

July 26th, 2018**SCOPE**

Groupe BPCE (the "Issuer") is launching a "Sustainable Development Bond Program" (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 its issuances. This Framework includes broad definitions of Eligible Loan Categories and will be complemented by Methodological Notes that will describe the main characteristics of each type of Bond to be issued under the Program.

Vigeo Eiris was commissioned to provide an independent opinion on the sustainability credentials and management of the Program 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 the Social Bonds Principles (respectively GBP and SBP; together referred to as the "Principles").

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

Our sources of information are gathered from our rating database, Groupe BPCE, press content providers and stakeholders, and complemented by interviews with involved departments and managers, held at the Issuer's headquarters in Paris (France) and via telecommunication systems. We carried out our due diligence assessment from May 28th to July 23th, 2018.

We could access all the appropriate documents and people we solicited. We consider that the provided information enables us to establish our opinions with a reasonable level of assurance on their completeness, precision and reliability.

VIGEO EIRIS' OPINION

Vigeo Eiris is of the opinion that the Program is aligned with the Green and Social Bond Principles and expresses a reasonable³ assurance (our highest level of assurance) on the Issuer's commitments and the Program's overall contribution to sustainability.

The Program is coherent with Groupe BPCE's main sustainability priorities and sectorial issues, and contributes to achieve its sustainability commitments.

Groupe BPCE has formalized the main commitments and principles related to its Program through the Sustainable Development Bond Program Framework that the Group has committed to make publicly accessible on its website⁴, in line with the good market practices.

- ▶ Under the Program, the net proceeds of the potential issuances will be used to refinance Eligible Loans Categories which are generally defined based on the use of proceeds categories suggested by the Principles.

Vigeo Eiris values Groupe BPCE's commitment to clearly define each Eligible Loan Category, its associated environmental and/or social objectives, and its contribution to the United Nations Sustainable Development Goals (the "UN SDGs") in the Methodological Notes to be drafted for each type of Bond issuance. 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 governance of the Program is transparent and clearly defined. The process for loans' evaluation and selection will rely on explicit exclusion criteria. We value Groupe BPCE's commitment to define dedicated evaluation and selection process and selection criteria for each type of Bond issuance in their respective Methodological Notes.

¹ This opinion is to be considered as the "Second Party Opinion" described by the Green Bond Principles (www.icmagroup.org).

² The "Sustainable Development Bond Program" is to be considered as the Program applicable to potential forthcoming green and/or social bond issuances.

³ Definition of Vigeo Eiris' scales of assessment (as detailed in the Methodology section of this document):

Level of Evaluation: Advanced, Good, Limited, Weak.

Level of Assurance: Reasonable, Moderate, Weak.

⁴ www.groupebpce.fr/

The identification and management of environmental and social risks associated with the Eligible Loans is reportedly initiated, Groupe BPCE being working on the integration of ESG criteria in its credit granting policy. In addition, the Group commits to establishing dedicated ESG criteria in the Methodological Notes for each type of Bond issuance.

- ▶ The rules for the management of proceeds are clearly defined.
- ▶ Groupe BPCE's reporting commitments are good, covering the process, funds allocation and environmental and/or social benefits of the Eligible Loan Categories.

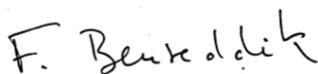
EXTERNAL REVIEW

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

- A pre-issuance consultant review: Second Party Opinions performed by Vigeo Eiris on the sustainability credentials of the Program and of the associated bonds (as necessary), based on pre-issuance commitments and covering all features of the Program and the Bond(s).
- 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 Loans and their alignment with the eligibility criteria and (ii) the pending cash allocation, for each Bond issued by the Program, annually and until their maturity date.

This Opinion is valid as of July 26th, 2018 until July 26th, 2019.

Paris, July 26th, 2018



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Disclaimer

Transparency on the relation between Vigeo Eiris and the Issuer: 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 (8.8%) and Crédit Coopératif, (0.1%). This opinion aims to explain for investors why the Green Bond 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 Green Bond. Groupe BPCE 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 Green Bond, 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 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

Coherence of the Program

We are of opinion that the Program is coherent with the Issuer's main sustainability priorities and sectorial issues, and contributes to achieve its sustainability commitments.

Mobilizing the banking sector is key for 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. However, a major challenge for the development 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 group in France, has formalized its commitments towards Corporate Social Responsibility in its "TEC 2020" strategic plan, by setting objectives to become the reference for green and responsible growth, namely:

Cooperative and CSR Commitments

- "Strengthening of relationships with our cooperative shareholders and stakeholders".
- Drawing up transparent sector-specific policies and integrate 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.

Commitments to customers and local communities

- Contribute to regional ecosystems: local general interest initiatives, innovation, active sponsorship and social 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.
- Remain leader in microcredit solutions with support measures.

Commitment to green growth

- Increase Energy Transition funding – more than 10M EUR.
- Development of responsible saving, namely SRI – more than 35M EUR 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.

By creating a Sustainable Development Bond Program to issue Green and Social Bonds, Groupe BPCE coherently responds to its commitment in terms of green and responsible growth, as well as it aligns to the main issues of the sector in terms of environmental and social responsibility.

Use of proceeds

Under the Program, the net proceeds of the potential issuances will be used to refinance Eligible Loan Categories which are generally defined based on the use of proceeds categories suggested by the Principles.

Vigeo Eiris values Groupe BPCE's commitment to define each Eligible Loan Category, its associated environmental and/or social objectives, and its contribution to the United Nations Sustainable Development Goals (the "UN SDGs") in the Methodological Notes to be drafted for each type of Bond issuance. 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 net proceeds of Groupe BPCE's Green and/or Social Bonds to be potentially issued under this Program will be used to refinance, in whole or in part, existing or future loans granted to eleven Eligible Loan Categories with generally identified environmental and/or social objectives and expected benefits. These categories are based on the indicative list of categories of the Principles and are generally defined.

We have recommended identifying target populations for Social Eligible Loan Categories, whether in the Framework for the Program or in the relevant Methodological Notes.

Process for loans' evaluation and selection

The governance of the Program is transparent and clearly defined. The process for loans' evaluation and selection will rely on explicit exclusion criteria. We value Groupe BPCE's commitment to clearly define a dedicated evaluation and selection process, and selection criteria for each type of Bond issuance in their respective Methodological Notes.

The governance of the Program 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, integrated by senior representatives covering multi-disciplinary relevant expertise, namely in ESG, business development and finance.
- The Committee's responsibility will be to oversee the governance of the Program and its specific tasks are clearly defined and disclosed in the Program Framework.
- Each type of Bond issuance will have its own evaluation and selection process, which will be defined case by case on the Methodological Notes for each type of Bond issuance.
- The governance and evaluation and selection process of each type of Bond issuance will be supervised by the Program Committee.

The verification and traceability is ensured throughout the process:

- The Sustainable Development Bond Governance Committee will meet twice per year to verify if all loans in the Program 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 verify the compliance with the selection process and criteria under each Bond issuance.

The issuer has committed to clearly define selection criteria on the Methodological Notes to be drafted for each type of Bond issuance and to externally verify the relevance and quality of this criteria.

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

- 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.

The identification and management of environmental and social risks associated with the Eligible Loans is reportedly initiated.

Groupe BPCE reports working on the integration of ESG criteria in its credit granting policy, based on the pending guidelines to be issued by the Group for identified vulnerable sectors. In addition, Groupe BPCE commits to establishing dedicated ESG criteria in the Methodological Notes for each type of Bond issuance.

We recommended finalizing the integration of ESG factors in the credit granting procedures of the Bank, externally verifying the quality and relevance of the adopted ESG criteria, and formalizing the related processes in the Program Framework.

Of note, the issuer has committed to put in place a dedicated process to identify the event and/or potential controversies that could undermine the social and/or environmental objective targeted by the Bonds and to enable Groupe BPCE to take appropriate corrective measures.

Management of proceeds

The rules for the management of proceeds are clearly defined.

- The net proceeds of the potential Bonds will be managed by Groupe BPCE's Central Treasury. The allocation will be appropriately tracked using an internal system, ensuring that no fungibility with other sources of wholesale funding takes place. An independent party will verify the tracking and allocation of funds of each Bond's proceeds once a year until maturity of the Bond.
- Groupe BPCE has committed to allocate all the proceeds to Eligible Loans at settlement or, within 24 months thereof, in line with the good market practices. Unallocated proceeds will be kept in cash or cash equivalents, and will not be invested in loans to clients who participate in activities explicitly excluded in this Framework.
- In case of divestment or if a loan fails to comply with the eligibility criteria, the Issuer has committed to replace it with another loan respecting the eligibility criteria within 12 months.

Monitoring & Reporting

Groupe BPCE’s reporting commitments are good, covering the process, funds allocation and the environmental and/or 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 type of Bond issuance.

The Issuer commits to annually and transparently report on the Program through dedicated Sustainable Development Bond Program Reports, as long as the Bonds are outstanding. These Reports will be publicly available on Groupe BPCE’s website. The financial and environmental data included will be annually verified by an external auditor.

The Issuer commits to report on:

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

Table 1. Use of proceeds reporting indicators

Reporting indicators at asset level	Reporting indicators at Bond level
<ul style="list-style-type: none"> - A brief description of some example of loans refinanced under each Bond issuance (i.e. technology type, location and operational date) 	<ul style="list-style-type: none"> - Aggregate amount of proceeds allocated to Eligible Loan Categories - Total amount of unallocated proceeds in cash and cash equivalents

- Environmental and/or social benefits, based on selected indicators that will be defined within the dedicated Methodological Notes, including the associated calculations’ methodologies and assumptions.

We have recommended the Issuer to commit to report on both outputs and impacts indicators.

We have suggested using other ESG qualitative and quantitative indicators to report on the management of the loans, depending on the available information and the relevance of ESG matters.

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.

The evaluation framework has been customized regarding material issues, based on Diversified Banks assessment framework, projects specificities and emerging issues.

Vigeo Eiris reviewed information provided by the Issuer, press content providers and stakeholders (partnership with Factiva Dow Jones: access to the content of 28,500 publications worldwide from reference financial newspapers to sector-focused magazines, local publications or Non-Government Organizations). Information gathered from these sources will be considered as long as they are public, documented and traceable. Vigeo Eiris has reviewed documents and websites of the Issuer (including but not limited to Groupe BPCE's Sustainable Development Bond Program Framework, Group Credit risk policies, Strategic Plan 2018-2020 "TEC 2020...") and interviewed members from several departments of the Issuer.

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.

ISSUANCE

The Program has been evaluated by Vigeo Eiris according to the Green Bond Principles, the Social Bond Principles and 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 and are traceable within the issuing organisation. Each Asset endorsed shall comply with at least one of the Eligible Assets categories definition in order to be considered as an Eligible Asset. Vigeo Eiris evaluates the relevance, visibility, and measurability of the associated environmental and/or social objectives. The sustainability purpose of the Green/Social Bond related Eligible Assets has been precisely defined, regarding the Issuer's commitments, and assessed based on the described and estimated benefits of Eligible Assets. The contribution of Eligible Assets to sustainable development is evaluated based on the United Nations Sustainable Development Goals.

Process for project evaluation and selection

The evaluation and selection process has been assessed by Vigeo Eiris regarding its transparency, governance and efficiency. The relevance and exhaustiveness of selection criteria and associated supporting elements integrated in the Green/Social Bond 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 project 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.

- Scale of assessment for processes and commitments: Weak, Limited, Good, Advanced.
- Scale of level of assurance on Issuer's capacity: Reasonable, Moderate, Weak.

VIGEO EIRIS' ASSESSMENT SCALES

Performance evaluation		Level of assurance	
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.	Reasonable	Able to convincingly conform to the prescribed principles and objectives of the evaluation framework
Good	Convincing commitment; significant and consistent evidence of command over the issues. Reasonable level of risk management.	Moderate	Compatibility or partial convergence with the prescribed principles and objectives of the evaluation framework
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	Lack or unawareness of, or incompatibility with the prescribed principles and objectives of the evaluation framework
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.		



Vigeo Eiris is a global provider of environmental, social and governance (ESG) research to investors and public and private corporates. The agency evaluates the level of integration of sustainability factors into organisations' strategy and operations, and undertakes a risk assessment to assist investors and companies' decision-making.

Vigeo Eiris offers two types of services through separate business units

- ▶ **Vigeo Eiris rating** offers databases, sector-based analyses, ratings, benchmarks and portfolio screening, to serve all ethical and responsible investment strategies.
- ▶ **Vigeo Eiris enterprise** works with organisations of all sizes, from all sectors, public and private in order to support them in the integration of ESG criteria into their business functions and strategic operations.

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.

Vigeo Eiris is present in Paris, London, Boston, Brussels, Casablanca, Hong Kong, Milan, Montreal, Santiago, Stockholm and Tokyo and has a team of 200. The agency works with partners through its Vigeo Eiris Global Network.

For more information: www.vigeo-eiris.com