SECOND PARTY OPINION
ON THE SUSTAINABILITY OF GROUPE BPCE’S RENEWABLE ENERGY GREEN BOND

April 2019

SCOPE

Groupe BPCE has launched a “Sustainable Development Bond Program” (hereafter the “Program”) which aims at edging its potential forthcoming Green and/or Social Bond issuances. Groupe BPCE has formalized its Program in a Framework (the “Framework”) to drive transparency and coherence to Groupe BPCE and its subsidiaries’ issuances, that targets environmental and social projects to ensure long term economic sustainability. The overall Framework has been reviewed by Vigeo Eiris leading to the publication of a Second Party Opinion in 2018.

As per its commitments, Groupe BPCE has also created a Methodology Note for Green Bonds / Renewable Energy Eligible Category (the “Methodology Note”) to describe the main characteristics of issuances which would finance and/or refinance Eligible Assets for this category. At this stage, the Methodology Note covers “project finance” loan format originated by any entity within Groupe BPCE.

Any Groupe BPCE’s issuing entity (the “Issuer”) would contemplate the issuance of Green Bonds (or the “Bonds”) under this Framework and this Methodology Note.

Vigeo Eiris was commissioned to provide an independent opinion (“Second Party Opinion”, or “SPO”) on the sustainability credentials and management of the contemplated bond issuances abiding by the Methodology Note for Green Bonds / Renewable Energy Eligible Category.

Our opinion is established according to our Environmental, Social and Governance (“ESG”) exclusive assessment methodology, and to the International Capital Market Association’s Green Bond Principles voluntary guidelines (“GBP”) edited in June 2018.

The opinion is built on the review of the two following components:

1) **Issuer**: we have assessed the sustainability profile of Groupe BPCE, with an additional focus on its subsidiary Natixis, including:
   - Issuer’s ESG performance, rated in December 2018 (Groupe BPCE, including Natixis) through our complete process of ESG assessment and ranking, and monitored since then.
   - Issuer’s management of potential ESG controversies and involvement in controversial activities.

2) **Issuances**: in addition to the assessment of the applying general Framework already achieved by Vigeo Eiris (see above mentioned SPO), in the hereby SPO we have assessed the coherence of the Bonds, the consistency of the Bonds’ use of proceeds and alignment with the GBP based on the Methodology Note for Green Bonds / Renewable Energy Eligible Category. In particular, we have assessed the specificities applying for the “Use of Proceeds”, the “Process for Projects Evaluation and Selection”, and the “Reporting”, for these eligible Bonds.

Our sources of information are multichannel, combining data from our general ESG rating database, information provided by the Issuer, press content providers and stakeholders, and complemented by interviews with Issuer’s managers involved in the Issuances. We carried out our document-based review of the Methodology Note for Green Bonds / Renewable Energy Eligible Category and the update on the Issuer ESG profile and performance, from March 1st to April 3rd 2019.

We were provided with access to all the appropriate documents we solicited. We consider that the provided information enables us to establish our opinion with a reasonable assurance on its relevance, precision and reliability.

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1 This opinion is to be considered as the “Second Party Opinion” described by the International Capital Market Association (www.icmagroup.org).
2 The Bond to be considered is a potential bond, which issuance is subject to the Issuer discretion.
4 The 15 controversial activities analysed by Vigeo Eiris are: Alcohol, Animal welfare, Chemicals of concern, Civilian firearms, Fossil Fuels industry, Coal, Tar sands and oil shale, Gambling, Genetic engineering, High interest rate lending, Military, Nuclear power, Pornography, Reproductive medicine, and Tobacco.
Vigeo Eiris’ Opinion

Vigeo Eiris is of the opinion that the Green Bonds considered to be issued by Groupe BPCE entities are aligned with the voluntary guidelines of the Green Bond Principles (June 2018 version).

We express a reasonable assurance6 (our highest level of assurance) on the Issuer’s commitments and the Bonds’ contribution to sustainability.

The Eligible Assets are likely to contribute to two United Nations’ Sustainable Development Goals, namely Goal 7: Affordable and Clean Energy, and Goal 13: Climate Action.

1) Issuer: Groupe BPCE and its issuing entities display a good ESG performance.

- As of December 2018, Groupe BPCE displays an advanced performance in the Environment and in the Social pillars, and a good performance in the Governance pillar. Groupe BPCE is not a listed company but its governance bodies are composed by a separate General Management Committee and a Supervisory Board, this latter having independent directors and specialized committees. Vigeo Eiris’ assurance that Groupe BPCE’s ESG risk factors are adequately managed is reasonable for the human capital, operational and legal risks, and is moderate for the reputation risk.

- As of December 2018, Natixis displays a good performance in the Social and Governance pillars, and an advanced performance in the Environment pillar. Our assurance that Natixis’ ESG risk factors are adequately managed is reasonable, including reputational, human capital, and operational risks, and is moderate for the legal risks.

- As of today, as commonly observed in its sector, Groupe BPCE faces frequent allegations regarding the Environment, Human Resources, Human Rights, Community Involvement, Business Behaviour and Corporate Governance. The severity ranges from significant to high. The company is overall remediative: it reports in a detailed way on its position in all cases and has voluntarily taken specific corrective actions for some cases.

- Groupe BPCE is not involved in any of the 15 controversial activities analysed using our methodology.

2) Issuance: Groupe BPCE has formalized the main characteristics of the Green Bonds through its Program Framework (provided in 2018) and through a Methodology Note for Green Bonds / Renewable Energy Eligible Category (last version provided in April 2nd 2019), which apply to Groupe BPCE’s issuing entities. Groupe BPCE has committed to make this Methodology Note publicly accessible on its website6, in line with the good market practices.

We are of the opinion that the contemplated Bonds are coherent with Groupe BPCE’s main sustainability priorities and sector issues, and contribute to achieving its sustainability commitments.

- The net proceeds of the Bonds will be used to finance or refinance Renewable Energy Eligible Assets which are clearly defined and expected to contribute to climate change mitigation objective. This environmental objective is precise, measurable and relevant. For each bond, the issuing entity will publicly disclose the estimation of ex-ante environmental benefits once proceeds allocated and at the least annually within the reporting.

- The governance and the process for the evaluation and selection of Eligible Assets appear to be documented and relevant and has been precisely in the Methodology Note. The process relies on explicit eligibility (selection and exclusion) criteria.

  The identification and management of the environmental and social risks associated with the Eligible Assets are considered to be good. Groupe BPCE has formalized a relevant list of ESG selection criteria applied within the process and is committed to perform additional sustainability analysis for all large hydro and biomass projects. This practice is highly positive, in line with the market best practices.

- The rules for the management of proceeds are clearly defined and has been precisely in the Methodology Note. Relevant commitments are added in the Methodology Note to track proceeds internally and to account for the allocation of the proceeds.

- The reporting process and commitments appear to be good, covering the funds allocation and the expected environmental benefits of the Eligible Assets.

Groupe BPCE’s Green Bonds issuances will be supported by external reviews:

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6 Definition of Vigeo Eiris’ scales of assessment (as detailed in the Methodology section of this document):
Level of Assurance: Reasonable, Moderate, Weak.
- **A pre-issuance consultant review** in the form of Second Party Opinions delivered by Vigeo Eiris on the sustainability credentials of the Framework and of this Methodology Note, based on pre-issuance commitments and covering all the features of the Bond.

- **An annual verification** performed by a third-party auditor, covering the allocation of funds, the compliance in all material aspects, of (i) the actual allocation of proceeds to Eligible Assets and their alignment with the eligibility criteria and (ii) the pending cash allocation, for each Bond issued by the Program Framework, annually and until their maturity date.

*This Second Party Opinion is only applicable and only valid for the Bonds issued under the Issuer’s Framework as provided to Vigeo Eiris during our assessment. This Second Party Opinion is not valid for any other operation.*

Paris, April 3rd, 2019

Muriel CATON
Managing Director of Sustainable Finance Strategy

Julien SOURIAU
Senior Sustainability Consultant

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**Disclaimer**

Transparency on the relation between Vigeo Eiris and Groupe BPCE: Vigeo Eiris has executed 6 audit and consultancy missions for Groupe BPCE and its subsidiaries over the past 5 years. Entities belonging to Groupe BPCE are shareholders of Vigeo Eiris: Natixis (8.7%) and Crédit Coopératif, (0.1%).

This opinion aims to explain for investors why the contemplated Bonds is considered as sustainable and responsible, 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 correctness, comprehensiveness and trustworthiness of the information collected are a responsibility of the Issuer. Providing this opinion does not mean that Vigeo Eiris certifies the materiality, the excellence or the irreversibility of the assets financed by the Bonds. 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 financial performance of the Bonds, 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.

The opinion delivered on stakeholder-related ESG controversies is not a conclusion on the creditworthiness of the Issuer or its financial obligations. We do not express an opinion as a score when controversial activities, products and services are not prohibited by international standards or treaties. The controversial activities research provides screening on companies to identify involvement in business activities that are subject to philosophical or moral beliefs. The information does not suggest any approval or disapproval on their content from Vigeo Eiris.

Restriction on distribution and use of this Opinion: the opinion is provided by Vigeo Eiris to the Issuer and can only be used by the Issuer. The distribution and publication is at the discretion of the Issuer, submitted to Vigeo Eiris approval.
### Detailed Results

#### Part I. Issuer

**Groupe BPCE’s ESG Performance**

As of December 2018, the overall approach of Groupe BPCE and its issuing entities to manage ESG related issues is good overall.

Groupe BPCE ranks 9th in Vigeo Eiris “Diversified Banks” sector which covers 31 European banks.

- Of note, Groupe BPCE improved its ESG performance in 2018 compared to 2016 rating, with now an advanced performance in the Environmental and Social pillars, and a good performance in the Governance pillar. Our assurance that Groupe BPCE’s ESG risk factors are adequately managed is overall reasonable, including human capital, operational and legal risks, and is moderate for the reputation risk.

- Natixis displays also a good performance overall, with advanced performance in the Environmental pillar, good performance in the Social and Governance pillars. Natixis ranks 6th in the “Diversified Banks” Vigeo Eiris sector which covers 31 European banks. Our assurance that Natixis’ ESG risk factors are adequately managed is overall reasonable, including reputational, human capital, and operational risks, and is moderate for the legal risk.

<table>
<thead>
<tr>
<th>Domain</th>
<th>Comments on Groupe BPCE’s performance</th>
<th>Opinion</th>
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<tbody>
<tr>
<td>Environment</td>
<td>Groupe BPCE’s performance on the Environment pillar is advanced. The company has issued a formalised commitment to environmental protection in its “Démarche RSE Groupe”. In addition, Natixis, a Groupe BPCE entity, set 2020 targets to reduce the CO₂ emissions from its operations and committed to cease financing the coal industry worldwide. Comprehensive resources are allocated to resources to environmental management, including internal and external audits, and employee environmental engagement, through awareness-raising, training and environmental dedicated networks and clubs. Strong practices of responsible investment are observed within the group. Mirova, entity of Groupe BPCE, adhered to the Montreal Carbon Pledge and the Portfolio Decarbonization Coalition and support energy transitions through thematic funds. 77.5% of the Group's total financing is dedicated to renewable energies. On December 2017, Natixis has strengthened its commitment to climate and environment (exclusions of tar sands and Arctic projects) and in 2018 Mirova has reduced the carbon footprint on its consolidated equities portfolio.</td>
<td>Advanced</td>
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<tr>
<td>Social</td>
<td>Groupe BPCE’s performance on the Social pillar is advanced. Several measures are in place to assess and mitigate human rights risks in both lending and investment activities. Groupe BPCE has signed an agreement on the career of staff representatives within the Group and an agreement on professional equality and gender equality was renewed. Diversity-related indicators show 5-year improving trends. In terms of Human Resources, the Group has an advanced approach to labour relations and signed with trade unions in 2015 a Group Agreement governing skills development, career management, training and reclassification of its workforce in case of reorganisation. Regarding the issue of stress on the workplace, one person was appointed responsible for the quality of work life in each group's entity and in 2016, Natixis and the Banque Populaire network, both entities of Groupe BPCE, signed a collective agreement on this issue. In the Community Involvement domain, Groupe BPCE describes relevant initiatives to address social and economic development, including support to SMEs, micro-finance providers and impact investing actions. Advanced practices are also observed in terms of financial inclusion: Groupe BPCE promotes financial education and support people facing financial problems. Groupe BPCE reports it has a responsible tax strategy in compliance with the French law. In terms of information to customers and responsible customer relations, Groupe BPCE commits to foster client's satisfaction in its Strategic Plan 2014-2017. Relevant means are in place to ensure fair and responsible relations with customers including a specific approval process for new products and training for staff on customer protection.</td>
<td>Advanced</td>
</tr>
<tr>
<td>Governance</td>
<td>Groupe BPCE’s performance on the Governance pillar is good. The issuer is not a listed company but its governance bodies are composed by a separate General Management Committee and a Supervisory Board, this latter having independent directors and specialized committees. Regarding Corporate Governance, the performance remains limited, almost good. Directors are elected only every 6 years. In 2015, the Supervisory Board amended its Internal Rules and created a Risk Committee separate from the Audit Committee, and a Remuneration Committee separate from the Appointments Committee. CSR issues are fully integrated in the group’s</td>
<td>Advanced</td>
</tr>
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governance framework: Groupe BPCE built a “Démarche RSE Groupe” with several CSR targets and ambitions and the internal control systems covers CSR risks. Executive compensation is transparently disclosed but all the targets determining the payment of variable remuneration are not displayed.

Groupe BPCE has in place a convincing framework on Business Ethics, including training on Professional Ethics for its different entities in 2016. The lobbying strategy is discussed at Board level and regularly communicated to employees through a newsletter. The final Code of Conduct and Ethics has be validated on august 2018 by the Supervisory Board.

We recommended the disclosure of the Groupe commitments and processes related to the implementation of the principles and goals of the French Law on “Devoir de Vigilance” in order to account its capacity to prevent and guarantee the respect of human rights, the protection of the environment and health and safety along its value chain.

Management of Stakeholder-related ESG controversies

As of today, Groupe BPCE is involved in 8 stakeholder-related ESG controversies, related to all six domains analysed by Vigeo Eiris:

- Environment, in the criteria “Green products and SRI” and “Climate change”.
- Human Resources, in the criteria “Social dialogue” and “Health and Safety”.
- Human Rights, in both criteria “Fundamental human rights” and “Fundamental labour rights”.
- Community Involvement, in the criteria “Social and economic development” and “Financial inclusion”.
- Business Behaviour, in the criteria “Corruption and money laundering” and “Responsible customer relation”.
- Corporate Governance, in the criteria “Internal controls & risk management”.

Frequency: the frequency of the controversies is considered frequent - in line with the sector average -.

Severity: The severity of these events is considered high - in line with the sector average - ranging from significant (4 cases of significant severity) to high (4 cases of high severity) based on the analysis of their impact on both the company and its stakeholders. No critical cases.

Responsiveness: Groupe BPCE is remediative - above the sector average - : Groupe BPCE reports in a detailed way on its position on 5 cases, is remediative by voluntarily taking specific corrective actions on 1 case of significant severity and is proactive by taken systematic remedial actions on 2 cases. Of note, Groupe BPCE is either proactive or reactive for all cases of high severity.

Involvement in controversial activities

As of November 2018, Groupe BPCE and Natixis are not involved in any of the 15 controversial activities screened under our methodology, namely: Alcohol, Animal welfare, Chemicals of concern, Civilian firearms, Fossil Fuels industry, Coal, Tar sands and oil shale, Gambling, Genetic engineering, High interest rate lending, Military, Nuclear Power, Pornography, and Reproductive Medicine, Tobacco.

The controversial activities research provides screening on companies to identify involvement in business activities that are subject to philosophical or moral beliefs. The information does not suggest any approval or disapproval on their content from Vigeo Eiris.
**Part II. ISSUANCES**

**Coherence of the issuances**

We are of the opinion that the contemplated Bonds are coherent with Groupe BPCE’s main sustainability priorities and sector issues, and contributes to achieving its environmental commitments.

The 2030 Agenda for Sustainable Development and Paris Agreement calls for an innovative and sophisticated financing strategy to mobilize the USD 1.5 trillion needed every year to meet the 2-degree scenario. Thus, the financial sector has a key role to play for closing the financial gap to progress towards the transition to a low-carbon economy and climate change mitigation.

As a financial player, Groupe BPCE and its issuing entities appear to acknowledge their key role in terms of developing green products and services, and in minimizing the impact on climate change of their investments:

- Groupe BPCE shares the conviction that only sustainable economic performance – i.e. the pursuit of activities that take full account of risks and social and environmental opportunities – can guarantee the long-term development of regional economies. The Issuer works alongside companies to finance their projects related to environmental protection and commits to be one of the leading promoters of green growth by assigning priority to green growth and establishing targets out to 2020 that involve granting over EUR 10 billion in energy transition loans, investing over EUR 35 billion in deposits and savings into responsible investment solutions, carrying out two annual green bond issues.

- Groupe BPCE has issued a formalised commitment to environmental protection in its Registration Document, in its 2018-2020 CSR strategy and on its website on the “reducing our carbon footprint” page. It has set a target in its fight against climate change of cutting its greenhouse gas emissions by 10% between 2018 and 2020, resulting in a decrease from 686,773 to 618,096 metric tons of CO2 equivalent by 2020. Since October 2015, Natixis (the corporate financing, investment management, and financial services arm of Groupe BPCE) has committed to end its financing of coal-fired power plants and thermal coal mines worldwide, using current technologies. Natixis has also decided to no longer accept new advisory or arrangement mandates linked to financings of this type. On December 2017, Natixis committed itself to deepen its commitment to climate and environment (exclusions of tar sands and Arctic projects)

- In 2018, Natixis has built on its full range of sector expertise to develop an innovative Green Weighting Factor methodology. This mechanism will be applied to analytical RWA on the company’s financing deals in a move to address potential changes in regulation. The Green Weighting Factor provides for a positive adjustment on analytical RWA for deals that create affirmative climate and environmental action, while involving a negative adjustment on deals with an adverse environmental impact. This innovative mechanism helps Natixis further comply with Paris Agreement targets in its financing operations. Four pilot sectors have already been selected to test the Green Weighting Factor system – automotive, real estate, electricity and mining. Natixis has defined criteria to classify every individual financing deal across each of these four sectors depending on its environmental and climatic impact, designing a fully operational system that can now be tested on 31% of the portfolio of financing deals in question at the company. The Green Weighting Factor system will be rolled out by the end of 2018 and will gradually apply to new asset or project finance deals, as well as corporate loans by Natixis across its various business sectors worldwide.

- Natixis Asset Management - Mirova as investor, and Natixis as underwriter, are members of the Green Bond Principles, Natixis is a signatory of the Equator Principles, and Natixis Asset Management is a signatory to the UNPRI. In addition, the company is a signatory of the Global Compact.

By issuing Green Bonds to finance and refinance Renewable Energy Eligible Assets, Groupe BPCE and issuing entities coherently aligns with their sustainability strategy and commitments, and addresses main issues of the sector in terms of environmental responsibility.

**Use of proceeds**

The net proceeds of the Bonds will be used to finance and refinance Renewable Energy Eligible Assets which are clearly defined and relevant.

The associated environmental objective is precise, measurable and relevant.

Groupe BPCE has committed to assess and quantify expected environmental benefits. For each bond, the issuing entity will publicly disclose the estimation of ex-ante environmental benefits once proceeds allocated and at the least annually within the reporting.

The definition of the Eligible Assets is clear and the content is relevant with regards to the climate change mitigation objective.

- Renewable Energy Assets means existing, on-going and/or future projects of conception, construction, operation and/or maintenance of renewable energy production units of energy produced from wind (on-shore and offshore), and/or solar power (PV and concentrated), and/or hydro and/or biomass projects.

- Hydropower and biomass projects will be further analysed, through recognized international standards.
Relevant ESG or sustainability specialists will perform an assessment for large hydro projects, on the basis of the IFC Performance Standards completed with additional criteria from the World Commission on Dam and the Safeguard Policy on Safety of Dams, with the recommendation to clients to use the mapping and impact management tool from the Hydropower Sustainability Assessment Protocol (International Hydropower Association).

For biomass projects, an additional analysis would cover the World Bank’s General EHS Guidelines with a specific focus on the main following challenges: Sustainable sourcing (sustainable raw material and sourcing process, including transport and land use) and Competition with food.

Eligible Assets are located worldwide and include:
- Renewable Energy Assets financed or refinanced through, at this stage, project finance loan formats.
- Existing, on-going and/or future Assets. “Existing” means projects whose closing had taken place in the last 3 years preceding the issuance date, which is line with market practices.

For each bond, the issuing entity will publicly disclose the estimated share of refinancings once proceeds allocated and at the least annually within the reporting.

The expected environmental goals and benefits of the Eligible Assets have been defined in Methodology Note, as the contribution to climate change mitigation through GHG emissions avoidance and renewable energy production. Eligible Assets will have to contribute to these identified expected environmental benefits and meet a set of Eligibility and Selection Criteria defined by in the Methodology Note. Groupe BPCE has committed to assess and quantify expected environmental benefits.

In addition, the Eligible Assets are likely to contribute to two United Nations’ Sustainable Development Goals, namely Goal 7: Affordable and clean energy, and Goal 13: Climate Action.

The UN SDG 7 consists in ensuring universal access to affordable, reliable, sustainable and modern energy, with targets by 2030 on the share of renewable energy in the global energy mix and the promotion of investment in energy infrastructure and clean energy technology.
- 7.2 increase substantially the share of renewable energy in the global energy mix.

The UN SDG 13 consists in building resilience and adaptive capacity to its adverse effects, developing sustainable low-carbon pathways to the future, and accelerating the reduction of global greenhouse gas emissions.
- 13.a implement the commitment [...] to a goal of mobilizing jointly $100 billion annually by 2020 from all sources to address the needs of developing countries and fully operationalize the Green Climate Fund.

Process for project evaluation and selection

The governance and the process for the evaluation and selection of Eligible Assets appear to be documented and relevant.

The process for the evaluation and selection of Eligible Assets is overall defined and formalised in the Framework and in the Methodology Note of the Green Bonds / Renewable Energy Eligible Category.

The evaluation and selection of Eligible Assets is based on relevant internal and external expertise with well-defined internal roles and responsibilities, embedded in the existing lending process.

- At Program level, Groupe BPCE has created a Sustainable Development Bond Governance Committee, integrated by senior representatives covering multi-disciplinary relevant expertise, namely in ESG, business development and finance. The Committee’s responsibility is to oversee the governance of the Program, its specific tasks are clearly defined and disclosed in the Framework.
- ESG external specialists (E&S consultants or Technical consultants depending on the complexity of the E&S issues) are consulted when appropriate.
- At Bond level, the teams in charge of each step of the process have been clearly defined, with detailed roles and responsibilities (consulted, accountable and/or responsible), and publicly disclosed in the Bond’s Methodology Note.
- Ad-hoc dedicated committees may be created within the issuing entities to identify Eligible Assets, apply exclusion criteria, monitor the Eligible Assets pool and produce ad-hoc reporting at issuance and/or batch of issuance levels.

The process is reasonably structured:
- The Portfolio Management & financial Engineering defines the eligibility criteria for the evaluation and selection of Eligible Assets. The Committee approves the definition of criteria.
- The Portfolio Management & financial Engineering approves the Eligible Assets selection, updates and monitored the virtual pool, relying on Business lines and Green & sustainable specialists at Group and relevant entity levels.
- The Eligible Assets pool is validated at least annually by the Program Committee and/or adhoc dedicated committees.

The verification and traceability is ensured throughout the process:
- The E&S evaluation is based on the analysis of assessment supporting documents and the ‘E&S Appendix’ ensures the justification and the traceability of the evaluation.
- The Sustainable Development Bond Governance Committee will meet twice per year to verify if all Assets continue to comply with the eligibility criteria established under each Bond, and meeting minutes will be created to ensure decision traceability.
- An independent party will annually verify the compliance of all Eligible Assets included in the Eligible Assets pool with the selection process and criteria.

The process relies on explicit eligibility (selection and exclusion) criteria.
- The selection requirements are based on the selection criteria and definition of the Eligible Assets, formalized in the Methodology Note.
  - Hydropower and biomass projects will be further analysed, through recognized international standards.
  - Selection criteria, consisting in additional ESG criteria which are exhaustive regarding public international standards in terms of sustainability, based on the objective of “do not harm sustainability”.
  - Selection criteria based on the Client risk assessment (based on KYC and LAB definitions)
  - ESG controversies check (sector, client, project) at project approval and legal authorization. The ESG selection criteria has been contextualised by the Issuer for the French context and applying regulation, which addresses most of the ESG risks associated to the Eligible Assets.
- Explicit exclusion criteria are defined in the Methodology Note:
  - Exclusion of all activities related to mining (including coal), oil & gas, defence and nuclear activities.
  - Exclusion of loans flagged by other funding sources such as the European Investment Bank or the Council of Europe Development Bank.
  - If any material and critical controversies emerge in relation to a specific Asset, the Issuer commits to substitute that Asset with an alternative Eligible Asset. The issuer has committed to clearly define the type of controversies that would cause the substitution of an Eligible Asset.

The identification and management of the environmental and social risks associated with the Eligible Assets are considered to be good.
- Groupe BPCE has formalized a relevant list of ESG selection criteria (i.e. Environmental impact mitigation, Local impact mitigation & Stakeholders’ engagement and consultation, ESG due diligence process, Business practices, Supplier’s audit, Labour and human rights conformity and social requirements) covering most environmental and social risks associated
- with the Eligible Assets. The Issuer identifies all supporting elements and assessment documents (legal / technical reviews, E&S risk management procedures, local impact assessment studies, construction & exploitation permits, etc).
- The EP procedure is a cornerstone of the ESG analysis and is conducted through a structured approach, embedded in Groupe BPCE existing business practices related to project finance. Under the Equator Principles, such analysis is heterogeneously applied depending on Asset’s location7 and EP categorization. All greenfield project-related financing transactions are internally reviewed by relevant Green & sustainable specialists. In order to limit ESG risks exposure, when it comes to brownfield projects, the Issuer will select exclusively Assets either located in designated countries or Assets which have undergone an independent Environmental & Social assessment in line with the main principles of Equator Principles.

7 The Equator Principles defined Designated Countries as countries deemed to have robust environmental and social governance, legislation systems and institutional capacity designed to protect their people and the natural environment. As of September 2017, the following countries are Designated Countries: Australia, Austria, Belgium, Canada, Chile, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Republic of Korea, Latvia, Luxembourg, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, United Kingdom, United States.
Management of Proceeds

The rules for the management of proceeds are clearly defined.

The rules for the management of proceeds, in terms of proceeds allocation and management of potential unallocated proceeds, fully align with the commitments established by the Group at Program level, for which Vigeo Eiris formulated a reasonable assurance.

Additional relevant commitments are included in the Methodology Note to track proceeds in the treasury internal system and account for the allocation of the proceeds.

- Eligible Renewable Energy Assets constitute an eligible pool of assets monitored by relevant Groupe BPCE’s Portfolio Management & Financial Engineering, thanks to “green flags” introduced in its treasury internal systems to identify green issuances proceeds and green Eligible Assets.
- At least once a year, earmarked Eligible Assets within the pool will be updated / screened by relevant Portfolio Management & Financial Engineering functions, and eventually approved by the Sustainable Development bond Governance Committee, for potential changes in eligibility status, to ensure that the portfolio of outstanding Eligible Assets is greater than the face value of the Green Bonds outstanding.
- In case assets become ineligible, Groupe BPCE commits to use the net proceeds to finance or refinance other Eligible Assets which are compliant with the Methodology Note and Program Framework.

Monitoring & Reporting

The reporting process and commitments appear to be good, covering the funds allocation and the expected environmental benefits of the Eligible Assets.

The process for monitoring and reporting is overall defined in the Methodology Note.

The process is based on relevant internal expertise:

- The Portfolio Management & Financial Engineering or, when relevant, ad hoc dedicated committee at issuing entity level, will be responsible for producing the report, relying on relevant people across business lines and green & sustainable specialists at Group or relevant entity levels.
- The Sustainable Development Bond Governance Committee will validate the report.

At least once a year, the Issuer will report on the Bond through a dedicated Green Bond Report, overseen by ad hoc dedicated Committee within the issuing entity. This annual reporting, at bond or “batch of bonds” level (depending on unitary size of issuances), will be made publicly available on Groupe BPCE’s website.

When Natixis or an entity operated by Natixis is the issuer, a link to the relevant section of Groupe BPCE’s website will be inserted in a dedicated section of Natixis’ website.

The selected reporting indicators related to the fund allocation and environmental benefits (outputs and impacts) are relevant to the defined Eligible Assets. The Issuer commits to transparently report at category level (i.e. at eligible pool level), in line with confidentiality practices, on:

- The use of proceeds: amount of allocated proceeds (size of the eligible assets pool), split by type of Assets (solar, wind farm…) with renewable energy capacity constructed (MW) and some examples of Eligible Assets refinanced.
- The environmental benefits (outputs and impacts): annual energy produced or ex ante expected (kWh), annual GHG emissions reduced/avoided (in kilo of CO₂) and average GHG emissions reduced / avoided per EUR invested.
- The reporting will only include the pro-rated share of output and impact indicators that correspond to the project amount financed by the Bond (green bond share of financing VS. total project amount).
- The calculation methodologies that will be used for impact measurement: the EIB methodology will be used for GHG emissions.

For all Eligible Assets, the Issuer may integrate additional qualitative or quantitative indicators as considered appropriate to disclose relevant performances or details on the Assets, which is in line with the market good practices.

Area of improvement includes to make the impact reporting data annually verified by an external auditor.

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8 Conditions of Ineligibility: early reimbursement of the loan, loan’s maturity reached, loan sold, major controversy around an Asset to be studied on a case by case basis by the Green project working group.

9 http://www.eib.org/attachments/strategies/eib_project_carbon_footprint_methodologies_en.pdf
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 objectives, management and reporting of the Assets to be financed and/or refinanced by this transaction.

Vigeo Eiris’ methodology to define and to assess corporate’s ESG performance is based on criteria aligned with public international standards, in compliance with the ISO 26000 guidelines, organized in 6 domains: Environment, Human Resources, Human Rights, Community Involvement, Business Behaviour and Corporate Governance. The evaluation framework has been customized regarding material issues, based on ‘Diversified Banks’ sector assessment framework, on Eligible Assets specificities and emerging issues.

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 Direction of Methods. A right of complaint and recourse is guaranteed to all companies under our review, including three levels: first, the team linked to the company, then the Direction of Methods, and finally Vigeo Eiris’ Scientific Council. All collaborators are signatories of Vigeo Eiris’ Code of Ethics.

Part I. ISSUER

NB: The Issuer performance, i.e., commitments, processes, results of the Issuer, related to ESG issues have been assessed through a complete process of rating and benchmark developed by Vigeo Eiris Rating.

Level of the Issuer’s ESG performance

The Issuer has been evaluated by Vigeo Eiris on its Corporate Social Responsibility (CSR) performance, based on 20 relevant ESG drivers organized in the 6 sustainability domains. Groupe BPCE’s performance has been assessed by Vigeo Eiris on the basis of its:

- Leadership: relevance of the commitments (content, visibility and ownership).
- Implementation: coherence of the implementation (process, means, control/reporting).
- Results: indicators, stakeholders’ feedbacks and controversies.

Stakeholder-related ESG controversies

A controversy is an information, a flow of information, or a contradictory opinion that is public, documented and traceable, allegation against an Issuer on corporate responsibility issues. Such allegations can relate to tangible facts, be an interpretation of these facts, or constitute an allegation on unproven facts.

Vigeo Eiris provides an opinion on companies’ controversies risks mitigation based on the analysis of 3 factors:

- Severity: the more a controversy will relate to stakeholders’ fundamental interests, will prove actual corporate responsibility in its occurrence, and will have adverse impacts for stakeholders and the company, the highest its severity. Severity assigned at corporate level will reflect the highest severity of all cases faced by the company (scale: Minor, Significant, High, Critical).
- Responsiveness: ability demonstrated by an Issuer to dialogue with its stakeholders in a risk management perspective and based on explanatory, preventative, remediating or corrective measures. At corporate level, this factor will reflect the overall responsiveness of the company for all cases faced (scale: Proactive, Remediate, Reactive, Non-Communicative).
- Frequency: reflects for each ESG challenge the number of controversies faced. At corporate level, this factor reflects on the overall number of controversies faced and scope of ESG issues impacted (scale: Isolated, Occasional, Frequent, Persistent).

The impact of a controversy on a company's reputation reduces with time, depending on the severity of the event and the company's responsiveness to this event. Conventionally, Vigeo Eiris' controversy database covers any controversy with Minor or Significant severity during 24 months after the last event registered and during 48 months for High and Critical controversies.

Involvement in controversial activities

In addition, 15 controversial activities have been analysed following 30 parameters to verify if the company is involved in any of them. The company's level of involvement (Major, Minor, No) in a controversial activity is based on:

- An estimation of the revenues derived from controversial products or services.
- The precise nature of the controversial products or services provided by the company.
Part II. ISSUANCES

The Framework and the Methodology Note for Green Bonds / Renewable Energy Eligible Category have been evaluated by Vigeo Eiris, according to the Green Bond Principles and to our methodology based on international standards and sector guidelines applying in terms of ESG management and assessment.

Use of proceeds

The use of proceeds guidelines are defined to ensure that the funds raised are used to finance and/or refinance Eligible Assets complying with the Eligible Category definition. Vigeo Eiris evaluates the relevance, visibility, and measurability of the associated environmental objectives. The sustainability purpose of the Eligible Assets is assessed with regard to the Issuer’s commitments, and based on the described and estimated benefits of the Eligible Assets. The contribution of the Eligible Assets to sustainable development is evaluated based on the United Nations Sustainable Development Goals and on their targets.

Process for Project Evaluation and Selection

The evaluation and selection process has been assessed regarding its transparency, governance and efficiency. The relevance and exhaustiveness of eligibility criteria and associated supporting elements integrated in the Green Bonds issuance, and the coherence of the process are analysed based on material issues considered in Vigeo Eiris’ methodology.

Management of Proceeds

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

Reporting

Reporting indicators, processes and methodologies are defined by the Issuer to enable annual reporting on fund allocation, environmental benefits (output and impact indicators) and on the responsible management of the Eligible Assets financed by the Green Bond proceeds, collected at Asset level and potentially aggregated at Bond and/or Program level. Vigeo Eiris has evaluated the relevance of the reporting framework according to three principles: transparency, exhaustiveness and effectiveness.

VIEGO EIRIS’ ASSESSMENT SCALES

<table>
<thead>
<tr>
<th>Performance evaluation</th>
<th>Level of assurance</th>
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<tbody>
<tr>
<td>Advanced</td>
<td>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.</td>
</tr>
<tr>
<td>Reasonable</td>
<td>Able to convincingly conform to the prescribed principles and objectives of the evaluation framework</td>
</tr>
<tr>
<td>Moderate</td>
<td>Compatibility or partial convergence with the prescribed principles and objectives of the evaluation framework</td>
</tr>
<tr>
<td>Weak</td>
<td>Lack or unawareness of, or incompatibility with the prescribed principles and objectives of the evaluation framework</td>
</tr>
<tr>
<td>Good</td>
<td>Convincing commitment; significant and consistent evidence of command over the issues. Reasonable level of risk management.</td>
</tr>
<tr>
<td>Limited</td>
<td>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.</td>
</tr>
<tr>
<td>Weak</td>
<td>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.</td>
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</table>
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, Boston, Brussels, Casablanca, Hong Kong, Milan, Montreal, Rabat, Santiago and Stockholm.

The Vigeo Eiris Global Network, comprising 7 exclusive research partners, is present in Australia, Brazil, Germany, Israel, Japan, Spain and Mexico.

For more information: [www.vigeo-eiris.com](http://www.vigeo-eiris.com)