

## SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Social Funding Framework

Groupe BPCE

10 April 2024

### VERIFICATION PARAMETERS

Type(s) of instruments contemplated

- Social Funding Instruments

Relevant standards

- Social Bond Principles, as administrated by the International Capital Market Association (ICMA) (as of 2023)

Scope of verification

- Groupe BPCE's Social Funding Framework (as of April 10, 2024)
- Groupe BPCE Selection Criteria (as of April 10, 2024)

Lifecycle

- Pre-issuance verification

Validity

- Valid as long as the cited Social Funding Framework remains unchanged

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## SCOPE OF WORK

Groupe BPCE (“the Issuer”, “the Bank”) commissioned ISS Corporate Solutions (ISS-Corporate) to assist with its Social Funding Instruments by assessing three core elements to determine the sustainability quality of the instruments:

1. Groupe BPCE’s Social Funding Framework (as of April 10, 2024) – benchmarked against the International Capital Market Association’s (ICMA) Social Bond Principles (SBP).
2. The selection criteria – whether the project categories contribute positively to the United Nations Sustainable Development Goals (UN SDGs) and how they perform against proprietary issuance-specific key performance indicators (KPIs) (See Annex 1).
3. Consistency of Social Funding Framework with Groupe BPCE’s Sustainability Strategy – drawing on the key sustainability objectives and priorities defined by the Issuer.

## GRUPE BPCE OVERVIEW

Groupe BPCE is the second-largest banking group in France and finances over 20% of the French economy. Through its 100,000 staff, the group serves 35 million customers – individuals, professionals, companies, investors, and local government bodies – around the world. It operates in the retail banking and insurance fields in France via its two major networks, Banque Populaire and Caisse d'Épargne, along with Banque Palatine and Oney. It also pursues its activities worldwide in over 40 countries with the asset & wealth management services provided by Natixis Investment Managers and the wholesale banking expertise of Natixis Corporate & Investment Banking.

Groupe BPCE was established in 2009 through the merger of Groupe Banque Populaire and Groupe Caisse d'Épargne. This marked the combination of two leading cooperative banks, created in 1878 and 1818 respectively, sharing common values rooted in solidarity, a local presence, democratic governance and a long-term vision.

### *ESG risks associated with the Issuer*

Groupe BPCE is classified in the Commercial Banks & Capital Market industry, as per ISS ESG's sector classification. Key sustainability issues faced by companies<sup>1</sup> in this industry are: Business Ethics, Labor Standards and working conditions, Sustainability impact of lending and other financial services/products, customer and product responsibility, and sustainable investment criteria.

This report focuses on the sustainability credentials of the issuance. Part III. of this report assesses the consistency between the issuance and the Issuer's overall sustainability strategy.

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<sup>1</sup> Please note, that this is not a company specific assessment but areas that are of particular relevance for companies within that industry.

## ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION
<p><b>Part I:</b></p> <p><b>Alignment with SBP</b></p>	<p>The Issuer has defined a formal concept for its Social Funding Instruments regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the ICMA’s Social Bond Principles.</p>	<p><b>Aligned</b></p>
<p><b>Part II:</b></p> <p><b>Sustainability quality of the Selection Criteria</b></p>	<p>The Social Funding Instruments will (re)finance eligible asset categories which include: Social Housing, Socioeconomic advancement and empowerment, Sport infrastructure &amp; Sport Economy, Healthcare, Education.</p> <p>Product and/or service-related use of proceeds categories individually contribute to one or more of the following SDGs:</p>  <p>The environmental and social risks associated with those use of proceeds categories and the financial institution are managed.</p>	<p><b>Positive</b></p>
<p><b>Part III:</b></p> <p><b>Consistency of Social Funding Instruments with Groupe BPCE’s Sustainability Strategy</b></p>	<p>The key sustainability objectives and the rationale for issuing Social Funding Instruments are clearly described by the Issuer. All the project categories considered are in line with the sustainability objectives of the Issuer.</p> <p>At the date of publication of the report and leveraging ISS ESG Research, no severe controversies have been identified.</p>	<p><b>Consistent with Issuer’s sustainability strategy</b></p>

<sup>2</sup> The evaluation is based on the analysed Selection Criteria as received on April 4, 2024.

## SPO ASSESSMENT

### PART I: ALIGNMENT WITH SOCIAL BOND PRINCIPLES

This section evaluates the alignment of the Groupe BPCE’s Social Funding Framework (as of April 10, 2024) with the ICMA’s Social Bond Principles.

SOCIAL BOND PRINCIPLES	ALIGNMENT	OPINION
<p><b>1. Use of Proceeds</b></p>	<p>✓</p>	<p>The Use of Proceeds description provided by Groupe BPCE’s Social Funding Framework is <b>aligned</b> with the Social Bond Principles.</p> <p>The Issuer’s social project categories align with the project categories as proposed by the Social Bond Principles. Criteria are defined in a clear and transparent manner. The social benefits of project categories are described and the disclosure of contemplated distribution of proceeds by social project category will be provided pre-issuance.</p> <p>The Issuer defines exclusion criteria for harmful projects categories in line with best market practice.</p>
<p><b>2. Process for Project Evaluation and Selection</b></p>	<p>✓</p>	<p>The Process for Project Evaluation and Selection description provided by Groupe BPCE’s Social Funding Framework is <b>aligned</b> with the Social Bond Principles.</p> <p>The project selection process is defined and structured in a congruous manner. ESG risks associated with the project categories are identified and managed through an appropriate process. Moreover, the projects selected show alignment with the sustainability strategy of the Issuer, and clearly show the intended benefit to the relevant population.</p> <p>Groupe BPCE involves various stakeholders in this process, in line with best market practice.</p>

<p><b>3. Management of Proceeds</b></p>	<p>✓</p>	<p>The Management of Proceeds provided by Groupe BPCE’s Social Funding Framework is <b>aligned</b> with the Social Bond Principles.</p> <p>The net proceeds collected will be equal to the amount allocated to eligible social projects, with no exceptions. The net proceeds are tracked in an appropriate manner and attested in a formal internal process. The net proceeds are managed on an aggregated basis for multiple Social Bonds (portfolio approach). Moreover, the Issuer discloses the temporary investment instruments for unallocated proceeds.</p>
<p><b>4. Reporting</b></p>	<p>✓</p>	<p>The allocation and impact reporting provided by Groupe BPCE’s Social Funding Framework is <b>aligned</b> with the Social Bond Principles.</p> <p>Groupe BPCE commits to disclose the allocation of proceeds transparently and to report in an appropriate frequency. The reporting will be publicly available on the Issuer’s website. Groupe BPCE explains that the level of expected reporting will be at project category level and the type of information that will be reported. Moreover, the issuer commits to report annually, until the bond matures.</p> <p>Furthermore, Groupe BPCE is transparent on the information reported in the impact report, and further defines the duration and the frequency of the impact reporting, in line with best market practice.</p> <p>Additionally, the Issuer discloses the location and link of the reports and commits to get the allocation report audited by an external party, in line with best market practices.</p>

## PART II: SUSTAINABILITY QUALITY OF THE SELECTION CRITERIA

### A. CONTRIBUTION OF THE SOCIAL FUNDING INSTRUMENTS TO THE UN SDGs<sup>3</sup>

Banks can contribute to the achievement of the SDGs by providing specific services/products which help address global sustainability challenges, and by being responsible corporate actors, working to minimize negative externalities in their operations along the entire value chain.

The assessment of UoP categories for (re)financing products and services is based on a variety of internal and external sources, such as the ISS ESG SDG Solutions Assessment (SDGA), a proprietary methodology designed to assess the impact of an Issuer's products or services on the UN SDGs, as well as other ESG benchmarks (the E.U. Taxonomy Climate Delegated Acts, the ICMA Green and/or Social Bond Principles and other regional taxonomies, standards and sustainability criteria).

The assessment of UoP categories for (re)financing specific products and services is displayed on a 3-point scale:



Each of the Social Funding Instruments' Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p><b>Development and renovation of the French social housing stock</b></p> <p><i>HLM (Habitations à Loyer Modéré) offices, in particular to three types of French Social Housing Landlords supervised by ANCOLS (Acteur unique de contrôle et d'évaluation des organismes d'Action Logement et du logement social) :</i></p> <ul style="list-style-type: none"> <li>OPH (Offices Publics de l'Habitat) - Public entities which have been set up by, and are legally linked, to one or several local governments with a very limited and clearly defined remit for the operation, renovation, and construction of social housing;</li> </ul>	<p><b>Contribution</b></p>	

<sup>3</sup> The impact of the UoP categories on UN Sustainable Development Goals is assessed with proprietary methodology and may therefore differ from the Issuer's description in the framework.

- *ESH (Entreprises Sociales pour l’Habitat) - private entities with a similarly defined remit as OPH;*
- *SEM (Société d’Economie Mixte) - Public Private Partnerships, but under the control of local authorities (public limited company whose capital is mainly held by one or more public entities i.e., the State, a local authority, or any other public institution)*

**Target Population**

According to French Law (Article L. 411-1 of the French Construction and Housing Code), low-income population for social housing is subject to conditions of resources<sup>4</sup> and defined for regular residence in France. Resources ceiling depends on the following criteria:

- *The type of accommodation, depending on financing (loans and subsidies) obtained by the social housing landlords during the construction or renovation of the housing concerned;*
- *The applicant's family situation, relying on the reference tax revenues of each person living in the household, the amount of the housing allowance to which the household is entitled, and the potential costs incurred for the accommodation of the spouse in a residential facility for dependent elderly people;*
- *The location of the desired accommodation, depending on geographic areas<sup>5</sup>.*

**Social Home Ownership**

Promotion of social home ownership through the acquisition of new and existing housing, such as:

- *P.A.S. (Prêt à l’Accession Sociale) dedicated to acquisition of dwelling by households meeting maximum income requirements depending on the location of the dwelling. In addition, the contemplated property must be the main residence of the household at least during 6 years after the purchase*

**Contribution**



<sup>4</sup> conditions of resources: <http://www.financement-logement-social.logement.gouv.fr/logement-social-r245.html>

<sup>5</sup> Zones A, B and C defined according to the maximum income for entitlement to social housing, the maximum income to qualify for a zero rate loan or a social accession loan and for a landlord, the right to a tax reduction

- *The loan can finance the purchase of any kind of dwelling (new, refurbished, existing dwelling)*
- *The Loan can last from 5 to 25 years. The loan can finance up to the totality of the purchase*
- *The interest rate of the PAS Loan is regulated by the French State administration and the Credit Institution should have entered into a specific convention with the French State Administration*
- *P.S.L.A. (Prêt Social Location Accession) dedicated to acquisition of new housing after a rental period (call option), with legally defined social requirements for both the borrower (buyer) and the property operator (vendor).*

*Borrower*

- *The contemplated property must be its principal residence*
- *Both a maximum (resources ceiling) and a minimum (amount of the operation divided by 10) of reference tax revenues of each person living in the household are legally defined and annually updated*

*Vendor*

- *A maximum sales price is legally defined and annually updated by geographic areas, and tax advantages for the buyer (reduced VAT, exemption of land tax for 15 years)*
- *A buyback guarantee must be offered on a 15-years period from exercise of the call option*
- *In case of non-exercise of the call option or of redemption, households with revenues lower than income ceiling defined for PLUS (prêt locatif à usage social) can benefit from a re-housing guarantee*
- *During the rental period, a maximum of rental fee is defined (based on rent*

*ceiling defined for PLS – Prêt Locatif Social)*

- *OFS – B.R.S. (Organisme de Foncier Solidaire-Bail Réel Solidaire) dedicated to the acquisition of dwellings by the occupying household by entering into a specific leasing agreement which allows the household to purchase the dwelling but not the underlying land in order to reduce significantly the purchase price.*
  - *The buyer should respect the criteria of maximum income and uses the dwelling as its main residency*
  - *The purchase price is aligned with the PSLA scale and reduced by the value of the land. The dwelling can be sold solely to a household that respects the PSLA income criteria and the purchase price should also be aligned with the PSLA scale*
  - *The BRS can only be granted by an "Organisme de Foncier Solidaire" a specific juridical form delivered by the State administration and the OFS are supervised by the State Administration*
  - *The household should during the BRS (from 18 to 99 years) repay the acquisition loan and an occupation fee to the BRS*

**Target population:**

*According to French Law, low-income population for PSLA & OFS-BRS is subject to conditions of resources defined regarding the reference tax revenues of each person living in the household, depending on geographic areas<sup>6</sup>.*

- *Vente HLM dedicated to acquisition of existing housing (built or acquired by an HLM office since more than 10 years), with legally defined quality and social requirements for both the borrower (buyer) and the property operator (vendor).*

*Borrower*

- *Priority is given to social housing tenants*

<sup>6</sup> conditions of resources: <http://www.financement-logement-social.logement.gouv.fr/accesion-r246.html>

- Both a maximum (resources ceiling) of reference tax revenues of each person living in the household are legally defined and annually updated – same framework than HLM social housing

Vendor

- Preference sales price is proposed to the buyer
- A buyback guarantee must be offered on a 10-years period
- A re-housing guarantee offered during 5 years
- A redemption guarantee offered during 5 years

**Target population:** According to French Law (Article L. 411-1 of the French Construction and Housing Code), low-income population for Vente HLM is subject to conditions of resources defined regarding the reference tax revenues of each person living in the household, depending on geographic areas.

**Small businesses, SMEs<sup>7</sup>, local authorities and non-profit organizations that seek to benefit people who live and/or work in economically and/or socially disadvantaged areas or communities**

Loans granted to Small & Medium Enterprises selected according to the following geographical criteria:

- Area (defined by zip code) with a Relative Poverty Rate in the top third of all areas in metropolitan France, where the Relative Poverty Rate (60% poverty threshold) is defined as the ratio of the number of people (in a given age group) whose income falls below the 'poverty threshold', which is established at 60% of the median household income for the total population. Measure is relative rather than absolute and reflects economic disparity (poverty in Western economies dependent on social context).

Contribution



<sup>7</sup> Small & Medium Enterprises are defined as corporations with an annual turn-over below €50m or balance sheet total below €43m and with less than 250 staff headcounts (FTE) (according to EU definition of SMEs, EU recommendation 2003/361).

- **Relative Poverty Rate =**  

$$\frac{\text{Number of people (in a given group) whose income falls below the 'poverty threshold'}}{\text{Total population}}$$

Or

- **Unemployment Rate**

$$= \frac{\text{Number of persons aged between 14 and having declared themselves 'unemployed (regardless of any registration with the employment center)}}{\text{Labor force which includes employed and unemployed workers}}$$

- Area (defined by zip code) with an unemployment rate in the top third of all areas in metropolitan France and

- **Business Creation Level:**  

$$= \frac{\text{Number of companies created over the last year}}{\text{Number of companies at the beginning of the year}}$$

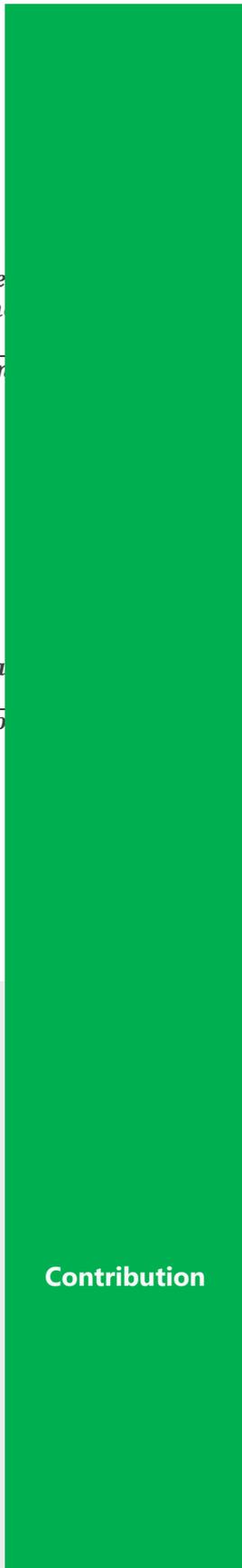
- Area (defined by zip code) with a business creation lower than the median of metropolitan France areas as a whole

**Target population:** Not for Profit Entities and SMEs in economically and/or socially disadvantaged areas of communities

**Small businesses, SMEs<sup>8</sup>, local authorities and non-profit organizations that seek to benefit people who live and/or work in economically and/or socially disadvantaged areas or communities**

Loans granted to Not for Profit Entities selected according to the following geographical criteria:

- Area (defined by zip code) with a Relative Poverty Rate in the top third of all areas in metropolitan France, where the Relative Poverty Rate (60% poverty threshold) is defined as the ratio of the number of people (in a given age group) whose income falls below the 'poverty threshold', which is established at 60% of the median household



Contribution



<sup>8</sup> Small & Medium Enterprises are defined as corporations with an annual turn-over below €50m or balance sheet total below €43m and with less than 250 staff headcounts (FTE) (according to EU definition of SMEs, EU recommendation 2003/361)

income for the total population. Measure is relative rather than absolute and reflects economic disparity (poverty in Western economies dependent on social context).

**Relative Poverty Rate =**

$$\frac{\text{Number of people (in a given group) whose income falls below the 'poverty threshold'}}{\text{Total population}}$$

Or

- Unemployment Rate

**Unemployment Rate =**

$$\frac{\text{Number of persons aged between 14 and 70 having declared themselves 'unemployed' (regardless of any registration with the employment center)}}{\text{Labor force which includes employed and unemployed workers}}$$

- Area (defined by zip code) with an unemployment rate in the top third of all areas in metropolitan France and

- Business Creation Level:

**Business Creation Level**

$$\frac{\text{Number of companies created over the last year}}{\text{Number of companies at the beginning of the year}}$$

- Area (defined by zip code) with a business creation lower than the median of metropolitan France areas as a whole

**Target population:** Not for Profit Entities and SMEs in economically and/or socially disadvantaged areas of communities

**Sport facilities & Infrastructures**

Sport centers providing both equipment, infrastructure and teaching

- Sport infrastructure (fields, courts) managed by public-private entities and enabling sports activities
- Sport infrastructures in the context of Paris 2024 Olympics that will be accessible to the general public after the event

**Target population:** General public

**Contribution**



**Non-for-Profit organizations involved in the promotion of sport activities**

- Teaching of sport disciplines and organization of physical activities at schools, associations and amateur clubs
- Activities of sport clubs and other sport related activities available for children, the elderly and the public at large

**Target population:** Not for profit organizations supporting sport activities for the general public

**Individuals and Small & Medium Enterprises dedicated to the sport economy**

- Teaching of sport disciplines, manufacturing of sport goods and equipment for sports centers, associations, clubs and individuals to meet different practices
- Retailers & manufacturers of sport goods, small equipment for indoor/outdoor sport activities and specific equipment for sport activities

**Target population:** Individuals and SMEs supporting increased access to sport for the general population.

**Healthcare infrastructure**

Design, construction, extension, acquisition, retrofit and maintenance of public, subsidized or private healthcare infrastructure including:

Outside of France:

- Public and subsidized hospitals and medical centers
- Public and subsidized elderly care facilities

In France:

- Hospitals (including public, private not for profit hospitals and private clinics) falling under the definition of "Service Public Hospitalier" (SPH) considered a French public service performing a mission of general interest defined by law ("Code de la Santé Publique") as part of the French health policy

Contribution



Contribution



Contribution



- *Public first aid facilities (e.g. fire departments, SAMU/SMUR)*
- *Healthcare and childcare services facilities including social and medico-social establishments, blood transfusion establishments, facilities providing medical oxygen and Occupational Health and Prevention Services (SPST) (e.g. facilities for children and adolescents with intellectual, motor or hearing impairments, facilities for adults with disabilities who have significant physical or mental dependence providing both permanent and temporary accommodation, along with medical care and social activities)*
- *Public and private not for profit elderly care facilities (retirement homes, EHPADs providing room accommodations to support elderly individuals who are ill or dependent)*
- *Addiction treatment facilities (multidisciplinary structures aiming to provide and care for individuals facing addiction (drug addiction, alcoholism, etc.) and offering temporary accommodation with medical and social care coordinated with hospitals)*

**Target population:** *General population in need of medical care and notably disadvantaged populations, underserved populations with a lack of quality access to essential goods and services.*

**Healthcare infrastructure**

*Operation (investments, such as medical equipment) of the healthcare infrastructure including:*

*Outside of France:*

- *Public and subsidized hospitals and medical centers*
- *Public and subsidized elderly care facilities*

*In France:*

**Contribution**

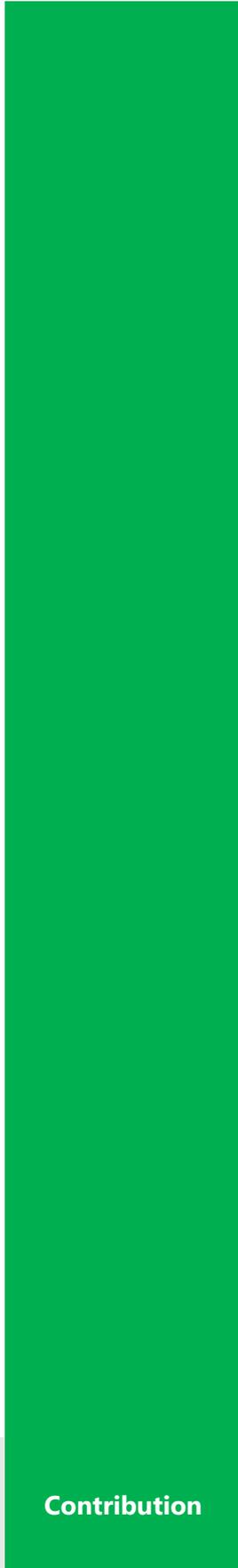


- *Hospitals (including public, private not for profit hospitals and private clinics) falling under the definition of “Service Public Hospitalier” (SPH) considered a French public service performing a mission of general interest defined by law (“Code de la Santé Publique”) as part of the French health policy*
- *Public first aid facilities (e.g. fire departments, SAMU/SMUR)*
- *Healthcare and childcare services facilities including social and medico-social establishments, blood transfusion establishments, facilities providing medical oxygen and Occupational Health and Prevention Services (SPST) (e.g. facilities for children and adolescents with intellectual, motor or hearing impairments, facilities for adults with disabilities who have significant physical or mental dependence providing both permanent and temporary accommodation, along with medical care and social activities)*
- *Public and private not for profit elderly care facilities (retirement homes, EHPADs providing room accommodations to support elderly individuals who are ill or dependent)*
- *Addiction treatment facilities (multidisciplinary structures aiming to provide and care for individuals facing addiction (drug addiction, alcoholism, etc.) and offering temporary accommodation with medical and social care coordinated with hospitals)*

**Target population:** *General population in need of medical care and notably disadvantaged populations, underserved populations with a lack of quality access to essential goods and services.*

**Healthcare professionals**

*Healthcare professionals and care provided outside hospitals or medical-social facilities in*



**Contribution**



France in areas identified as medical deserts including:

- Ambulatory care healthcare professionals, whether working independently, as part of a group, or collaboratively in a local health center, either self-employed or on a salary, delivering primary care service to the community (General practitioner / specialist, pharmacist, medical auxiliary)
- Medical biology laboratories helping to assess the state of health, diagnose pathologies and monitor patient treatment (such as microscopy, immunology, bacteriology, virology and hematology)
- Home nursing services contributing to support the elderly and disabled at home by providing care
- Pharmacies contributing to patient prevention, screening, diagnosis, treatment and follow-up, providing services such as dispensing or administering medication

**Target population:** Healthcare professionals located in medical deserts in France; General population in need of medical care and notably disadvantaged populations; underserved populations with a lack of quality access to essentials goods and services.

**Healthcare professionals**

Healthcare professionals training in France including:

- Training organizations dedicated to healthcare services supporting health and social care staff enabling individuals to acquire professional skills contributing to restoring people's health, developing, or regaining their independence while helping to maintain social links.

**Target Population:** Healthcare professionals located in medical deserts in France, General population in need of medical care and notably disadvantaged populations; underserved

**Contribution**



populations with a lack of quality access to essential goods and services.

**Medical products & equipment**

SMEs dedicated to medical products & equipment manufacturing contributing to the preservation and development of healthcare manufacturing in France including:

- Manufacture of medical-surgical and dental equipment, manufacture of pharmaceutical preparation and/or manufacture of medical irradiation equipment, electromedical and electrotherapeutic equipment
- Manufacture of medical equipment for hospitals, elderly care facilities and healthcare infrastructures

**Target Population:** Healthcare professionals located in medical deserts in France, General population in need of medical care and notably disadvantaged populations; underserved populations with a lack of quality access to essential goods and services.

**Contribution**



**Medical products & equipment**

Purchase & leasing of medical equipment by healthcare professionals in France

**Target Population:** Healthcare professionals located in medical deserts in France, General population in need of medical care and notably disadvantaged populations; underserved populations with a lack of quality access to essential goods and services.

**Contribution**



**Innovation in the healthcare sector**

Innovative SMEs in the healthcare sector contributing to the preservation and development of healthcare provision in France that have either:

- Significant expenditure on Research & Development (R&D) and Innovation
- Filed a patent or digital creation within the last 3 years
- Obtained Research Tax Credit (CIR) or other aid for R&D and Innovation

**Contribution**



**Target population:** SMEs dedicated to healthcare, general population in need of medical care.

**Innovation in the healthcare sector**

SME dedicated to e-medicine solutions contributing to access to healthcare services

**Target population:** SMEs dedicated to healthcare, general population in need of medical care.

**Contribution**



**Financial access to education**

Student loans granted by Banques Populaires or Caisses d'Epargne networks to support access to education (notably to finance tuition fees, students accommodations and basic expenses required for education) under preferential terms such as possible deferred repayment until after studies and including the possibility to benefit from a guarantee provided by the French State (Prêt Etudiant Garanti par l'Etat - PEGE, Bpifrance) when a borrower is not able to provide a guarantor able to repay the loan.

**Contribution**



**Target population:** All students and pupils who are underserved and lack quality access to education, facing financial hurdle in accessing education

**Education, training & culture infrastructure**

Design, construction, extension, acquisition, retrofit and maintenance of public or subsidized infrastructure dedicated to education and culture including:

- Nurseries, day-care, pre-school, primary and secondary schools, universities and higher education
- Public student housing (supervised by Crous)
- Professional training infrastructure (vocational training, apprenticeship, upskilling and reskilling, etc.)
- Cultural facilities: libraries

**Contribution**



**Target population:** Public & subsidized education and culture infrastructure operators and professional training organizations; All students and pupils, including populations with socioprofessional difficulties or without professional experience of all ages; General population in the catchment area of culture infrastructures.

**Education, training & culture infrastructure**

Design, construction, extension, acquisition, retrofit and maintenance of public or subsidized infrastructure dedicated to education and culture including:

- Provision of public-school transportation (i.e. public school bus networks)

**Target population:** public & subsidized education and culture infrastructure operators and professional trainings organizations; All students and pupils, including populations with socio-professional difficulties or without professional experience of all ages; General population in the catchment area of culture infrastructure.

**Education, training & culture infrastructure**

Design, construction, extension, acquisition, retrofit and maintenance of public or subsidized infrastructure dedicated to education and culture including:

- Cultural facilities: Museums, culture centers

**Target population:** public & subsidized education and culture infrastructure operators and professional trainings organizations; All students and pupils, including populations with socio-professional difficulties or without professional experience of all ages; General population in the catchment area of culture infrastructure.

**Contribution**



**Contribution**



**Organizations involved in the promotion of education, training & culture**

Individuals, Small & Medium size enterprises<sup>9</sup>, dedicated to promotion of free qualifying education, training & culture including:

- Academic tutoring
- Learning centers offering remedial and evening courses
- Professional qualification certificates and diplomas
- Languages and conversational skills
- Business development, entrepreneurship, advisory
- IT training

**Target population:** All students and pupils, including populations with socio-professional difficulties or without professional experience of all ages; Public facilities available to all populations; Professional training organizations.

**Organizations involved in the promotion of education, training & culture**

Public organizations and non-for-profit entities dedicated to promotion of free qualifying education, training & culture including:

- Academic tutoring
- Learning centers offering remedial and evening courses
- Professional qualification certificates and diplomas
- Languages and conversational skills
- Business development, entrepreneurship, advisory
- IT training
- CROUS (Centre régional des œuvres universitaires et scolaires)

**Target Population:** All students and pupils, including populations with socio-professional difficulties or without professional experience of all ages; Public facilities available to all populations; Professional training organizations.

Contribution



Contribution



<sup>9</sup> Small & Medium Enterprises are defined as corporations with an annual turn-over below €50m or balance sheet total below €43m and with less than 250 staff headcount (FTE) (according to EU definition of SMEs, EU recommendation 2003/361)

## B. MANAGEMENT OF ENVIRONMENTAL & SOCIAL RISKS ASSOCIATED WITH THE FINANCIAL INSTITUTION AND THE SELECTION CRITERIA

The table below evaluates the selection type against issuance-specific KPIs. The vast majority of the assets financed under this framework are and will be located exclusively in France.<sup>10</sup> There can be exceptions for education and healthcare relating to the financing of dedicated infrastructure (i.e., hospital or a school), which can be carried out outside of France, notably by Natixis Corporate and Investment Banking (CIB). The location of earmarked Eligible Social Assets and/ or split of earmarked Eligible Social Assets by entities of Groupe BPCE will be disclosed in the allocation report, which will be published annually until maturity of outstanding Sustainable Funding instruments.

### ASSESSMENT AGAINST KPIs

#### ESG guidelines into financing process

Groupe BPCE has Environmental & Social risks screening processes in place to identify, categorize, and evaluate ESG risks for its financing and investing activities (retail banking, corporate & investment banking, and insurance).

Within the scope of retail banking, Groupe BPCE has included environmental and social criteria in the group's sectoral credit policies.<sup>11</sup> The non-financial risks committee (climate risk, credit analysis, and CSR teams) has been meeting every month since March 2020 to conduct ESG reviews of all business sectors and by type of customer. Within the framework of these reviews, each sector of activity is assessed on the basis of criteria related to physical climate risks, transition risks and other environmental objectives, in consistency with the European Taxonomy Regulation, as well as social and societal issues (i.e., human rights, labor rights, health and safety, gender equality) and sustainable governance consideration.

Regarding Corporate & Investment Banking, as a signatory of the Equator Principles, Natixis CIB applies the Equator Principles when assessing the environmental and social risks related to the dedicated-purpose financings.<sup>12</sup> In addition, Groupe BPCE has a credit approval process in place, used as part of the client onboarding process (Know Your Client), in order to identify environmental and social risks related to a client's/investee's operations.<sup>13</sup> It covers four areas: 1) controversies to which the client may be exposed, 2) sectors in which the client operates, 3) maturity of the risk management framework, and 4) type of business relationship with Natixis. The credit approval processes permit to identify clients as most at risk, which are then subjected to in-depth analysis (based on 16 risk dimensions covering ESG factors).<sup>14</sup> Finally, Natixis CIB has developed a proprietary methodology - the Green Weighting Factor - which

<sup>10</sup> The Issuer confirmed that above 80% of the assets financed under this framework will be located in France.

<sup>11</sup> Groupe BPCE sector policies, available at: <https://natixis.groupebpce.com/articles/sector-policies/>

<sup>12</sup> Groupe BPCE Equator Principles, Project finance and dedicated funding available at: <https://natixis.groupebpce.com/articles/project-finance-and-dedicated-funding/>

<sup>13</sup> Groupe BPCE, Enhanced screening of corporate clients, available at: <https://natixis.groupebpce.com/articles/enhanced-screening-of-corporate-clients/>

<sup>14</sup> Ibid.

aims to categorize the level of impact of each corporate & investment banking transactions. It results in a rating and color code assigned to each transaction, on a scale of seven levels ranging from dark brown (activities having harmful effect on the climate and the environment) to dark green (activities having a positive impact).<sup>15</sup>

Eligible Social Assets bearing material and severe ESG controversies based on reliable sources will not be financed and/or re-financed by Groupe BPCE Sustainable Funding Instruments. When ESG risks and severe ESG controversies associated with a specific project/ client/ financing already earmarked to a Sustainable Funding Instrument are identified, the information is brought up to the various credit committees & decision instances. It can then be decided to put forward mitigation plans for project that are identified as medium or high risk, which may include measures such as conducting additional due diligence, engaging with stakeholders, and incorporating specific ESG criteria for project evaluation and monitoring. In case the mitigation plans fail to address the relevant E&S risks related to those projects, escalation measures can take place including potential withdrawing from particular financings/ clients/ projects.

### **Labor, Health, and Safety**

The Issuer has measures in place systematically ensuring that assets financed under this framework provide for high health and safety and labor standards.



The vast majority of the assets financed under this framework will be located in France which is an Equator Principles Designated Country, and high health and safety and labor standards are ensured by the relevant national legislation. Furthermore, France has ratified all core International Labor Association's (ILO) core conventions, therefore all borrowers are obligated to comply with ILO requirements. In addition, the French law on the duty of vigilance requires Natixis to prepare, publish, and implement a duty of vigilance action plan containing reasonable vigilance measures that can identify and prevent the risks of violating human rights and basic freedoms, harming the environment, and endangering occupational health and safety, that are associated with the activities conducted by Natixis as well as its subsidiaries, subcontractors and suppliers with which an established commercial relationship is maintained, when these activities are concerned by this relationship.

For project finance, when eligible social assets are identified in non-designated countries, they will be assessed against a complete E&S process according to the Equator Principles which is based on the IFC Performance standards. It ensures that the projects they choose to finance are developed in a socially responsible manner and reflect sound environmental management practices. All transactions go through Groupe BPCE's ESG Due Diligence Plan, and Natixis

<sup>15</sup> For more details regarding the thresholds and meaning of the color system of Natixis, please refer to TCFD Report of Groupe BPCE 2023, available at: <https://groupebpce.com/en/the-group/publications>.

standard credit and investment processes, which have been designed to ensure compliance with the standards defined by the International Labor Organization (ILO).

### **Biodiversity**

The Issuer has policies and measures in place systematically ensuring that assets financed under this framework feature the respect of biodiversity as an integral part of the planning process.



The vast majority of the assets financed under this framework will be located in France. Thus, the borrowers are obliged to mitigate and reduce their environmental impacts as they need to align to the European Union standards in terms of Environmental and Social Impact Assessment.

For project finance, when eligible social assets are identified in non-designated countries, they will be assessed against a complete E&S process according to the Equator Principles which is based on the IFC Performance standards. It ensures that the projects they choose to finance reflect sound environmental management practices. All transactions go through Groupe BPCE's ESG Due Diligence Plan, and Natixis standard credit and investment processes. Biodiversity is part of the 16 risk dimensions proposed for study in in-depth analyses by the analysts of the Environmental & Social Risk team.

### **Community Dialogue**

The Issuer has policies and measures in place systematically ensuring that assets financed under this framework feature community dialogue as an integral part of the planning process.



The vast majority of the assets financed under this framework will be located in France. Thus, the borrowers are obliged to mitigate and reduce their environmental impacts as they need to align to the European Union standards in terms of Environmental and Social Impact Assessment.

For project finance, when eligible social assets are identified in non-designated countries, they will be assessed against a complete E&S process according to the Equator Principles which is based on the IFC Performance standards. It ensures that the projects they choose to finance reflect sound environmental management practices. All transactions go through Groupe BPCE's ESG Due Diligence Plan, and Natixis standard credit and investment processes. Community dialogue is part of the 16 risk dimensions proposed for study in in-depth analyses by the analysts of the Environmental & Social Risk team.

### **Inclusion**



The Issuer has policies in place to ensure universal access for vulnerable or disadvantaged populations to the basic services financed under this framework. For healthcare in France, the French hospital sector (public, private non-profit and for profit) falls under the French Social Security scheme and more specifically under the universal healthcare system of the Assurance Maladie which guarantees coverage of healthcare expenses for all individuals who are working or have been residing in France on a stable and ongoing basis for at least three months. For education eligible assets, Groupe BPCE is targeting exclusively public & subsidized education and culture infrastructure operators and professional training organisations to ensure there is no discrimination in access to culture and education based on income or any potential other factor.



The Issuer has policies in place ensuring that borrowers are not discriminated on the basis of age, disability, ethnic origin, family status, race, religion, gender, sexual orientation, nationality, and social origin in the access to credit.<sup>16</sup>

### Data protection and information security



Groupe BPCE has an internal Information System Security in place for systematically ensuring that data collection processes on borrowers meet minimum requirements for data and information security, and data security in outsourced data processing.

Groupe BPCE has an information security management system, which runs risk assessments, audits, incident management system, physical and technical safeguards, trainings and awareness raising (i.e., phishing awareness campaign and training programs with particular attention on cybersecurity risks).<sup>17</sup> In addition, the Groupe BPCE agrees to ensure that its use of personal data complies with the EU's General Data Protection Regulation (GPRD) and the French data protection act.<sup>18</sup> Groupe BPCE's entities comply with current legal provisions, notably those governing the use of algorithms whose employment is regulated by a benchmark charter created at Group level. This ensures that their implementation respects the goals of the EU's GPDR on data protection and, in particular, the principles of loyalty, vigilance, ethics and traceability.

When outsourcing data, a dedicated outsourcing policy is applied by the Issuer to ensure the control of essential outsourced services, including the monitoring of critical or important services.<sup>19</sup> The suppliers must validate the responsible

<sup>16</sup> Groupe BPCE's Code of conduct, available at: <https://natixis.groupebpce.com/wp-content/uploads/2019/02/Code-of-conduct-2022-EN.pdf>.

<sup>17</sup> Groupe BPCE's Universal Registration Document, 2023, p.139-141, available at: <https://groupebpce.com/en/the-group/publications>

<sup>18</sup> Personal data policy BPCE lease, available at: <https://www.lease.bpce.fr/en-fr/personal-data-policy-bpce-lease/#:~:text=The%20Groupe%20BPCE%20agrees%20to,the%20French%20data%20protection%20act>.

<sup>19</sup> Groupe BPCE's Universal Registration Document, 2022, available at: <https://groupebpce.com/en/the-group/publications>

purchasing practices of Groupe BPCE,<sup>20</sup> including the compliance with the responsible purchasing charter and the compliance with reporting obligations with the “Devoir de Vigilance”.<sup>21</sup>

**Responsible treatment of customers with debt repayment problems**



The Issuer has measures and policies in place to deal responsibly with clients having debt repayment problems. The Issuer has taken pre-emptive actions to prevent client debt repayment problems, including educational programs for clients in financial difficulties by partnering with non-profit organization (i.e., Finances & Pédagogie), which offer educational program for young people, for people in financial difficulty, and social aid professionals. In addition, Groupe BPCE has processes in place to allow the early identification of customers at risk of incurring excessive debt.<sup>22</sup> Moreover, the Issuer offers internal debt counselling and debt management options as a separate service to clients with debt repayment problems in order to maintain the commercial relationship. Groupe BPCE also offers some debt restructuring measures (i.e., lower interest rates) to their clients under non-detrimental conditions. Each of Groupe BPCE’s regional banks has an amicable debt collection department whose aim is to maintain the commercial relationship with the over-indebted customer by providing support and advice and implementing a gradual debt repayment plan. When this department takes charge of the customer, bank charges and agios are suspended. Finally, the Issuer has measures in place to ensure that the Bank sells mortgages under conditions that are not detrimental to clients and guarantee that all alternative options are examined before undertaking foreclosure as a last resort.

**Sales practices**



The Issuer has measures and policies in place systematically ensuring that assets financed under this framework provide for responsible sales practices. Groupe BPCE has dedicated trainings and educational sessions for its employees, covering the main topics of responsible sales practices such as product transparency, fair and honest treatment to a client.<sup>23</sup> In addition, the Issuer runs customer surveys focusing on their post-sale understanding of product and services. Groupe BPCE also regularly conducts client assessment to determine risk profiles against the risk profile of the investment. Finally, ethical considerations are to some extent included in the calculation of bonus payment at Groupe BPCE. Groupe BPCE must comply with the SFRD regulation 2019

<sup>20</sup> Groupe BPCE’s Supplier policies, available at: <https://groupebpce.com/en/suppliers>

<sup>21</sup> Groupe BPCE’s Responsible Purchasing Charter, available at: <https://groupebpce.com/en/content/download/35805/file/Charte%20Achats%20Responsables.pdf>

<sup>22</sup> Groupe BPCE’s Universal Registration Document, 2023, p.61 and 76, available at: <https://groupebpce.com/en/investors/results-and-publications/registration-document>

<sup>23</sup> Ibid.

2088, which obliges the Issuer to have a remuneration policy that includes qualitative criteria reflecting applicable regulations, fair treatment of clients, and the quality of the services.<sup>24</sup>

### Responsible marketing



The Issuer has measures and policies in place ensuring that assets financed under this framework followed responsible marketing practices. The Issuer is committed to being transparent in its marketing activities and product risk. It has guidelines in place on clear and correct pricing, and the provision of complete and understandable information.<sup>25</sup> Sales personnel are obliged to undergo training in view of their decisive role in customer protection. They are responsible for conveying offers in a transparent and proper manner, by effectively providing clients with information on products risk.<sup>26</sup>

### Exclusion criteria

The Issuer ensures that assets in the following sectors may not be financed and/or re-financed by Groupe BPCE Sustainable Funding Instruments: Oil, Defense, Tobacco, Coal, Gambling.<sup>27</sup> In addition, specific exclusion criteria have been established for several Eligible Social Project Categories including:

- Loans granted to SMEs under the Local Economic Development Eligible Social Project Category whose activity belongs to excluded sectors according to the exclusion list provided under Appendix IV of the Social Funding Framework.
- Loans granted to individuals and SMEs whose activity(ies) are linked with nutrition-related activities, broadcasting, advertising and betting under the Sport Infrastructure & Sport Economy Eligible Social Project Category.

<sup>24</sup> Caisse D'Epargne and Banque Populaire SFRD regulation, available at: <https://www.caisse-epargne.fr/votre-banque/reglementation/reglementation-sfdr/> and <https://www.banquepopulaire.fr/votre-banque/reglementation/reglementation-sfdr/>

<sup>25</sup> Groupe BPCE's Code of Conduct, p.13, available at: <https://natixis.groupebpce.com/wp-content/uploads/2019/02/Code-of-conduct-2022-EN.pdf>

<sup>26</sup> Groupe BPCE protection of customers policy, available at: <https://groupebpce.com/en/the-group/compliance>

<sup>27</sup> Groupe BPCE's sector policies, p.19, available at: <https://natixis.groupebpce.com/articles/sector-policies/>

## PART III: CONSISTENCY OF SOCIAL FUNDING INSTRUMENTS WITH GROUPE BPCE’S SUSTAINABILITY STRATEGY

*Key sustainability objectives and priorities defined by the Issuer*

Topics	ISSUER APPROACH
<p><b>Strategic ESG topics</b></p>	<p>The Issuer's sustainability strategy is guided by a commitment to business ethics and the effective management of legal, regulatory, and ethical risks for its stakeholders, including customers, employees, and partners. Aligned with the United Nations’ Sustainable Development Goals (SDGs), the strategy is structured around three core pillars: meeting civil society expectations, contributing to the environmental transition, and shaping the future of work.</p> <p>This strategy is implemented through 12 key commitments:</p> <ul style="list-style-type: none"> <li>▪ Fostering cooperative values</li> <li>▪ Driving economic development in the region</li> <li>▪ Supporting vulnerable customers</li> <li>▪ Implementing a responsible purchasing policy</li> <li>▪ Aligning portfolios with a Net Zero trajectory</li> <li>▪ Advancing green refinancing initiatives</li> <li>▪ Assisting customers in their environmental transition</li> <li>▪ Developing a comprehensive ESG offering</li> <li>▪ Decreasing the group's environmental impact</li> <li>▪ Enhancing employability opportunities</li> <li>▪ Championing gender equality</li> <li>▪ Supporting youth employment</li> </ul>
<p><b>ESG goals/ Targets</b></p>	<p>To achieve its strategic ESG topics, the Issuer announced interim alignment targets for two sectors with high emissions for the year 2022, revised upwards in December 2023:</p> <ul style="list-style-type: none"> <li>▪ In the power generation sector, the Issuer has revised its ambition to reduce carbon intensity to below 90 g CO<sub>2</sub>e/kWh by 2030 (vs 138 g CO<sub>2</sub>e/kWh in the interim alignment target published in 2022);</li> <li>▪ For the oil and gas sector, the Issuer plans to reduce carbon emissions related to the end use of financed oil or gas</li> </ul>

	<p>production by 70% by 2030 (against an initial target of a 30% reduction).</p> <p>Furthermore, in December 2023, the Issuer set new 2030 targets for three sectors – automotive, steel, and cement, covering corporate and investment banking activities (Natixis CIB):</p> <ul style="list-style-type: none"> <li>▪ In the automotive sector, the Issuer aims to reduce its financed carbon intensity by about 40% compared to 2022 and achieve a carbon intensity of less than 100 gCO<sub>2</sub>e/km by 2030, focusing on financings for automobile manufacturers associated with light vehicles.</li> <li>▪ For the cement sector, the goal is to achieve a carbon intensity of less than 525 kgCO<sub>2</sub>e/ton of cement by 2030, targeting cement and clinker producers.</li> <li>▪ In the steel sector, the aim is to achieve a carbon intensity of 1.4 tCO<sub>2</sub>e/ton of steel by 2030, focusing on steel producers.</li> </ul> <p>These targets are publicly disclosed in the annual universal registration document<sup>28</sup> and the Task Force on Climate-related Financial Disclosure report<sup>29</sup> Moreover, the Issuer currently does not intend to have Net-Zero Banking Alliance (NZBA) targets SBTi verified.</p>
<p><b>Action Plan</b></p>	<p>The Issuer's action plan to achieve its ESG targets includes:</p> <ul style="list-style-type: none"> <li>▪ Anticipating a decline in financed emissions by leveraging decarbonization commitments from current customers.</li> <li>▪ Implementing exclusion policies to gradually reduce exposure to harmful activities, thereby lowering financed carbon emissions.</li> <li>▪ Expanding low-carbon financing to grow business activities and decrease carbon intensity.</li> <li>▪ Establishing the Sustainable Finance Center within the group's CSR department in 2022 to align portfolios with a carbon neutrality target by 2050 and develop methodologies for measuring carbon footprint and portfolio trajectory.</li> <li>▪ Implementing the Green Weighting Factor tool to analyze climate performance and guide decision-making for CIB activities and financing portfolios.</li> </ul>

<sup>28</sup> Universal Registration Document 2023, <https://groupebpce.com/en/investors/results-and-publications/registration-document>

<sup>29</sup> TCFD report 2023, <https://groupebpce.com/en/the-group/publications>

	<ul style="list-style-type: none"> <li>▪ Integrating climate criteria into capital allocation optimization within the Investment Banking business unit, potentially reallocating exposures between sectors.</li> <li>▪ Continuously improving methodologies, tools, and data quality to better assess customer emissions and commitments during transformation.</li> </ul>
<p><b>Climate Transition Strategy</b></p>	<p>In the 2024 strategic plan, the Issuer has outlined four key climate-related objectives:</p> <ul style="list-style-type: none"> <li>▪ Assess the climate impact of its financing, investment, and insurance activities, managing them within the Paris Agreement framework to aim for the 1.5°C target. Priority will be given to portfolios with the highest proportion of greenhouse gas-intensive sectors.</li> <li>▪ Assist customers in navigating their environmental transition by providing financing, savings, insurance, advisory services, and strategic dialogue, offering expertise, solutions, and long-term vision.</li> <li>▪ Expand its sustainable funding strategy through the issuance of environmental and social-themed bonds.</li> <li>▪ Accelerate the reduction of its direct environmental footprint with a goal of reducing carbon emissions (Scope 1, 2 and 3) by 15% by 2024 compared to 2019 levels.<sup>30</sup></li> </ul> <p>Moreover, to align with the Paris Climate Agreement and pursue a trajectory towards carbon neutrality by 2050, the Issuer is:</p> <ul style="list-style-type: none"> <li>▪ Continuing the climate assessment of its financing portfolios by developing the Green Evaluation Methodology.</li> <li>▪ Experimenting with the color mix of its investment banking portfolios and assessing the temperature of investment portfolios in its insurance activities at an operational level.</li> <li>▪ Focusing alignment efforts on the most carbon-intensive sectors by setting its first intermediate targets for the energy sector by 2030 within the framework of the Net-Zero Banking Alliance (NZBA).</li> </ul>

<sup>30</sup> Groupe BPCE's TCFD report, p.34, available at : <https://groupebpce.com/content/download/37594/file/240326-TCFD%20-Version%20FR.pdf>

<p><b>Top three areas of breaches of international norms and ESG controversies in the industry<sup>31</sup></b></p>	<p>Financial market irregularities, Failure to mitigate climate change impacts and Failure to prevent money laundering.</p>
<p><b>Breaches of international norms and ESG controversies by the Issuer</b></p>	<p>At the date of publication and leveraging ISS ESG Research, no controversy in which the Issuer would be involved has been identified.</p>
<p><b>Sustainability Reporting</b></p>	<p>The Issuer follows the Global Reporting Initiative (GRI) guidelines to complete non-financial performance statement.</p>
<p><b>Industry associations, Collective commitments</b></p>	<p>The Issuer has committed to several collective initiatives, including:</p> <ul style="list-style-type: none"> <li>▪ Net Zero Banking Alliance and GFANZ</li> <li>▪ The United Nations Global Compact</li> <li>▪ The United Nations Principles for Responsible Investment (UN-PRI)</li> <li>▪ The Principles for a Responsible Banking Sector (PRB)</li> <li>▪ The Equator Principles</li> <li>▪ The OECD Guidelines for Multinational Enterprises</li> <li>▪ The Green Bond Principles and the Social Bond Principles (ICMA)</li> <li>▪ The Climate Bonds Initiative</li> <li>▪ The Carbon Disclosure Project (CDP)</li> </ul>
<p><b>Previous sustainable/sustainability-linked issuances or transactions and publication of sustainable financing framework</b></p>	<p>Groupe BPCE entered the sustainable bond market in 2015 with its first green issue dedicated to refinancing renewable energy assets of its specialized subsidiary, BPCE Energieco. Groupe BPCE used for the first time in 2018, its flagship “Local Economic Development” methodology to refinance social assets following a principle of “geo-scoring” French municipalities.</p> <p>Since then, Groupe BPCE expanded the scope of its sustainable bonds across all eligible asset classes. As part of the execution of its BPCE 2024 strategic plan, Groupe BPCE committed to at least three sustainable development issues per year, contribute to the development of sustainable finance.</p>

<sup>31</sup> Based on a review of controversies identified by ISS ESG over a 2-year period, the top three issues that have been reported against companies within the Commercial Banks & Capital Market industry are displayed above. Please note that this is not a company specific assessment but areas that can be of particular relevance for companies within that industry.

In 2023, Groupe BPCE issued four green and social bonds for €2.25 billion for environmentally and socially responsible investors, bringing the amount of sustainable development public issues to €11.3 billion. Taking into account network issues, structured private placements and savings products subscribed by its individual and corporate customers, the total amount of sustainable development refinancing reached €25.1 billion.

### *Rationale for issuance*

Groupe BPCE has established a Social Funding Framework in line with the United Nations' Sustainable Development Goals (SDGs) to provide sustainable solutions to its customers and transparency and sustainability-focused products to investors. Moreover, it regularly issues social bonds to address sustainable development issues. Within this framework, social funding instruments are utilized to finance or refinance Eligible Social Assets, such as Social Housing, Socioeconomic Advancement and Empowerment, Sport Infrastructure & Sport Economy, Healthcare, Education, which are defined by their social benefits.

**Opinion:** *The key sustainability objectives and the rationale for issuing Social Bond are clearly described by the Issuer. All the project categories financed are in line with the sustainability objectives of the Issuer.*

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## **ANNEX 1: METHODOLOGY**

The ISS-Corporate SPO provides an assessment of labelled transactions against international standards using ISS-Corporate proprietary methodology.

## ANNEX 2: QUALITY MANAGEMENT PROCESSES

### SCOPE

Groupe BPCE commissioned ISS-Corporate to compile a Social Bond SPO. The Second Party Opinion process includes verifying whether the Social Funding Framework aligns with the Social Bond Principles and to assess the sustainability credentials of its Social Bond, as well as the Issuer's sustainability strategy.

### CRITERIA

Relevant Standards for this Second Party Opinion:

- Social Bond Principles

### ISSUER'S RESPONSIBILITY

Groupe BPCE's responsibility was to provide information and documentation on:

- Framework
- Selection criteria
- Documentation of ESG risks management at the framework level

### ISS-CORPORATE'S VERIFICATION PROCESS

Since 2014, ISS Group, of which ISS-Corporate is a part of, has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

This independent Second Party Opinion of the Social Funding Instruments to be issued by Groupe BPCE has been conducted based on a proprietary methodology and in line with the ICMA Social Bond Principles.

The engagement with Groupe BPCE took place in February and April 2024.

### ISS-CORPORATE'S BUSINESS PRACTICES

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

## About this SPO

Companies turn to ISS-Corporate for expertise in designing and managing governance, compensation, sustainability and cyber risk programs that align with company goals, reduce risk, and manage the needs of a diverse shareholder base by delivering best-in-class data, tools, and advisory services.

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

Learn more: <https://www.iss-corporate.com/solutions/sustainable-finance/bond-issuers/>

For more information on SPO services, please contact: [SPOsales@iss-corporate.com](mailto:SPOsales@iss-corporate.com)

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