



SECOND PARTY OPINION¹

ON THE SUSTAINABILITY OF LA BANQUE POSTALE'S GREEN, SOCIAL & SUSTAINABILITY BOND FRAMEWORK

April 1st, 2019

SCOPE

Vigeo Eiris was commissioned to provide an independent opinion (hereafter "Second Party Opinion" or "SPO") on the sustainability credentials and management of the Green, Social & Sustainability Bond Framework forwarded to Vigeo Eiris on March 26th, 2019 (the "Framework") created by La Banque Postale (the "Issuer") to govern all potential Green, Social and Sustainability bonds to be issued under the Framework (the "Bonds").

Our opinion is established according to Vigeo Eiris' Environmental, Social and Governance ("ESG") exclusive assessment methodology and to the International Capital Market Association's Green Bond Principles ("GBP") and Social Bond Principles ("SBP") voluntary guidelines (referred to as the "Principles"), both edited in June 2018.

Our opinion is built on the review of the following components:

- 1) Issuer: we assessed the Issuer's ESG performance as evaluated in April 2017² - Issuer's ESG performance is currently under review by Vigeo Eiris -, its management of potential stakeholders-related ESG controversies and its involvement in controversial activities³.
- 2) Issuance: we assessed the Framework, including the coherence between the Framework and the Issuer's environmental commitments, its potential contribution to sustainability and its alignment with the four core components of the GBP 2018.

Our sources of information are multichannel, combining data from (i) public information gathered from public sources, press content providers and stakeholders, (ii) information from Vigeo Eiris exclusive ESG rating database, and (iii) information provided by the Issuer through documents and interviews conducted with Issuer's managers and stakeholders involved in the Green Social or Sustainability Bonds issuance, held *via* a telecommunications system.

We carried out our due diligence assessment from March 01st to March 27th, 2019. We consider that we were provided with access to all the appropriate documents and interviewees we solicited. We consider that the information made available enables us to establish our opinion with a reasonable level of assurance on its completeness, precision and reliability.

VIGEO EIRIS' OPINION

Vigeo Eiris is of the opinion that the Green, Social & Sustainability Bond Framework of La Banque Postale is aligned with the four core components of the Green and Social Bond Principles 2018.

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

1) Issuer (see Part I):

- ▶ As of April 2017, La Banque Postale displays an overall advanced ESG performance, ranking 1st in our "Retail & Specialised Banks Europe" sector which covers 75 banks. The Issuer's managerial approach appears advanced in the Environmental and Social pillars and good in the Governance pillar. Our assurance that the Issuer's risk factors are adequately managed is reasonable, including reputational, human capital, legal and operational risks.
- ▶ As of today, La Banque Postale is involved in 2 isolated controversies. The severity of their impact on both the bank and its stakeholders is considered high for both controversies and La Banque Postale is overall reactive, in line with the sector average. The Issuer is not involved in any of the other 15 controversial activities screened under our methodology.

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

² La Banque Postale's ESG performance assessment updated did not fall within the scope of evaluation of this Second Party Opinion. The Issuer's ESG performance is currently under review through a complete process of rating and benchmark developed by Vigeo Eiris.

³ The 15 controversial activities analysed by Vigeo Eiris are: Alcohol, Animal welfare, Chemicals of concern, Civilian firearms, Fossil Fuels industry, Coal, Tar sands and oil shale, Gambling, Genetic engineering, High interest rate lending, Military, Nuclear power, Pornography, Reproductive medicine, and Tobacco.

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

2) Issuance (see Part II):

The Issuer has described the main characteristics of the Bonds within a formalized Green, Social & Sustainability Bond Framework (the “Framework”) and committed to make this document publicly accessible on La Banque Postale’s website before the Bonds’ issuance date, in line with good market practices.

We are of the opinion that the Green, Social & Sustainability Bond Framework is coherent with La Banque Postale’s main sector sustainability issues, with its publicly disclosed strategic sustainable development priorities, and that it contributes to achieve its sustainable development commitments and targets.

Use of Proceeds

- ▶ The net proceeds of the Bonds will exclusively finance or refinance, in full or in part, projects falling under four Eligible Green Loan Categories (“Eligible Green loans”), and three Eligible Social Categories (“Eligible Social Loans”), namely: Renewable energy, Low carbon buildings, Energy transition, Sustainable mobility, Affordable housing, Access to essential services and Sustainable and inclusive finance. We consider that Eligible Categories are overall clearly defined.

Eligible Projects are intended to contribute to two main environmental objectives (climate change mitigation and pollution prevention) and to three main social objectives (Access to housing, access to health Essential services and financial inclusion). These objectives are formalized in the Framework and considered clearly defined and relevant.

The target populations that will benefit from the three categories of Eligible Social Projects have been clearly defined, namely: Low income population (Affordable housing & Sustainable and inclusive finance categories) and the French population including the most vulnerable (Access to essential services).

Eligible Projects are considered to provide clear environmental and/or social benefits. The Issuer has committed to assess and, as feasible, quantify the expected environmental and social benefits. An area for improvement is defining ex-ante precise quantified environmental or social targets for each Eligible Category.

In addition, Eligible Projects are likely to contribute to nine United Nations’ Sustainable Development Goals, namely: Goal 1. No poverty, Goal 3. Good Health and Well-being, Goal 7. Affordable and Clean energy, Goal 8. Decent work and economic growth, Goal 9. Industry, Innovation and Infrastructure, Goal 10. Reduced inequalities, Goal 11. Sustainable Cities and Communities, Goal 12. Responsible Consumption and Production and Goal 13. Climate Action.

The Issuer has declared that for its first Bond issuance the estimated share of refinancing will be equal to 100%. We value the issuer’s commitment to consider, in case of re-financing, a look-back period of maximum 36 months from the Bonds’ issuance date in line with market practices.

Process for Project Evaluation and Selection

- ▶ The governance and the process for the evaluation and selection of the Eligible Projects are formalized in the Framework. We consider that the process is reasonably structured, transparent and relevant.

The process relies on explicit and relevant eligibility criteria (selection and exclusion).

The identification and management of the environmental and social risks associated with the Eligible Loans to be financed are considered to be overall good.

Management of Proceeds

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

Reporting

- ▶ The reporting process and commitments appear to be good, covering both the funds allocation and the environmental and social benefits of the Eligible Projects.

In addition, La Banque Postale's Green Bonds issuances are and will be supported by external reviews:

- A pre-issuance consultant review: the hereby Second Party Opinion ("SPO") delivered by Vigeo Eiris, covering all the features of the Bonds, based on pre-issuance assessment and commitments, to be made publicly available by the Issuer on its website⁵, at the date of issuance.
- An annual verification: a limited assurance report of the Eligible Loan Portfolio's outstanding amount performed by an independent third party.

The Second Party Opinion is based on the review of the Framework, according to the GBP & SBP voluntary guidelines (June 2018)

Paris, April 1st, 2019



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⁵ <https://www.labanquepostale.com/legroupe/investisseurs.html>

DETAILED RESULTS

Part I. ISSUER

La Banque Postale provides a full range of banking services to individuals, businesses and associations. The Issuer offers personal banking, savings, loans, online brokerage, customized services for youth, business funding, e-commerce, private equity, asset management, and insurance policies.

Level of ESG performance

Vigeo Eiris has assessed the Issuer's ESG performance, based on our exclusive ESG rating database.

As of April 2017, La Banque Postale displays an overall advanced ESG performance ranking 1st in our "Retail & Specialised Banks Europe" sector which covers 75 banks.

Domain	Comments	Opinion
Environment	La Banque Postale's performance in the Environment pillar is advanced.	Advanced
	The Issuer has made formalized commitments to environmental protection in its corporate social responsibility (CSR) Policy and its Responsible Mobility Policy that address all its responsibilities and cover all its activities. The commitment applies throughout the company, supported by senior management. In addition, there is a dedicated structure responsible for this issue.	Good
	In terms of direct impacts, La Banque Postale commits to reducing its greenhouse gas emissions by 20% by 2020 and has implemented several initiatives, including energy audits and 'green electricity' purchase, to achieve this objective. KPIs show a positive trend.	Limited
	Concerning its indirect impacts, the company provides SRI funds for retail customers and institutional investors and it has been working towards the integration of SRI principles into all of its conventional asset management activities. La Banque Postale Asset Management (LBPAM) is a signatory of the United Nations Principles for Responsible Investment (UNPRI) since 2009 and signed, in November 2015, the Montreal Carbon Pledge and has measured the carbon intensity of the corporate bond segments of its portfolios since then. Additionally, the company provides green products to its clients.	Weak
Social	La Banque Postale's performance in the Social Pillar is advanced, overall well above the sector average.	Advanced
	La Banque Postale's performance in the Human Rights domain is advanced. The company commits to respecting human rights in society and, apart the defence sector policy which is applied throughout the company, the other measures deployed covered the bank's investment activities. The company collaborates with the trade unions to ensure the respect of labour rights while, in terms of non-discrimination, the bank has set quantified targets and put in place extensive diversity programs, including measures to reduce salary gaps. Indicators such as the share of women in managerial positions reveal increasing trends.	
	La Banque Postale's performance in the Human Resources domain is advanced. Social dialogue is anchored in the company's culture and the collective agreements also deal with subjects related to the quality of the work environment. In case of reorganisations, extensive measures are foreseen including outplacement, individual follow-ups, retraining or internal mobility. Employees have regular performance appraisals and, additionally, measures to promote career development of seniors were agreed with the unions. Training programs are comprehensive, and all the employees are trained in business ethics. Finally, La Banque Postale deploys extensive measures to stress management, but company's results show a negative trend over the past five years.	Good
	La Banque Postale's performance in Community Involvement is advanced. La Banque Postale commits to all the issues at stake in the sector to promote social and economic development. Extensive measures are deployed to support SMEs, local public authorities and agencies. Loans to the local public sector increased over the past five years. In terms of tax transparency, La Banque Postale justifies its presence in Monaco and reports significantly on taxes paid. As to	Limited

	<p>the accessibility of its products and services, the company has a mission of public services, which consists of ensuring 'banking accessibility' throughout its activities and extensive means have been developed in cooperation with NGOs and associations. Likewise, relevant measures are in place to support clients in financial distress. KPIs on financial inclusion show improvements over the past three years.</p> <p>The company clearly addresses customers issues and extensive measures have been allocated to ensure transparency towards customers. Training about responsible sales practices is provided. The bank cooperates with consumer associations and has integrated customers satisfaction measurements in the employees' remuneration.</p>	Weak
Governance	<p>La Banque Postale's performance in the Governance pillar is Good.</p> <p>The Issuer's Corporate Governance performance is good. The board is composed by a majority of executive directors and at least one executive is part of the board committees (audit and appointments & remuneration). However, the board diversity appears to be advanced and CSR issues are clearly integrated at governance level, especially in terms of internal controls, executive remuneration and review at board/executive committee meetings. The company provides training on risks to material risk takers and has adopted most of the recommended measures for a sound risk management. The ratio of CEO compensation vs. average employee salary has decreased during the 2014-2016 period.</p>	Advanced
	<p>The Issuer's performance in the Business Behaviour domain is good. The Issuer has issued a formalised commitment to preventing business ethics risks in its Recueil de Déontologie covering its main responsibilities in terms of Prevention of corruption and money laundering. The commitment applies throughout the company, supported by senior management. In addition, other employees are directly involved and the Bank company has instituted formal training programmes for relevant employees on the prevention of business ethics risks and supports an internal culture of responsible business conduct. Internal controls are also subject of external audits. La Banque Postale is part of the "Groupe La Poste", which is a signatory of the European Commission's Transparency Register of Interest Representatives. By its registration, the organisation has signed the Transparency Register Code of Conduct. In addition, La Banque Postale has adopted the "Charte de représentation d'intérêt" of La Poste Group. La Banque Postale appears to allocate some measures to ensure transparency and integrity of lobbying practices including the publication of detailed information on lobbying activities and the internal monitoring for lobbying budget. However, Information regarding the involvement of employees in ensuring transparency and integrity of lobbying practices is insufficient.</p>	Good
		Limited
		Weak

Management of stakeholder-related ESG controversies

As of today, La Banque Postale is involved in 2 stakeholder-related ESG controversies, linked to two of the six domains we analyse:

- Business Behaviour, in the criteria of "Information to customers" and "Corruption and money laundering".
- Corporate Governance, in the criteria of "Internal controls & risk management".

Frequency: On average, controversies are considered isolated, in line with the sector average.

Severity: The severity of their impact on both the bank and its stakeholders is considered high for both controversies – in line with the sector average.

Responsiveness: La Banque Postale is overall reactive, in line with the sector average: The Issuer reports in a detailed way on its position on one case of high and severity; is remediative by voluntarily taking specific corrective actions on one case of high severity.

Involvement in controversial activities

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

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

Part II. ISSUANCE

Coherence of the issuance

Context note: As the global economy's largest sector by market capitalization, banks have a great potential to support society's transition to a low carbon and sustainable economy. Their action is key in the promotion of effective solutions for the development of sustainable finance products and services, and the minimization of the negative impact of their investments and activities on the environment, people and society. The banking sector can effectively contribute to these challenges by integrating ESG factors in their financing operations and by mobilizing the resources needed to close the financial gap, estimated around USD 1.5 trillion per year⁶, to meet the objective of the Paris Agreement to limit global temperature increase to below 2°C.

Moreover, the banking sector can effectively contribute to financial inclusion and the reduction of inequalities by ensuring the accessibility of its products and services to a large majority of customers including the most vulnerable ones (low income population, young people etc.).

We are of the opinion that the contemplated Bonds are coherent with La Banque Postale strategic sustainability priorities and sector issues, and contribute to achieving the Issuer's sustainability commitments.

La Banque Postale appears to acknowledge its role in providing solutions to support society's transition to a low carbon and sustainable economy. It has developed develop sustainable finance products and services to minimize its impact on climate change and society and offers accessible banking products to all of its customers.

In addition, the Issuer offers some investment and/or financing products to clients including:

- The "Gamme verte" programme: This programme includes interest-free eco loans (Eco PTZ), green home improvement loan for private customers to improve energy efficiency, home micro-loans, electric or hybrid vehicle loans (for cars, but also bikes, motorcycles, and even electric scooters), together with dedicated insurance products.
- Social micro-loans business: La Banque Postale works with 146 regional associations responsible for identifying individuals who do not have access to banking services due to their low solvency with the objective of supporting them (examples of partner associations: Secours Catholique, UDAF, French Red Cross, Les Restos du Cœur, etc.). La Banque Postale also offers business micro-loans with Adie, a recognised public-interest association and a major player in micro-loans in France whose goal is to help unemployed people who have no access to bank loans to start up a business.

In addition, the Issuer has developed a comprehensive methodology to assess environmental and social risks in its lending activities.

By creating a Framework to issue Green, Social or Sustainability Bonds to finance or refinance, in whole or in part projects related to renewable energy, low carbon buildings, energy transition, sustainable mobility, affordable housing, access to essential services and inclusive loans, the Issuer coherently aligns with its sustainability strategy and commitments, and addresses the main issues of the sector in terms of environmental and social responsibility.

⁶ According to the United Nations Framework on Climate Change.

Use of proceeds

The net proceeds of the Bonds will exclusively finance or refinance, in full or in part, projects falling under four Eligible Green Loan Categories (“Eligible Green loans”), and three Eligible Social Categories (“Eligible Social Loans”), namely: Renewable energy, Low carbon buildings, Energy transition, Sustainable mobility, Affordable housing, Access to essential services and Sustainable and inclusive finance. The Eligible Categories are formalized and publicly disclosed in the Framework, and considered overall clearly defined.

Eligible Projects are intended to contribute to two main environmental objectives (climate change mitigation and pollution prevention) and to three main social objectives (Access to housing, access to health Essential services and financial inclusion). These objectives are formalized in the Framework and considered clearly defined and relevant.

The target populations that will benefit from the three categories of Eligible Social Projects have been clearly defined, namely, low income population (Affordable housing & Sustainable and inclusive finance categories) and the French population including the most vulnerable (Access to essential services).

Eligible Projects are considered to provide clear environmental and/or social benefits. The environmental and social benefits are overall defined. The Issuer has committed to assess and, -as feasible,- quantify the expected environmental and social benefits. An area for improvement is defining ex-ante precise quantified environmental or social targets for each Eligible Category.

The Issuer has declared that for its first Bond issuance the estimated share of refinancing will be equal to 100%. We value the issuer’s commitment to consider, in case of re-financing, a look-back period of maximum 36 months from the Bonds’ issuance date in line with market practices.

La Banque Postale Framework				Vigeo Eiris Analysis
Category	Definition	Eligibility Criteria	Objectives and benefits	
Renewable Energy	Loans aiming at financing the equipment, development, manufacturing, construction, operation, distribution and maintenance and decommissioning of local renewable energy	<p>Wind projects Onshore and offshore wind energy projects</p> <p>Solar projects Self-generated photovoltaic energy projects</p>	<p>Climate change mitigation Avoidance of GHG emissions Increase of renewable energy installed capacity and generation.</p>	The definition of this category is clear.
Low Carbon Buildings	Loans aiming at reducing the energy consumption of buildings.	<p>Green Buildings in residential sector - New dwellings - Constructed from 01/01/2017</p> <p>Green Buildings in the commercial sector New constructions that comply with the following criteria: - Labelled buildings with at least one of the following labels: - BBC Effinergie+ - HQE Excellent or above - BREEAM Excellent or above - LEED Gold or above</p>	<p>Climate change mitigation Enhance the sustainability performance of a building, including the avoidance of GHG emissions through the financing of Green Buildings.</p>	<p>The definition of this category is clear.</p> <ul style="list-style-type: none"> - The accepted Green Buildings certifications rely on locally and internationally recognized sector standards.

La Banque Postale Framework				Vigeo Eiris Analysis
Category	Definition	Eligibility Criteria	Objectives and benefits	
Energy transition loans	Loans aiming at promoting La Banque Postale retail activity in the energy transition sector (La Banque Postale's Gamme verte).	<p>Residential energy efficiency improvement works including:</p> <ul style="list-style-type: none"> - new heat pumps - solar panels - isolation works - windows replacement etc. <p>Acquisition of electric vehicles such as:</p> <ul style="list-style-type: none"> - electric or hybrid cars - electric or hybrid two wheel-vehicles <p>Interest-free eco-loans (Eco PTZ) for energy retrofitting projects aligned with the eligibility criteria established in the French 2009 Finance Law including the following:</p> <ul style="list-style-type: none"> - thermal insulation - heating system renovations - heating equipment and or hot water production operating on renewable energy - non-collective sewage Works 	<p>Pollution prevention and control</p> <p>Improvement of air quality through the reduction of air pollutants emissions</p> <p>Climate change mitigation</p> <p>Reduction of GHG emissions through energy savings / energy efficiency</p> <p>Increase of renewable energy installed capacity and generation.</p>	<p>The definition of this category is partially clear.</p> <ul style="list-style-type: none"> - For “Residential energy efficiency improvement works” sub category of projects, an area for improvement includes precising energy efficiency and GHG efficiency thresholds for eligible technologies/assets. - For “Acquisition of electric vehicles”, an area for improvement includes defining a carbon emissions threshold (gCO2/passenger-kilometre) for eligible public transport services.

La Banque Postale Framework				Vigeo Eiris Analysis
Category	Definition	Eligibility Criteria	Objectives and benefits	
Sustainable Mobility	Loans aiming at developing low-carbon transport	<p>Low-carbon transport vehicles and infrastructure</p> <p>Including:</p> <ul style="list-style-type: none"> - public transport financing (trains, metro lines, tramway, biking path) - related infrastructures (charging stations for electric vehicles, biking path, bicycle parking stations etc.) 	<p>Climate change mitigation</p> <p>Reduction of GHG emissions through the promotion of low carbon emissions vehicles.</p> <p>Pollution prevention and control</p> <p>Reduction of air pollutant emissions through the promotion of low carbon transportation.</p>	The definition of this category is clear.
Affordable housing	Loans aiming at financing and refinancing social home ownership	<p>Prêt à l'Accession sociale (PAS) or social home ownership loan</p> <p>Acquisition or construction of primary residence respecting the eligibility criteria established in the French 2003 Finance Law including income ceilings.</p> <p>Loans to social housing landlords</p> <p>New constructions and/or renovation of existing social housing</p> <p>For this Eligible Category, a target population has been identified as the Low-income population</p>	<p>Access to housing</p> <p>Increase home ownership for low income population</p>	<p>The definition of this category is overall clear.</p> <ul style="list-style-type: none"> - An area for improvement includes the definition of energy efficiency and GHG emissions thresholds for the eligible assets to be financed

La Banque Postale Framework				Vigeo Eiris Analysis
Category	Definition	Eligibility Criteria	Objectives and benefits	
Access to essential services	Loans aiming at financing and refinancing access to healthcare	<p>Loans to healthcare public providers and facilities:</p> <ul style="list-style-type: none"> - Public hospitals - Elderly care facilities - Cancer research centers <p>For this Eligible Category, a target population has been identified as the French population including the most vulnerable</p>	<p>Access to health essential services</p> <p>Reduce health inequalities</p>	<p>The definition of this category is clear.</p> <ul style="list-style-type: none"> - For its first issuance, the Issuer has provided to Vigeo Eiris clear examples of facilities to be refinanced.
Sustainable and inclusive finance	Loans aiming at fostering inclusive finance	<p>Financing banking accessibility for vulnerable groups through initiatives such as:</p> <ul style="list-style-type: none"> - Interest free loans (PTZ) - Micro-credit loans (Créa-Sol, micro-crédit habitat) <p>For this Eligible Category, a target population has been identified as the Low-income population.</p>	<p>Access to banking services</p> <p>Reduce banking exclusion and inequalities</p>	<p>The definition of this category is clear.</p>

In addition, the Eligible Projects are likely to contribute to nine United Nations' Sustainable Development Goals, namely : Goal 1. No poverty, Goal 3. Good Health and Well-being, Goal 7. Affordable and Clean energy, Goal 8. Decent work and economic growth, Goal 9. Industry, Innovation and Infrastructure, Goal 10. Reduced inequalities, Goal 11. Sustainable Cities and Communities, Goal 12. Responsible Consumption and Production and Goal 13. Climate Action.



Eligible Green and Social Loans	UN SDGs identified	UN SDGs targets
Renewable Energy	SDG 7. Affordable and Clean Energy	7.2
	SDG 12. Responsible Consumption and production	12.2
	SDG 13. Climate Action	NA
Low Carbon Buildings	SDG 7. Affordable and Clean Energy	7.3
	SDG 13. Climate Action	NA
Energy transition loans	SDG 7. Affordable and Clean Energy	7.2
	SDG 9. Industry, Innovation and Infrastructure	9.1 9.4
	SDG 13. Climate Action	NA
Sustainable mobility	SDG 3. Good Health and Well-being	3.9
	SDG 11. Sustainable Cities and Communities	11.2, 11.6
	SDG 13. Climate Action	NA
Affordable housing	SDG 1. No poverty	1.4
	SDG 10. Reduced inequalities	10.2
Access to essential services	SDG 3. Good Health and Well-being	3.8
Sustainable and inclusive finance	SDG 1. No poverty	1.2 1.4
	SDG 8. Decent work and economic growth	8.10
	SDG 10. Reduce inequalities	10.2

Process for Projects Evaluation and Selection

The governance and the process for the evaluation and selection of the Eligible Loans are formalized in the Framework. We consider that the process is reasonably structured, transparent and relevant.

The process for evaluation and selection of Eligible loans is clearly defined.

The evaluation and selection of Eligible loans is based on relevant internal expertise with well-defined roles and responsibilities:

- For the purpose of the Bonds, a Green, Social and Sustainability Committee (“the Committee”) was created. This Committee is composed of representatives of:
 - Head of Corporate and Investment Bank (chairman)
 - Head of Group Financial Communication (secretary)
 - Head of CSR Department
 - Head of Dealing Room
 - Head of Long-Term Funding
 - Head of relevant business units contributing to the Eligible Loan Portfolio.
- The Committee is responsible for:
 - Selecting the Eligible Loans to be included in the Green, Social and Sustainability Bonds Portfolio (“the Portfolio”) according to a pre-selection of potential Eligible Loans made with the relevant business units in accordance with the selection criteria established in this Framework and La Banque Postale’s Sustainability policy.
 - Monitor the Eligible loans portfolio during the lifetime of the Bonds. The Committee will be responsible for replacing an Eligible Green Project if it does no longer meet the eligibility criteria or if the Eligible loans has matured.
 - Upgrading the Green, Social and Sustainability Framework.
 - In case of controversies concerning a project financed by an eligible loan, the Committee will deliberate on the course of action (status quo, monitoring or exclusion), based on the input provided by an internal exclusion committee which relies on both external quantitative sources and internal qualitative analysis.
- The verification and traceability is ensured throughout the process:
 - The Committee will meet at least once a year, and in case of controversy.
 - The traceability of the decisions appears to be ensured throughout the process, through meeting minutes that will be redacted for each meeting of the Sustainability Committee.

An area for improvement includes both internal and external review to verify the compliance of the Green Portfolio with the eligibility criteria and process as defined in the Framework.

The process relies on explicit and relevant eligibility criteria (selection and exclusion).

- The eligibility requirements (selection) are based on the Eligible Categories definitions in the Use of Proceeds section of the Framework.
- The Issuer is committed to exclude any Loans aiming at financing any activity within high extra financial risk sectors (tobacco, coal or non-conventional fossil fuels, night clubs, adult entertainment, gambling). Moreover, the Issuer has also committed to refrain from engaging commercial activities with economic actors which regularly and repeatedly breach international Human and Labour Rights convention or Environment agreements, and has established for this purpose an exclusion list.

The identification and management of the environmental and social risks associated with the Eligible Loans to be financed are considered to be overall good.

The Issuer has formalized a Risk Management Policy covering most environmental and social risks associated with the Eligible Loans. This policy applies to all operations financed by LaBanque Postale.

- At operational level, an ESG risk assessment is always carried out prior to the selection of an eligible project. The project managers are responsible for conducting the environmental and social risks evaluation, relying on formalised procedures. The Issuer has set, for that purpose, all supporting elements and assessment documents (legal / technical reviews, E&S risk management procedures, Risks mapping covering ESG risks, KYC procedures) and a dedicated ESG checklist must be presented to the Product Review committee for a first verification. This list addresses most of the ESG risks relevant to the loans, including the one linked to customer relations.
- The CSR Department is responsible for reviewing the result of environmental and social risk evaluations conducted by the Project managers and for providing a second opinion on the potential ESG risks.

In addition, particularities apply to the type of financing:

- For Loans aiming at financing Residential energy efficiency improvement works ("Gamme verte"), improvement works must be conducted by a Recognized Environmental Guarantor professional ("Reconnu Garant de l'Environnement"- RGE) which ensures the effective identification of associated ESG risks and the implementation of mitigation measures by the RGE professional.
- For loans aiming at financing Renewable energy and Low Carbon Buildings projects, prior Legal/Technical audits are carried out to verify the fulfilment of all the requirements related to project authorizations, including the obligation to conduct environmental and/or social impact assessments and to put in place appropriate mitigation measures. The fulfilment of these requirements conditions the obtention of a loan. Covenants are included in the contracts covering the obligation for the debtor to prevent and mitigate, at all times, ESG risks related to the projects financed by the loans. The Issuer also carries out post verifications (Operational reports verification, Additional acoustics studies...).
- For all customers loans, the Issuer has implemented a comprehensive system to prevent over-indebtedness as soon as the loan is granted and throughout the life time of the contract. Customers advisors are regularly trained on over-indebtedness topics and a dedicated department has been created to address related issues.

A dedicated platform system enables the identification of vulnerable customers that present a potential risk of excessive debt. A detailed analysis of the client's budgetary situation and difficulties is conducted and loan restructuring, credit repurchase, or other additional supports can be decided, in agreement with the customer. Additionally, La Banque Postale has entered into an agreement with CRESUS, a non-governmental organisation, which provides support to La Banque Postale's most vulnerable customers in achieving a balanced budget.

Management of proceeds

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

The allocation and management of the proceeds are clearly defined:

- The net proceeds of the Bonds will be credited to the Issuer's treasury liquidity portfolio, and will be managed in cash or in other short term liquid instruments. They will be appropriately managed and tracked by the Committee using an internal accounting system.
- In the case the Eligible Loan Portfolio is smaller than the Bonds' net proceeds outstanding, La Banque Postale has committed to make its best effort to fill the gap and load the Eligible Loan Portfolio with new loan production or existing unallocated loans. Meanwhile, the difference would be held within La Banque Postale's treasury in accordance with its usual treasury investment strategy.
- In case of projects postponement, cancelation, divestment or ineligibility, or in case an Eligible Loan has matured, the Issuer has committed to replace the no longer Eligible Loan by a new Eligible Loan.
- Except for the first issuance which will only be refinancing, areas for improvement are to define a maximum period for the allocation of proceeds, and committing that the temporary placements and instruments for unallocated proceeds don't finance GHG intensive activities, controversial activities, or activities facing material ESG issues.

Traceability and verification of the proceeds are ensured throughout the process, and appear to be good:

- The Committee is responsible for verifying that the net proceeds match the Green Portfolio until the Bonds' maturity date.
- Internal audit process will track and monitor the net proceeds allocation and management
- An independent third party will verify the Eligible Loan Portfolio's outstanding amount once a year and until full allocation.

Monitoring & Reporting

The reporting process and commitments appear to be good, covering both the funds allocation and the environmental and social benefits of the Eligible Projects.

The processes for monitoring, data collection, consolidation and reporting are clearly defined by the Issuer in internal documentation. An area for improvement is formalizing these processes in the Framework.

The process is structured and based on relevant internal expertise and involves relevant departments of the Issuer:

- The company's monitoring system will be used to monitor the financial aspects of the projects.
- The relevant Business lines will be responsible for monitoring the environmental and social benefits data associated to the Eligible Projects they manage in their portfolio.
- The Green, Social and Sustainability Committee will be responsible for monitoring the allocation of proceeds data, collecting and consolidating the environmental and social benefits data and creating the Green, Social or Sustainability Bond reports (the Reports).

The Issuer has committed to annually report on the Bonds, until the maturity of the Bonds and later in case of material changes, through the annual Reports which will be publicly accessible on La Banque Postale's website.

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

- The allocation of proceeds: the selected reporting indicators related to the fund's allocation cover all the relevant information related to the Eligible Categories.

Reporting indicators
<ul style="list-style-type: none"> - The total amount of net proceeds from the Green, Social and Sustainability Bonds issuance - The total amount of net proceeds allocated to selected loans, for each Eligible Category - The amount of available unallocated loans

An area for improvement includes detailing information related to the projects financed.

- Environmental and social benefits: the selected reporting indicators are relevant to the Eligible Projects.

Eligible categories	Output and outcome indicators	Impact Indicators
Renewable Energy	<ul style="list-style-type: none"> - Installed production capacity (GW or MW) - Annual renewable energy generated or expected (MWh) 	<ul style="list-style-type: none"> - Estimated annual GHG emissions avoided (in tCO2e) - Energy savings (KWh saved/reduced)
Low Carbon Buildings	<ul style="list-style-type: none"> - Number of green buildings financed by construction date - Number of Green building certification obtained by label and level - Total gross floor area (GFA) of buildings concerned - % of the buildings financed by loans by the Issuer which are Low Carbon Buildings (Green Building in residential sector) 	<ul style="list-style-type: none"> - Estimated annual GHG emissions avoided (in tCO2e) - Energy savings (KWh saved/reduced)
Energy transition loans	<ul style="list-style-type: none"> - Number of loans granted, by type of financing - Total amount of loans granted by type of financing 	<ul style="list-style-type: none"> - Estimated annual GHG emissions avoided (in tCO2e) - Energy savings (KWh saved/reduced)
Sustainable mobility	<ul style="list-style-type: none"> - Number of loans granted by type of financing - Total amount of loans granted by type of financing 	<ul style="list-style-type: none"> - Estimated annual GHG emissions avoided (in tCO2e) - Energy savings (KWh saved/reduced)
Affordable Housing	<ul style="list-style-type: none"> - Number of « Prêt à l'Accession sociale (PAS) » granted - Amount of loans granted, detailed by social-professional categories 	

Eligible categories	Output and outcome indicators	Impact Indicators
	<ul style="list-style-type: none"> - Number of new dwellings by social housing landlords - Amount of loans granted to social housing landlords 	
Access to essential services	<ul style="list-style-type: none"> - Number of loans granted to healthcare providers and facilities - Number of beneficiaries 	
Sustainable and inclusive finance	<ul style="list-style-type: none"> - Number of Interest free loans (PTZ) granted - Number of Micro-credit loans (Créa-Sol, micro-crédit habitat) 	

The calculation methodologies and assumptions that will be used to calculate the benefits of Eligible loans will be publicly disclosed by the Issuer in its website⁷.

An area for improvement is reporting on material developments relating to the Bonds, including ESG controversies, in order to ensure transparency on this regard at least for the investors, as well as engaging an independent third-party to verify the content of Reports regarding the environmental and social benefits metrics (indicators and results).

⁷ <https://www.labanquepostale.com/legroupe/investisseurs.html>

METHODOLOGY

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

Vigeo Eiris' methodology for the definition and assessment of the corporate's ESG performance is based on criteria aligned with public international standards, in compliance with the ISO 26000 guidelines, and organized in 6 domains: Environment, Human Resources, Human Rights, Community Involvement, Business Behaviour and Corporate Governance. The evaluation framework has been customized regarding material issues, based on our generic Diversified Banks ESG assessment frameworks and specific issues considering the Issuer's business activity.

Our research and rating procedures are subject to internal quality control at three levels (analysts, heads of cluster sectors, and internal review by the audit department for second party opinions) complemented by a final review and validation by the Direction of Methods. A right of complaint and recourse is guaranteed to all companies under our review, including three levels: first, the team linked to the company, then the Direction of Methods, and finally Vigeo Eiris' Scientific Council. All collaborators are signatories of Vigeo Eiris' Code of Ethics.

Part I. ISSUER

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

Level of the Issuer's ESG performance

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

- Leadership: relevance of the commitments (content, visibility and ownership).
 - Implementation: coherence of the implementation (process, means, control/reporting).
 - Results: indicators, stakeholders' feedbacks and controversies.
- Scale for assessment of ESG performance: Advanced, Good, Limited, Weak.

Management of stakeholder-related ESG controversies

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

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

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

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

Involvement in controversial activities

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

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

Part II. ISSUANCE

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

Use of proceeds

The use of proceeds guidelines is defined to ensure that the funds raised are used to finance and/or refinance Eligible Loans. The loans endorsed shall comply with the eligibility criteria in order to be considered as Eligible Green, Social or Sustainability Loans. Vigeo Eiris evaluates the relevance, measurability and preciseness of the associated environmental and/or social objectives. The contribution of Eligible Loans to sustainable development is evaluated based on the United Nations Sustainable Development Goals.

Process for evaluation and selection

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

Management of proceeds

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

Reporting

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

VIGEO EIRIS' ASSESSMENT SCALES

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

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

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

Vigeo Eiris offers a wide range of services:

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

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

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

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

For more information: www.vigeo-eiris.com

Disclaimer

Transparency on the relation between Vigeo Eiris and the Issuer: Vigeo Eiris has not carried out any audit mission or consultancy activity for La Banque Postale (of note, La Banque Postale is a subsidiary of Le Groupe La Poste [100%]. Vigeo Eiris has executed two audit missions for Le Groupe La Poste until so far). La Banque Postale is a minority shareholder of Vigeo Eiris, as a member of the "Investors and asset managers" shareholders sub-group (holding 1.9% of the share capital).

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

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