

Groupe BPCE

Sustainable Development Bond Program: Framework

Dated July 20, 2018

Contents:

1. Introduction
2. Rationale for Issuance
3. Goals and applicable Principles
 - 3.1 Use of Proceeds
 - 3.1.1 Exclusions
 - 3.1.2 Green Bonds
 - 3.1.3 Social Bonds: Human Development
 - 3.1.4 Social Bonds: Local Economic Development
 - 3.2 Process for Loan Evaluation and Selection
 - 3.2.1 Green Bond Process for Loan Evaluation and Selection
 - 3.2.2 Social Bond Process for Loan Evaluation and Selection
 - 3.3 Management of Proceeds
 - 3.4 Reporting
4. External Review
 - 4.1 Second Party Opinion
 - 4.2 Verification

1. Introduction

Groupe BPCE's history has been shaped by its cooperative values and its commitment to economic and social progress. At the core of its mission is a concern for how its decisions impact a variety of stakeholders: customers, cooperative shareholders, employees and the wider civil society. A key part of this mission includes the potential impact of each of its activities on human communities and the natural environment. This is why Groupe BPCE has put sustainable development at the heart of its work.

This commitment is given concrete expression within the Group in two different ways:

- In the everyday lives of its different companies (human resources, organization, logistics, purchasing, etc.)
- In the pursuit of its business activities as a banker: green and responsible growth and focus on the local, social and solidarity-based economy.

The banks belonging to Groupe BPCE are signatories to the United Nations Global Compact and have undertaken to comply with its ten principles, all derived from major international agreements.

The Group supports and takes part in the principal initiatives and working groups in the French financial market devoted to socially responsible investment (SRI). It is a member of the Observatory of Corporate Social Responsibility (ORSE); of Avise, an association set up to support the development of initiatives designed to create new jobs and promote social cohesion; and holder of the Finansol label used to identify solidarity-based investments. These commitments enable BPCE to share ideas and experiences with other socially committed groups.

Natixis, the wholesale bank of the Group (CIB, Asset & Wealth Management, Insurance and Specialized Financial Services) has adopted the Equator Principles that stipulate that the project financing selection process should include, among other things, a concern for sustainable development and the use of renewable natural resources, the protection of human health, cultural heritage and biodiversity.

Becoming a benchmark for sustainable growth in the banking industry is the clearly stated ambition of Groupe BPCE. Indeed, the Group 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 our regional economies and our society as a whole. Fully occupying the role of a banking institution close to its customers, one that possesses a deep understanding of the local economy, is of prime importance in achieving these goals.

The Group has stated clearly its ESG commitments in the presentation (available on its website) of its 2018/2020 strategic plan TEC 2020 made during its Debt Investor Day on November 29th, 2017 (see pages 39 and 40), including two Green or Social Bond issues per year during the plan: [Link to presentation of Groupe BPCE 2018/2020 strategic plan](#)

To find out more about Groupe BPCE's ESG policy and achievements, go to ESG section of the 2017 Registration Document (pages 515 to 588) available on its website: [Link to BPCE's Registration Document](#)

2. Rationale for Issuance

Sustainable Development is commonly defined as development that meets the needs of the present without compromising the ability of future generations to meet their own needs¹.

Social progress and equity, environmental protection, and economic advancement are essential and interconnected components of sustainable development.

An international consensus (*via inter alia*, the Paris Agreement on Climate Change² and the UN Sustainable Development Goals³) has developed on the need for private capital to help finance sustainable development objectives.

Tackling these challenges – for example, climate change, poverty, access to health and housing - can be accomplished by directing capital to sustainable investments, developing and deploying robust impact measurements and establishing a baseline for continuous improvement.

This Framework of Groupe BPCE's Sustainable Development Bond Program enables the issuance of Green Bonds and Social Bonds that align the finance-raising activities with the sustainable development imperatives and missions of our organization.

The validity of this framework is for a period of one year, until June 30th, 2019. Unless it is updated, the validity will be extended by one year by tacit agreement.

The Group also anticipates opportunities to broaden its current investor base by creating a mechanism for similarly-oriented investors that seek opportunities to invest in sustainable development.

3. Goals and applicable principles

The Green Bond Principles "GBP" and the Social Bond Principles "SBP", collectively "The Principles", enable capital-raising and investment for new and existing projects with environmental and/or social benefits.

¹ [Link to report of World Commission on Environment and Development](#)

² [Link to the Paris Agreement](#)

³ [Link to UN Sustainable Development Goals](#)

The GBP and SBP, published by the Principles' secretariat ICMA⁴, are voluntary process guidelines that recommend transparency and disclosure and promote integrity in the development of the Green Bond and Social Bond markets by clarifying the approach for issuance of these Bonds. The Principles are intended for broad use by the market: they provide issuers guidance on the key components involved in launching a credible Green Bond or Social Bond; they aid investors by ensuring availability of information necessary to evaluate the environmental or social impacts of their Green Bond and Social Bond investments; and they assist underwriters by moving the market towards expected disclosures that will facilitate transactions.

Groupe BPCE has developed three types of bonds, one Green Bond and two Social Bonds, that can be issued under this Framework:

1. Green Bonds address environmental sustainability. Loans refinanced should constitute a positive contribution to reduction of climate change effect (CO2 emissions) or other environmental challenges (eg biodiversity, waste, water) through clean energy production, energy savings, or other type of actions

2A. Social Bonds - Human Development address social sustainability challenges through contributions to economic systems key to human development (education, healthcare, social housing and relevant activities of local authorities) and that could potentially seek to benefit people who live and work in economically and/or socially disadvantaged areas or communities

2B. Social Bonds - Local Economic Development support regional and community development and resilience through financing of small businesses, SMEs, local authorities and non-profit organizations that seek to benefit people who live and work in economically and/or socially disadvantaged areas or communities.

Groupe BPCE's Framework of Sustainable Development Bond Program aligns with the four core components of the GBP and SBP and is underpinned by a formal policy as described below:

Groupe BPCE's Sustainable Development Bond Approach is comprised of three pillars:

- **Pillar 1 – Taxonomy:** Based on external research and generally-accepted principles ensuring transparency and common understanding of concepts such as the GBP and SBP, EU HLEG March 2018 Globalizing Capital for Sustainable Finance, Multilateral development organization guidance (SDGs, Paris Agreement), Climate Bonds Initiative, and Academic research
- **Pillar 2 – Issuance Policy:** Commitment to regular issuance of Green Bonds and Social Bonds in a variety of formats and currencies. Our intention is to include as soon as possible an ESG policy for the selection of the lead managers of our bond issues.

⁴ [Link to ICMA website](#)

- **Pillar 3 – Governance:** The governance of the Sustainable Development Bond Program will be overseen by a Sustainable Bonds Governance Committee “the Committee”

3.1 Use of Proceeds

Green Bonds and Social Bonds will be used to refinance, in whole or in part, loans that fall into Eligible Loan Categories (as defined below) (“Eligible Loans”) of an entity or entities within Groupe BPCE (Banque Populaire banks and their subsidiaries, Caisse d’Epargne banks and their subsidiaries, direct and /or indirect subsidiaries of BPCE).

Eligible Loans include existing loans that have been outstanding for no more than 3 years as of the date of a specific bond issue, ongoing, and/or future loans as defined below.

Eligible Loans are located in the geographic scope of Groupe BPCE activities, with a strong focus on France.

A list of generally defined Eligible Loan Categories to be financed by the Program has been defined, including the mapping of SDGs general alignment (please see sections 3.1.2, 3.1.3 and 3.1.4). The detailed definitions of each Eligible Loan Category, associated eligibility criteria and environmental and/or social objectives, as well as the contribution to specific SDGs’ targets, will be specified case-by-case in ad hoc Methodology Notes established for each new Eligible Loan Category or in case of a substantial change in the use of proceeds for an existing Eligible Loan Category and made available on the Issuer’s website. The content of these Methodology Notes will be reviewed by an external reviewer, leading to Second Party Opinion made as well publicly available.

For each bond issue under this framework, a list of Eligible Loans will be set up and updated from time to time to include any Eligible Loans newly refinanced, and to remove any Eligible Loans that are no longer refinanced by this means due to their normal or early repayment or if any such loan falls in the list of exclusions. A loan which meets the eligibility criteria of a given bond issue under this framework and is earmarked as Eligible Loan will remain eligible for its entire life, unless it is clearly indicated that the eligibility test has to be satisfied permanently in the methodology note of a given bond issue. But a loan or a borrower which falls in the list of exclusions will become non-eligible.

3.1.1 Exclusions

Groupe BPCE explicitly excludes mining (including coal), oil & gas, defense, and nuclear activities for allocation to any of its Green Bonds or Social Bonds.










These exclusions may be amended over time to reflect the evolution of the strategic ESG goals of the group.

Loans or assets are also excluded from eligible loans:





- If any material and critical controversies emerge, in relation to a specific asset, the company commits to substitute that asset with an alternative eligible asset.*
- if they have been flagged as eligible assets for other funding sources such as European Investment Bank or Council of Europe Development Bank for instance.

* Groupe BPCE will put in place a process to identify the events and/or potential controversies affecting the borrowers of the Eligible Loans, that could undermine the social and/or environmental objectives targeted by the Bonds, in order to take appropriate corrective measures.

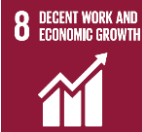





3.1.2 Green Bonds

Type of Sustainable Development Bonds	Eligible Loan Categories / related Sustainable Development Goals	Definition / Use of Proceeds	Goals / Expected Benefits
1. Green Bonds	Renewable Energy (see example in ANNEX I)  	Refinancing of loans in the renewable energy sector and for the development, construction, operation and maintenance of renewable energy projects, including but not limited to solar and wind	Contribute to climate change mitigation -- Renewable Energy Production -- Avoidance of GHG emissions
	Energy Efficiency  	Refinancing of loans for the development, construction, operation and maintenance of energy efficiency projects, including but not limited to green buildings	Contribute to climate change mitigation -- Energy savings
	Sustainable Water Management 	Refinancing of loans for the development, construction, operation and maintenance of sustainable water management projects	Contribute to access to safe and affordable drinking water -- Recycling of water and pollution prevention and control
	Sustainable Waste Management  	Refinancing of loans for the development, construction, operation and maintenance of sustainable waste management projects	Contribute to hygiene and access to adequate and equitable sanitation -- Recycling of waste and pollution prevention and control
	Biodiversity conservation  	Refinancing of loans for the development, construction, operation and maintenance of biodiversity conservation projects	Contribute to conservation of life below water and on land -- Conservation of terrestrial and aquatic biodiversity

3.1.3 Social Bonds - Human Development

Type of Sustainable Development Bonds	Eligible Loan Categories / related Sustainable Development Goals	Definition / Use of Proceeds	Goals / Expected Benefits
2A. Social Bonds / Human development	Healthcare (see examples in ANNEX II, III and IV) 	Refinancing of loans to customers with sectoral activity codes related to healthcare, with potential geo-scoring, including but not limited to hospitals and healthcare facilities.	Contribute to access to good healthcare -- Improvement of healthcare facilities/services and healthcare coverage
	Education (see examples in ANNEX II and IV) 	Refinancing of loans to customers or projects with sectoral activity codes related to education, with potential geo-scoring, including but not limited to primary and secondary education, adult learning and continuing education...	Contribute to access to quality education -- Ensure inclusive and equitable quality education and promote lifelong learning opportunities for more people
	Social Housing 	Refinancing of loans to customers or projects with sectoral activity codes related to social housing, with potential geo-scoring	Contribute to access to affordable housing -- Ensure access for more people to adequate, safe and affordable housing
	Social Development (see examples in ANNEX II and IV) 	Refinancing of loans to customers or projects with sectoral activity codes related to social development (activities with a social purpose but excluding healthcare, education and social housing), with potential geo-scoring	Contribute to access to other good social services -- Ensure access for more people to other basic social services

3.1.4 Social Bonds - Local Economic Development

Type of Sustainable Development Bonds	Eligible Loan Categories / related Sustainable Development Goals	Definition / Use of Proceeds	Goals / Expected Benefits
2B. Social Bonds / Local Economic Development	Employment conservation and creation    	Refinancing of loans to customers or projects with geo-scoring of areas with high unemployment/low income/low job creation, with potential targeting of specific sectoral activity codes	Contribute to access to decent work and economic growth -- Facilitate job conservation or creation, revitalize economically depressed areas and reduce poverty
	Affordable Basic Infrastructure  	Refinancing of loans to customers or projects aiming at the improvement of community infrastructure (public transportation, etc.)	Contribute to provide access to safe, affordable, accessible and sustainable transport systems and basic infrastructure -- Improve quality of life in particular in densely populated urban areas

3.2 Process for Loan Evaluation and Selection

The governance of the Sustainable Development Bond Program is overseen by a Sustainable Development Bond Governance Committee “the Committee” under the joint sponsorship of Groupe BPCE’s CFO and Head of Environmental, Social, and Governance (ESG) with participation from ESG, business development and finance teams of the Group regional banks and Natixis, Head of MLT Funding & Investor relations, Head of Asset and Liability Management (ALM) and external ESG experts. The Committee is expected to meet twice a year.

Given the specificities of sustainable development issuance policy, a dedicated governance is in place to assure

1. Definition of issuance targets of sustainable development bonds and follow up of deliveries
2. Review and update of the framework, with a focus on innovation and new issuance type
3. Review of reports of deals issued and enforcement of the “lessons learned“
4. Support of business initiatives and dialogue with clients
5. Market practice review and dialogue with external stakeholders (non-financial rating agencies, experts)
6. Sponsorship of initiatives with a focus on impact metrics and training
7. Supervision of the governance and process for loan evaluation and selection of the green and social bonds issued under this framework.

The governance and process for loan evaluation and selection of a Green or Social bond issued under this framework will be established on a case by case basis; it may involve a dedicated committee to approve Eligible Loans and/or the designation of a Department of BPCE (such as Group ALM Department or Funding Department) in charge of making sure that the selection criteria and the exclusions are duly applied.

Selection criteria means the list (established for a specific bond issue of this type under this framework) of environmental, social and governance (ESG) criteria which any loan should comply with, in accordance with the Methodology Note of a given bond issue under this framework, in order to be considered as an Eligible Loan, as such list may be modified from time to time subject to the prior verification by the provider of a second party opinion.

Selection criteria will be established on a case by case basis, subject to the prior review by the provider of a second party opinion, for each new Eligible Loan Category or in case of a substantial change in the use of proceeds for an existing Eligible Loan Category.

The Sustainable Development Bond Governance Committee will supervise the governance and process for loan evaluation and selection for each of the green and social bonds issued under this framework, meaning that it will approve the definition of selection criteria and the scope of monitoring and reporting, and that the department in charge of the actual selection of eligible loans will report to the Committee on that selection.

Groupe BPCE has included and is in the process of including a growing number of ESG criteria (identification of potentially material environmental and social risks associated with the contemplated loans) in its procedures for granting loans ; the initial focus has been climate change.

3.2.1 Green Bond Process for Loan Evaluation and Selection:

Eligible Loans mean green loans that are:

- (i) originated by entities within Groupe BPCE (Banque Populaire banks and their subsidiaries, Caisse d'Epargne banks and their subsidiaries, direct and /or indirect subsidiaries of BPCE),
- (ii) which meet the selection criteria defined for a specific Green Bond issue and approved by an independent provider of a second party opinion (as necessary), and have been selected according to the governance and process for loan evaluation and selection of that specific Green Bond.

3.2.2 Social Bond Process for Loan Evaluation and Selection:

3.2.2.1 Social Bonds - Human Development

Groupe BPCE has established a dedicated eligibility IT engine that defines the selection of a virtual asset pool by using official codes of sectors of economic activity, with potential geo-scoring. The asset pool is made up of loans granted to customers whose activities are dedicated to Education, Healthcare, Social Housing and Social Development or projects in these activities.

3.2.2.2 Social Bonds - Local Economic Development

Groupe BPCE has established a dedicated Sustainable Development eligibility IT engine that defines the selection of a virtual pool of loans by using an external open data source (INSEE⁵) supplemented by Groupe BPCE internal data.

The Methodology Note regarding the Social Bonds - Local Economic Development (Employment conservation and creation category) will be available on our website in due course.

The selection and replenishment of initial assets within this virtual pool will occur within our core banking system according to initial criteria for the life of the bonds. At least once a year, the virtual asset pool of eligible assets and the earmarked eligible assets will be updated/screened for normal or early repayment as well as sectoral exclusions and any other exclusions. Eligible assets from the updated virtual pool will be added to the pool of earmarked eligible assets if needed. For all such outstanding bond issue, the list of eligible official codes of sectors of economic activity is or will be published on a dedicated section of Groupe BPCE's website: [Link to Social Bond section on BPCE's website](#)

⁵ The National Institute of Statistics and Economic Studies [Link to INSEE website](#)

3.3 Management of Proceeds

The funds are managed within the Central Treasury function of BPCE in a dedicated way without fungibility with other sources of wholesale funding. An amount equal to the net proceeds of the Green/Social Bond issues, swapped into the currency in which the eligible loans are denominated if the bonds are not issued in that currency, will be granted to an entity or entities within Groupe BPCE (Banque Populaire banks and their subsidiaries, Caisse d'Épargne banks and their subsidiaries, direct and /or indirect subsidiaries of BPCE) by way of intra-group loans in the currency in which the eligible loans are denominated and will be allocated to eligible loans. Pending allocation (within a maximum of 2 years after the issuance of the specific green or social bond) or reallocation to eligible loans (due to normal early repayment), the unallocated amount (if any) will be invested in cash or cash equivalents.

Normally when it comes to Social Bonds issued under this framework, full allocation should be done at the issuance of the bonds; if it's not the case, full allocation will have to be done within a maximum of 2 years after the issuance of the specific social bond.

3.4 Reporting

Key performance indicators will be established on a case by case basis for each Green or Social Bond issued under this framework and BPCE undertakes to publish these key performance indicators at a defined frequency for each bond issue.

The monitoring and reporting process and methodology of calculation will be indicated in the Methodology Note of each bond issue under the framework.

Once a year, as long as we have Green Bonds or Social Bonds outstanding, BPCE will publish Sustainable Development Bond Program's reports on a dedicated page of our website ([Link to BPCE's website](#)) which will include:

1. Allocations by eligible project category and for each bond issue some examples of loans refinanced;
2. Yet to be allocated amount of cash or cash equivalents;
3. Relevant environmental and/or social key performance indicators (outputs and/or impacts).

Reports already available on BPCE's website:

Green Bonds: [Link to Green Bond section on BPCE's website](#)

Social Bonds: [Link to Social Bond section on BPCE's website](#)

4. External Review

4.1 Second Party Opinion

Vigeo Eiris has been engaged to provide a second party opinion on Groupe BPCE's Framework of Sustainable Development Bond Program. The second party opinion will be published on Groupe BPCE's website ([Link to BPCE's website](#)) in a new section dedicated to the Framework.

A second party opinion will be provided also for a bond issue of a new Eligible Loan Category or in case of a substantial change in the use of proceeds for an existing Eligible Loan Category.

4.2 Verification

For each bond issue under this framework, an assurance report will be provided by an auditor of BPCE on the compliance, in all material respects, of (i) the eligible loans with the selection criteria, and (ii) the pending cash allocation. BPCE will make the independent assurance reports available on its website in a dedicated Green Bond or Social Bond section ([Link to BPCE's website](#)).

ANNEX I: Green bond issued by BPCE in December 2015 in the euro market

Amount: EUR 300 million

Tenor: 7 years

Issue date: 14/12/2015

Maturity date: 14/12/2022

The net proceeds of the issuance of the Notes will be granted to Natixis by way of an intra-group loan (the “Natixis Loan”), the proceeds of which will in turn be allocated from time to time to, but not limited to, Natixis Energieco for the financing or refinancing, in whole or in part, of Eligible Projects (as defined below).

Pending allocation to Eligible Projects, the proceeds of the Natixis Loan will be invested in cash or cash equivalent instruments. Natixis will monitor the allocation of the proceeds.

“Eligible Projects” means Renewable Energy Projects located in France:

- (i) originated by entities within Natixis’ group (i.e. Natixis or companies which are controlled by Natixis, such as Natixis Energieco),
- (ii) which meet the Selection Criteria developed by entities within Natixis’ group and approved by Vigeo, as an independent second party opinion provider.

The Eligible Projects will be approved by a dedicated committee, with Natixis Energieco CEO and Natixis Treasury Teams (the composition of this committee is subject to change over time).

“Renewable Energy Projects” means existing, on-going and/or future projects of conception, construction, operation and/or maintenance of renewable energy production units located in France, e.g. energy produced from wind (on-shore) and solar power and biomass (wood energy).

“Selection Criteria” means the available list of environmental, social and governance (ESG) criteria which any project should comply with at any time in order to be considered as an Eligible Project, as such list may be modified by Natixis from time to time subject to the prior verification by Vigeo.

A list of Eligible Projects will be set up and updated from time to time to include any Eligible Projects newly financed or refinanced by Natixis on-lending all or part of the Natixis Loan, and to remove any Eligible Projects that are no longer financed or refinanced by this means due to their repayment or prepayment or if any such project ceases to be an Eligible Project. However, the list of Eligible Projects will be annually updated if no new Eligible Projects are financed or refinanced by the Natixis Loan.

The Issuer commits to publish, on its website (www.bpce.fr) in a dedicated green bond section, a reporting, each year, including (i) the list of Eligible Projects financed or refinanced by the Natixis Loan in line with confidentiality practices and funds allocated to each project; (ii) the non-allocated amount of cash or cash equivalent still held by Natixis; (iii) a number of impact indicators and additional indicators on ESG factors.

Natixis has appointed a third party to issue a report each year (the “Auditor’s Report”) on the compliance, in all material respects, of (i) the Eligible Projects with the Selection Criteria, and (ii) the pending cash allocation.

The Issuer will make the independent assurance reports available on its website in a dedicated green bond section (www.bpce.fr). Copies of the Auditor's Report will be available for inspection during the usual business hours on any week day (except Saturdays, Sundays and public holidays in France) at the registered office of the Issuer.

ANNEX II: Social bond/ Human development issued by BPCE in June 2017 in the Samurai (Japanese) market

Total amount: JPY 58.1 billion

Amount/tenor:

JPY 24.5 billion / 5 years

JPY 23.5 billion / 7 years

JPY 7.6 billion / 10 years

JPY 2.5 billion / 15 years

Issue date: 30/06/2017

Maturity dates: 30/06/2022 - 28/06/2024 - 30/06/2027 - 30/06/2032

- > BPCE SA intends to lend the net proceeds of the issuance of the Bonds to the 31 Regional Banks of the Groupe BPCE network and expects that they will exclusively allocate an amount equal to such net proceeds to finance or refinance loans granted to clients whose activities are dedicated to **Education, Healthcare and Social** (Eligible Social Loans).
- > The pool of Eligible Social Loans will exclusively include loans originated **from January 1, 2016**, selected according to eligible official sectors of economic activity code. The list of eligible official sectors of economic activity code will be published on a dedicated section of the website of the Issuer.
- > Although the net proceeds will be raised in Japanese yen, they will be allocated to Euros Eligible Social Loans. The **net proceeds of the issue of Bonds will then be swapped into Euros at issuance.**
- > The Issuer expects to **allocate the net proceeds from the issue within one year** of the date of issuance. In the case of early loans repayments or if loans mature before the maturity of the Bonds, the Regional Banks will replace such loans with new Eligible Social Loans. Along the life of the bonds, pending the allocation of the net proceeds of the issue, the Issuer will temporarily invest such amounts in cash, cash equivalents and/or marketable securities.

- > Throughout the term of the Bonds, the Issuer will provide, on the dedicated section of its website:
 - > an **annual update of the allocation of the proceeds** of the Bonds to Eligible Social Loans, **describing the Eligible Social Loans** by categories of eligibility (subject to confidentiality considerations)
 - > the **report from an independent accountant** verifying the compliance, in all material respects, of (i) the actual allocation of proceeds to Eligible Social Loans with BPCE SA's eligibility criteria defined above, and (ii) the potential pending cash allocation.

ANNEX III: Social bond/ Human development – private placement of Healthcare Bond issued by BPCE in July 2017 to Nippon Life Insurance Company

Amount: USD 50 million

Tenor: 10 years

Issue date: 13/07/2017

Maturity date: 13/07/2027

The Issuer intends to lend the net proceeds from the issue of Bonds (the “Net Proceeds”) to the 15 Banques Populaires and 16 Caisses d’Epargnes of the Groupe BPCE network (collectively, the “Regional Banks”) and expects that the Regional Banks will exclusively allocate an amount equal to the Net Proceeds to finance or refinance loans granted to clients whose activities are dedicated to Education, Healthcare and Social (“Eligible Social Loans”). The pool of Eligible Social Loans will exclusively include loans originated from [January 1, 2016], selected according to eligible official sectors of economic activity code (Nomenclature d’Activités Française Code – French classification of activities set up by the French National Institute of Statistics and Economic Studies). The list of eligible official sectors of economic activity code will be published on a dedicated section of the website of the Issuer.

Although the Net Proceeds will be raised in U.S. Dollars, they will be swapped into Euros at issuance. They will then be allocated to Euro-denominated Eligible Social Loans.

The Issuer expects to allocate the Net Proceeds from the issue within one year of the date of issuance of the Notes. If there are early Eligible Social Loans repayments or if Eligible Social Loans mature before the maturity of the Notes, the Regional Banks will replace such loans with new Eligible Social Loans. Along the life of the Notes, pending the allocation of the Net Proceeds to Eligible Social Loans, the Issuer will temporarily invest such amounts in cash, cash equivalents and/or marketable securities.

Throughout the term of the Notes, the Issuer will provide, on the dedicated section of its website : 1/ an annual update of the allocation of the Net Proceeds to Eligible Social Loans, by describing the Eligible Social Loans by categories of eligibility (subject to confidentiality considerations); 2/ the report from an independent accountant verifying the compliance, in all material respects, of (i) the actual allocation of the Net Proceeds to Eligible Social Loans with BPCE’s eligibility criteria defined above, and (ii) the potential pending cash allocation.

ANNEX IV: Social bond/ Human development issued by BPCE in January 2018 in the Samurai (Japanese) market

Total amount: JPY 26 billion

Amount/tenor/format:

JPY 23.7 billion / 10 years / senior non-preferred

JPY 2.3 billion / 10 years / senior preferred

Issue date: 25/01/2018

Maturity date: 25/01/2028

- BPCE SA intends to lend the net proceeds of the issuance of the Bonds to the 30 Regional Banks of the Groupe BPCE network and expects that they will exclusively allocate an amount equal to such net proceeds to finance or refinance loans granted to clients whose activities are dedicated to **Education, Healthcare and Social** (Eligible Social Loans).
- The pool of Eligible Social Loans will exclusively include loans originated **from January 1, 2016**, selected according to eligible official sectors of economic activity code. The list of eligible official sectors of economic activity code will be published on a dedicated section of the website of the Issuer.
- Although the net proceeds will be raised in Japanese yen, they will be allocated to Euros Eligible Social Loans. The **net proceeds of the issue of Bonds will then be swapped into Euros at issuance**.
- The Issuer expects to **allocate the net proceeds from the issue within one year** of the date of issuance. In the case of early loans repayments or if loans mature before the maturity of the Bonds, the Regional Banks will replace such loans with new Eligible Social Loans. Along the life of the bonds, pending the allocation of the net proceeds of the issue, the Issuer will temporarily invest such amounts in cash, cash equivalents and/or marketable securities.
- Throughout the term of the Bonds, the Issuer will provide, on the dedicated section of its website:

- an **annual update of the allocation of the proceeds** of the Bonds to Eligible Social Loans, **describing the Eligible Social Loans** by categories of eligibility (subject to confidentiality considerations)
- the **report from an independent accountant** verifying the compliance, in all material respects, of (i) the actual allocation of proceeds to Eligible Social Loans with BPCE SA's eligibility criteria defined above, and (ii) the potential pending cash allocation.