance of individual issuers or with respect to sectors, activities, regions, stakeholders, states or specific themes.

VIGEO EIRIS'S RESEARCH DOES NOT ADDRESS NON-ESG FACTORS AND/OR RISKS, INCLUDING BUT NOT LIMITED TO: CREDIT RISK, LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. VIGEO EIRIS'S RESEARCH DOES NOT CONSTITUTE STATEMENTS OF CURRENT OR HISTORICAL FACT. VIGEO EIRIS'S RESEARCH: (i) DOES NOT CONSTITUTE OR PROVIDE CREDIT RATINGS OR INVESTMENT OR FINANCIAL ADVICE; (ii) IS NOT AND DOES NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES; AND (iii) DOES NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. VIGEO EIRIS ISSUES ITS RESEARCH WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

VIGEO EIRIS'S RESEARCH IS NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE VIGEO EIRIS'S RESEARCH WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER. VIGEO EIRIS'S RESEARCH IS NOT INTENDED FOR USE BY ANY PERSON AS A BENCHMARK AS THAT TERM IS DEFINED FOR REGULATORY PURPOSES AND MUST NOT BE USED IN ANY WAY THAT COULD RESULT IN THEM BEING CONSIDERED A BENCHMARK.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT VIGEO EIRIS'S PRIOR WRITTEN CONSENT.

ALL INFORMATION CONTAINED HEREIN IS OBTAINED BY VIGEO EIRIS FROM SOURCES BELIEVED BY IT TO BE ACCURATE AND RELIABLE. BECAUSE OF THE POSSIBILITY OF HUMAN OR MECHANICAL ERROR AS WELL AS OTHER FACTORS, HOWEVER, ALL INFORMATION CONTAINED HEREIN IS PROVIDED "AS IS" WITHOUT WARRANTY, EXPRESS OR IMPLIED, OF ANY KIND, INCLUDING AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE. VIGEO EIRIS IS NOT AN AUDITOR AND CANNOT IN EVERY INSTANCE INDEPENDENTLY VERIFY OR VALIDATE INFORMATION IT RECEIVES.

To the extent permitted by law, Vigeo Eiris and its directors, officers, employees, agents, representatives, licensors and suppliers (together, "**Vigeo Parties**") disclaim liability to any person or entity for any (a) indirect, special, consequential, or incidental losses or damages, and (b) direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, wilful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded); on the part of, or any contingency within or beyond the control of any **Vigeo Party**, arising from or in connection with the information contained herein or the use of or inability to use any such information.

Additional terms For PRC only: Any Second Party Opinion or other opinion issued by Vigeo Eiris: (1) does not constitute a PRC Green Bond Assessment as defined under any relevant PRC laws or regulations; (2) cannot be included in any registration statement, offering circular, prospectus or any other documents submitted to the PRC regulatory authorities or otherwise used to satisfy any PRC regulatory disclosure requirement; and (3) cannot be used within the PRC for any regulatory purpose or for any other purpose which is not permitted under relevant PRC laws or regulations. For the purposes of this disclaimer, "PRC" refers to the mainland of the People's Republic of China, excluding Hong Kong, Macau and Taiwan.