

## SCOPE

Vigeo Eiris was commissioned to provide an independent opinion on the sustainability credentials and management of the Green Note (the "Note") framework under which Natixis (namely Natixis SA or Natixis Structured Issuance, the "Issuer") considers to issue Green Notes, according to Vigeo Eiris' Environmental, Social and Governance (ESG) assessment methodology, and aligned with the Green Bond Principles voluntary guidelines.

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

- Issuer: document-based evaluation of Natixis' ESG performance, controversies and capacity to mitigate associated risks.
- Issuance: analysis of the coherence of the Note framework with Natixis' strategy and commitments, and document-based evaluation of the Note framework, including but not limited to:
  - ▶ Analysis of the process for categorisation and selection of projects eligible to the use of proceeds, and the process for evaluation of their environmental and social risks and impacts.
  - ▶ Assessment of the reporting systems dedicated to information, monitoring and control related to funds allocation, management and impacts of financed projects.

Vigeo Eiris' sources of information are gathered from our rating database, Natixis, press content providers and stakeholders. Vigeo Eiris has carried out its due diligence from May 13<sup>th</sup> to November 16<sup>th</sup> 2017, complemented by interviews with involved managers, held at the Natixis' offices in Paris (France).

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

## VIGEO EIRIS' OPINION

**Vigeo Eiris confirms that the notes considered by Natixis within its Green Notes framework are "Green Notes" with positive contribution to sustainable development, aligned with the Green Bond Principles.**

**Vigeo Eiris reaches a reasonable<sup>3</sup> level of assurance on the Notes' contribution to sustainability.**

- **Issuer:** Natixis displays an overall good<sup>3</sup> ESG performance (see Part I).
  - ▶ Natixis ranks sixth in the "Diversified Banks" Vigeo Eiris sector which covers 31 European companies and achieves advanced performance in the Environmental pillar, good performance in the Social pillar and limited performance in the Governance pillar. Vigeo Eiris' assurance that Natixis' ESG risk factors are adequately managed is overall reasonable, including reputational, human capital, operational and legal risks.
  - ▶ Natixis faces overall frequent controversies regarding several ESG domains. The severity ranges from significant to high. The company is overall reactive: it reports transparently on all of the eight cases identified, cooperated with interested parties and provided some corrective measures for one of them.
  - ▶ Regarding the 15 controversial activities<sup>4</sup> analysed by Vigeo Eiris, Natixis' involvement in Military and Nuclear power is minor. Natixis has no involvement in any of the 13 other controversial activities, according to Vigeo Eiris' calculation methodology<sup>5</sup>.

<sup>1</sup> Second Opinion – Green Bond Principles: This opinion is to be considered as the "Second Party Opinion" described by the Green Bond Principles (2017 edition in the "External Review" section). The Green Bond Principles include the Voluntary Process Guidelines for Issuing Green Bonds and the Guidance for Borrowers of Social Bonds (see: [www.icmagroup.org/Regulatory-Policy-and-Market-Practice/green-Bonds/](http://www.icmagroup.org/Regulatory-Policy-and-Market-Practice/green-Bonds/)).

<sup>2</sup> The "Green Notes" are to be considered as the potential forthcoming Notes, which issuances are subject to market conditions.

<sup>3</sup> Definition of Vigeo Eiris' scales of assessment (as detailed on page 11 of this document):

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

Level of Assurance: Reasonable, Moderate, Weak.

<sup>4</sup> 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. We do not express an opinion as a score when controversial activities, products and services are not prohibited by international standards or treaties.

<sup>5</sup> Companies involvement in controversial activities relies on the ownership of +20% of a company shares or voting rights. Involvement through lending and debt securities are not considered in this product.

- **Issuance:** The Issuer’s Green Note framework is coherent with its main ESG strategic priorities, is considered to be good and is made publicly available on Natixis’ website<sup>6</sup> (see Part II):
  - ▶ The net proceeds of the Note issuance will be used to finance or refinance Eligible Projects which contribute to climate change mitigation, in line with two United Nations Sustainable Development Goals (the “UN SDGs”). Objectives and expected environmental benefits associated with the Eligible Projects are visible, precise, measurable and relevant.
  - ▶ The process for evaluation and selection of Eligible Projects is clearly defined and good in terms of transparency, governance and relevance of defined Eligibility and Selection Criteria. Certain ESG factors have been integrated in the evaluation and selection process, covering most environmental and social risks associated with the Eligible Projects.
  - ▶ The rules for the management of proceeds are clearly defined by the Issuer and would enable a documented and transparent allocation process, based on the Issuer’s commitments on the management of proceeds.
  - ▶ The Issuer is committed to report annually, publicly and until the note maturity. The reporting commitments and process are good, covering the fund allocation and environmental benefits of selected Projects (outputs and impacts), reaching an overall reasonable level of assurance on the Issuer’s capacity to report on the Green Note’s use and impacts.

Beyond the Green Bond Principles guidelines, in line with international standards, we have further recommended using ESG qualitative and quantitative indicators to report on the responsible management of the Projects, depending on the information availability and relevance of the ESG matters.

## EXTERNAL REVIEW

Natixis’ Green Note issuance is supported by external reviews, provided by:

- Consultant review: the hereby Vigeo Eiris’ review (“Second Party opinion”), as sustainability consultant, on the sustainability credentials of the Green Note, based on pre-issuance commitments and covering all the note dimensions, i.e. issuer commitments, projects (use of proceeds and ESG integration) and reporting (processes and indicators).
- Verification: an external verification (third party ESG and/or financial audit) of the compliance, in all material respects, of (i) the actual allocation of proceeds to Eligible Projects and their alignment with the Eligibility and Selection Criteria, and (ii) the pending cash allocation, annually and until the maturity date of the note.

*This opinion is valid as of the date of issuance limited to Green Notes considered by Natixis within its Green Notes framework.*

Paris, November 17<sup>th</sup> 2017



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Director of Vigeo Eiris Enterprise



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### Disclaimer

Transparency on the relation between Vigeo Eiris and the Issuer: Vigeo Eiris has executed 3 audit and consultancy missions for BPCE and its subsidiaries over the past 5 years. BPCE is shareholder of Vigeo Eiris, as a member of the board sub-group of Project and Pension Fund Managers (10%), and has a member at the Board of Directors of Vigeo Eiris, Pierre Foucry, nominated for 3 years (2015-2018). Crédit Coopératif, part of BPCE, is also shareholder of Vigeo Eiris, as a member of the board sub-group of Project and Pension Fund Managers (0.13%).

This opinion aims to explain for investors why the Green Note is considered as sustainable and responsible, based on the information which has been made available to Vigeo Eiris and which has been analyzed by Vigeo Eiris. Providing this opinion does not mean that Vigeo Eiris certifies the materiality, the excellence or the irreversibility of the projects financed by the Green Note. Natixis is fully responsible for attesting the compliance with its commitments defined in its policies, for their implementation and their monitoring. The opinion delivered by Vigeo Eiris neither focuses on financial performance of the Green Note, nor on the effective allocation of its proceeds. Vigeo Eiris is not liable for the induced consequences when third parties use this opinion either to make investments decisions or to make any kind of business transaction.

The opinion delivered on stakeholder-related ESG controversies is not a conclusion on the creditworthiness of Natixis or its financial obligations. The controversial activities research provides screening on companies to identify involvement in business activities that are subject to philosophical or moral beliefs: it consists exclusively in highlighting the involvement of companies in a given activity and in qualifying the threshold of involvement without inferring any opinion. The information does not suggest any approval or disapproval on their content from Vigeo Eiris.

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

<sup>6</sup> <https://www.natixis.com/natixis/jcms>

## DETAILED RESULTS

### Part I. ISSUER

#### Level of Natixis' ESG performance

As of December 2016, Natixis' overall approach to manage ESG related issues is good.

Domain	Comments	Opinion
Environment	Natixis' performance in the Environmental domain is advanced, ranging from good in green products and SRI to advanced in environmental strategy, climate change and business travel and commuting. The Company commits to all its responsibilities in terms of environmental protection. In particular, Natixis commits to financing energy transition as well as to managing the direct impact of its own activities and has set 2020 targets to reduce the CO <sub>2</sub> emissions from its operations.	Advanced
	The bank identifies, assesses and classifies the environmental risks of clients/projects: as a signatory of the Equator Principles, Natixis applies an industry-wide methodology, aimed at evaluating the E&S risks of the projects it finances and assessing the quality of the management systems used by its customers to manage, minimize, and remedy the impacts they cause as best they can. This methodology applies to the financing of investments in new projects or the extension of existing projects, and the Company has set up an organization in which the business lines and the Environmental and Social Responsibility (ESR) team are jointly involved in assessing and managing transactions.	Good
	In 2015, Natixis decided to cease financing the coal industry worldwide: the bank pledged to stop coal project finance (mines and power stations) and to no longer accept advisory or arrangement mandates associated with financings of this type. However, policies on other sensitive sectors are still not publicly disclosed. Strong practices of responsible investment are observed within the group: the Company has allocated most of the means to the development of sustainable investment products/strategies, including shareholders activism.	Limited
		Weak
Social	Natixis' performance in the Human Rights domain is good but uneven ranging from limited regarding fundamental human rights and fundamental labour rights to advanced regarding non-discrimination and diversity. Although the bank has no dedicated public policy on human rights, several measures are in place to assess and mitigate human rights risks in both lending and investment activities. The Company displays an advanced strategy to promote non-discrimination among its employees.	Advanced
	The performance in the Human Resources domain is advanced, ranging from good regarding health and safety to advanced regarding social dialogue, reorganisation and career management. Indeed, advanced practices are observed in terms of social dialogue and career management including initiatives to foster mobility and the introduction of specific measures to retain older employees and integrate the youth. In addition, at the end of 2015, Natixis decided to stop the reorganization plan it had started in 2013, even if some jobs were still concerned by the plan.	Good
	Natixis' performance in the Community Involvement domain is limited. Natixis reaffirmed its commitment to promote economic and social development in the "Démarche RSE Groupe". Natixis support SMEs via private equity funds, and deploys impact investing actions. The Company also reports it has a responsible tax strategy in compliance with the French law, but no specific policy addressing tax evasion is disclosed.	Limited
	The performance regarding Customers is good including on information to customers and responsible customers relations. The bank set up efficient means to ensure transparent and fair relations with clients including awareness raising to its staff on responsible marketing practices. Training on cyber security was also delivered to employees	Weak
Governance	Natixis displays limited performance of Corporate Governance, ranging from limited regarding the Board of Directors, internal controls & risks management, and executive remuneration to advanced regarding shareholders. Noteworthy is the high gender diversity of the Board, but the Board has a low independency rate and Directors are elected only every 4 years. Natixis has in place sound internal control systems, covering CSR risks, a stand-alone Risk Committee has been set up at Board level composed of non-executive members. The performance on shareholder rights is advanced, although the CSR strategy is not presented to shareholders and investors. As regards executive remuneration, Natixis does not disclose the targets ruling the granting of bonuses but is fully transparent on the one determining long-term incentives. Variable remuneration does not appear to be linked to ESG performance.	Advanced
		Good
		Limited
	The performance in Business integrity is limited including on corruption and money laundering, and responsible lobbying. Natixis adopted relevant policies on business ethics, supported by a Financial Security Department and by relevant procedures to combat fraud and money laundering. Lobbying strategy is discussed at Groupe BPCE's Board level and regularly communicated to Natixis' employees through newsletters. Natixis agreed to settle for municipal bond rigging case in early 2016.	Weak

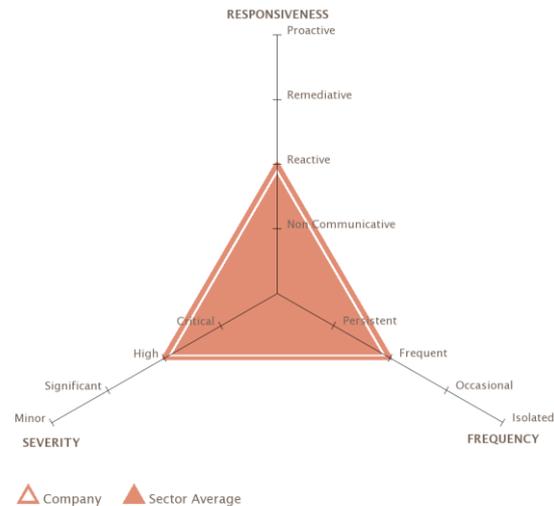
Natixis is included in the following Vigeo Eiris Indices:

- Ethibel Sustainability Index Excellence Europe.
- Euronext Vigeo Eiris Europe 120.
- Euronext Vigeo Eiris Eurozone 120.

### Stakeholder-related ESG controversies

As of October 25<sup>th</sup> 2017, Natixis is involved in eight stakeholder-related ESG controversies.

- **Frequency:** Natixis faces frequent allegations on several domains:
  - Occasional controversies in Environment, namely green products and SRI, and climate change ;
  - Frequent controversies in Human rights, namely fundamental human rights, and fundamental labour rights ;
  - Isolated controversy in Community involvement, namely social and economic development ;
  - Occasional controversies in Business behaviour, namely information to customers, responsible customer relations, and corruption and money laundering.
- **Severity:** The level of severity ranges from significant to high based on the analysis of their impact on the company and its stakeholders: the company faces two cases of significant severity (related to fundamental labour rights and fundamental human rights) and six cases of high severity (related to green products and SRI, climate change (two cases), fundamental human rights (two cases), social and economic development, information to customers, responsible customer relations, and corruption and money laundering (two cases)).
- **Responsiveness:** Natixis is overall reactive: the Company reports in a detailed way on its position on these eight cases and provided some corrective measures for one case of high severity (which relates to green products and SRI, and climate change).



### Involvement in controversial activities

As of October 25<sup>th</sup> 2017, based on an estimation of the level and type of company involvement, Natixis' involvement in Military and Nuclear power is minor<sup>7</sup>.

- **Military:** Natixis has an estimated turnover from involvement in military which is between ]0-5%[ of total turnover. Natixis is providing 20 year finance from 2009 for the production of Brazil's Prosub submarine programme. The programme runs to at least 2024, and some reports indicate it has now been extended to 2034. The banks involved are Natixis, BNP Paribas, Société Générale, Calyon, Crédit Industriel et Commercial and Banco Santander.
- **Nuclear power:** Natixis has an estimated turnover from involvement in nuclear power which is between ]0-5%[ of total turnover. This turnover is derived from minor nuclear parts and services: Since June 2014, the Company has been part of a consortium to provide a EUR 650m loan over 10 years to the AREVA subsidiary owning the Georges Besse II enrichment plant.

Natixis is not involved in any of the 13 other controversial activities analysed by Vigeo Eiris.

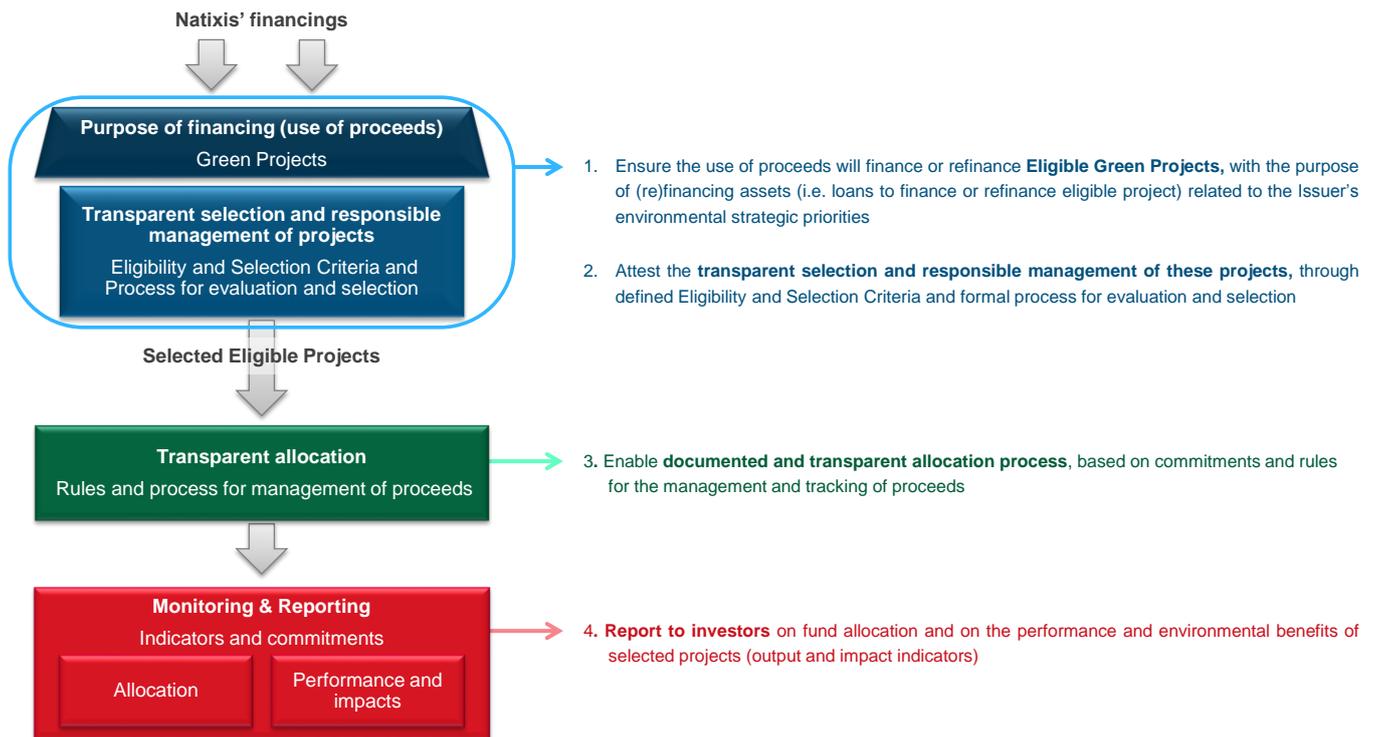
<sup>7</sup> A "Minor" involvement is set when consolidated investments are identified within any Controversial Activities

## Part II. ISSUANCE

Natixis has established its Structured Green Notes framework (the “framework”) which applies to the Green Note issuances Natixis would contemplate. The issuer is committed to make its framework and this Second Party Opinion publicly accessible on its website.

It is worth mentioning that Natixis commits to proceed with consultation/prior verification from an independent external opinion provider ahead of modifying its Green Note framework. We recommend that Natixis engages such a consultation/prior verification for any inclusion of additional projects as well as for any update of its criteria.

The framework is composed of four steps, aligned with the GBP, as presented in the following process, and includes also external assurances commitments.



### Coherence of the issuance

**Natixis' Green Note framework is coherent with the organization's main ESG strategic priorities, and contributes to the achievement of its commitments and objectives. Vigeo Eiris has a reasonable level of assurance on Natixis' capacity to integrate relevant issues in terms of environmental responsibility.**

As a financial player, Natixis appears to be aware of its responsibility in channelling its investments and financing towards projects which help support the development of a more sustainable economy:

- Since the mid 1990s, Natixis has arranged project financing for renewable energy projects of all sizes involving solar, wind, hydroelectric and biomass energy technologies. Nowadays, Natixis holds a prominent position in renewable energy finance and positions itself as one of the major players of energy transition by number of financed transactions and by funding amount. In the project finance business, Natixis financed 13 new deals in 2016, amounting to € 616 million underwritten by Natixis. At the end of 2016, renewable energy accounted for nearly 80% of financing projects undertaken in the electrical power sector.
- Natixis reinforced its commitment to fostering sustainable development by signing the Equator Principles (EP) in December 2010, then acknowledging the importance of environmental and social impacts in projects and adopted a methodology to manage these impacts, which is now used by a large number of financial institutions.

By issuing a Green Note to finance or refinance Renewable Energy Projects, Natixis coherently illustrates its commitment to financing energy transition.

Use of proceeds

Vigeo Eiris estimates that the definition of the Eligible Projects is clear and that the objectives and expected environmental benefits associated with the Eligible Projects are visible, precise, measurable and relevant.

Vigeo Eiris considers that the Eligible Projects’ contribution to sustainable development is positive, due to expected environmental benefits on climate change mitigation, which will be assessed annually and quantified by the Issuer.

The net proceeds of the Green Note will be used to finance and refinance, in whole or in part, Eligible Projects contributing to climate change mitigation, defined as Renewable Energy Projects financed or refinanced by Natixis.

Projects will be submitted, on an ad-hoc basis, to the validation of a dedicated governance on the basis of a sustainability / environmental impact analysis. In particular, a case by case sustainability analysis will be performed for large hydro projects, on the basis of the IFC Performance Standards completed with additional criteria from the World Commission on Dam and the Safeguard Policy on Safety of Dams. The Environmental and Social Responsibility (ESR) team will also invite clients to use a mapping and impact management tool from the Hydropower Sustainability Assessment Protocol (International Hydropower Association).

Eligible Projects will have to contribute to identified expected environmental benefits and meet a set of Eligibility and Selection Criteria defined by Natixis.

Eligible Projects are located worldwide and include:

- Types of Projects – examples (not limited to): Offshore wind farms in the United Kingdom (Beatrice, Race Bank), offshore wind farm in Germany (Merkur), Wind power in Italy (Veronagest), Solar PV in Italy (Brainwave), Hydropower in Indonesia (Asahan-1).
- Timing: existing, on-going and/or future projects. “Existing” means projects whose closing had taken place in the last 3 years preceding the issuance date, while “future” means projects whose closing will take place after the issuance date.

The definition and evaluation of the Eligible Projects category and associated Eligibility Criteria are the following:

Eligible Projects	Definition	Eligibility criteria	Vigeo Eiris analysis
<b>Renewable Energy Projects</b>	Projects of conception, construction, operation and/or maintenance of renewable energy production units <ul style="list-style-type: none"> <li>• Energy produced from wind (on-shore and offshore), and/or solar power, and/or hydro projects</li> <li>• Which meet the Eligibility criteria</li> <li>• Which are compliant with defined additional ESG criteria</li> </ul>	<ul style="list-style-type: none"> <li>• Only Renewable Energy Projects. A case by case sustainability analysis will be performed for large hydro projects (projects considered as compliant with the Equator Principles could be excluded)</li> <li>• All greenfield* projects are eligible (agreed upon Equator Principles)</li> <li>• Regarding brownfield* projects, only projects located in “Designated Countries”** and projects located in “Non Designated Countries” which have undergone an independent Environmental &amp; Social assessment in line with the main principles of Equator Principles (“EP-like”)</li> <li>• Project closing*** which had taken place in the last three years</li> <li>• Only term loan facilities, of which only drawn amounts are considered eligible</li> <li>• The sum of Eligible Projects allocated to each bond should at least match the face value of the bond at the date of the annual rebalancing</li> </ul>	The definition of the Eligible Projects category and associated Eligibility Criteria are relevant: <ul style="list-style-type: none"> <li>• Eligible Projects are aligned with Natixis’ strategy.</li> <li>• Hydropower projects will be further analysed, through recognized international standards.</li> </ul> The objectives and expected benefits are visible, precise, measurable and relevant: <ul style="list-style-type: none"> <li>• Objectives: develop and operate renewable energy production worldwide.</li> <li>• Expected benefits: climate change mitigation through GHG emissions reduction (renewable energy generation)</li> </ul>

\* Greenfield: new construction, including significant extension of existing facilities ; Brownfield: refinancing of existing facilities with no or little extension.

\*\* As defined by the Equator Principles - <http://www.equator-principles.com/index.php/designated-countries>

\*\*\* Project closing means the signing of the credit documentation and that’s when Natixis contractually commits to make the loan available to the borrower.

In addition, Vigeo Eiris considers that the Eligible Projects align with two UN SDGs:



*Contribution to achieving the UN SGD 7. Affordable and clean energy*

The UN SDG 7 consists in ensuring universal access to affordable, reliable, sustainable and modern energy, with targets by 2030 on the share of renewable energy in the global energy mix and the promotion of investment in energy infrastructure and clean energy technology. The Financial Services industry can contribute to this goal by underwriting renewable energy developments such as wind farms and solar power arrays to accelerate the transition to an inclusive low-carbon economy.

By using the Green Note proceeds to finance and refinance defined Eligible Renewable Energy Projects, Natixis is contributing to the UN SDG 7, with regards to the above-mentioned targets.



*Contribution to achieving the UN SGD 13. Climate action*

The UN SDG 13 consists in taking urgent action to combat climate change and its impact. The Financial Services industry can contribute to this goal by investing in – and/or raising finance for – climate risk mitigation, climate resilience and climate adaptation.

By using the Green Note proceeds to finance and refinance defined Eligible Renewable Energy Projects, Natixis is contributing to the UN SDG 11, with regards to the above-mentioned contribution.

Process for project evaluation and selection

**Vigeo Eiris considers that the evaluation and selection process of the Eligible Projects is clearly defined, in line with the Group's policies.**

**The Green Note evaluation and selection process is considered to be good in terms of transparency, governance and relevance of defined Eligibility and Selection Criteria, and aligns with the Green Bond Principles guidelines.**

The process for evaluation and selection of Eligible Projects is reasonably structured.

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

- The selection process includes the verification of the ESG due diligence aspects either through legal and technical reviews or within the legal permitting process.
- The E&S evaluation is conducted by Natixis financing teams, in collaboration with the ESR team and independent consultants (E&S consultants or Technical consultants depending on the complexity of the E&S issues) when appropriate. However, the project evaluation and monitoring process categorized as low risk (C) is limited compared to A and B, in line with the Equator Principles.
- A first analysis of Projects eligibility, made by the by Natixis financing and ESR teams, aims at defining a pool of potential Eligible Projects from an initial pool of projects.
- An internal dedicated governance will be mobilized ahead of each issuance and on an annual basis to ensure the evaluation and selection process, including the Groupe BPCE Green & Social Bond Committee in charge of the formal validation of any Green or Social Bond issuance within BPCE Group, and the Natixis Green project working group dedicated to these Green Notes. Roles and responsibilities of each body have been clearly defined in the framework, including the project evaluation and selection approval

The verification and traceability is ensured throughout the process:

- The E&S evaluation is based on the analysis of assessment documents (EIA or ESHIA, Independent Consultant's report ...) and the 'E&S Appendix' ensures the justification and the traceability of the evaluation.
- The list of Eligible Projects will be validated by the Green project working group and the decision will be recorded in a meeting minute.
- All the validation and decision steps are listed in an internal tool.
- An external auditor will annually review the actual eligibility of projects as of December 31<sup>st</sup> of the reporting year.

The process relies on relevant Eligibility and Selection Criteria:

- Eligibility criteria (use of proceeds) defined in the Green Note framework and supported by examples of projects for the renewable energy production units (i.e. energy produced from wind (on-shore and offshore), and/or solar power, and/or hydro projects).
- Selection criteria, consisting in additional ESG criteria (i.e. Environmental impact mitigation, Local impact mitigation & Stakeholders' engagement and consultation, ESG due diligence process, Business practices, Supplier's audit, Labour and human rights conformity and social requirements) which are exhaustive regarding public international standards in terms of sustainability.

The integration of ESG factors in Projects management is good, covering most environmental and social risks associated with the Eligible Projects category, in line with international standards.

- The EP procedure is a cornerstone of the ESG analysis and is conducted through a structured approach, embedded in Natixis existing business practices. Under the Equator Principles, such analysis is heterogeneously applied depending on project's location<sup>8</sup> and EP categorization. Yet, according to Natixis, an external independent technical expertise – enclosing a chapter on the EP review – is provided in most cases and the ESR team reviews all greenfield project-related financing transactions. In order to limit ESG risks exposure, when it comes to brownfield projects, the Issuer will select exclusively Projects either located in designated countries or Projects which have undergone an independent Environmental & Social assessment in line with the main principles of Equator Principles.

#### Management of proceeds

**Vigeo Eiris considers that Natixis' rules for management of proceeds are clearly defined and would enable a documented and formalized transparent allocation process. The management of proceeds commitments are considered to be good, and aligned with the Green Bond Principles.**

The net proceeds of the note will be managed within Natixis' treasury liquidity portfolio, in cash or other liquidity instruments. Vigeo Eiris has no visibility on any responsible investment policy towards Natixis' treasury liquidity portfolio management.

The Natixis Green Project working group will perform a control before each Issuance to ensure that the portfolio of outstanding Eligible Projects is greater than the face value of the Green Notes outstanding and contemplated issuance, through the maintenance of an appropriate safety buffer. The working group will submit the new issuances or envelope of issuances to Groupe BPCE Green & Social Bond Committee approval. Consequently, Natixis will fully allocate the Green Notes proceeds towards Eligible Projects as at the issuance of each note.

The proceeds will be used to refinance disbursements having taken place in the last three years (from issuance date) as well as to finance disbursements to be made after the issuance date.

In case Projects become ineligible<sup>9</sup>, Natixis commits to use the net proceeds to finance other Eligible Projects which are compliant with the Green Note framework.

Natixis has established relevant systems to monitor and account for the allocation of the proceeds, ahead of each issuance as well as annually, involving both the Green project working group and the Groupe BPCE Green & Social Bond Committee decision, and also to track proceeds in its treasury internal system (i.e. "green flag" is introduced to identify the Green Notes).

All the management of proceeds will be reviewed annually by an external auditor.

#### Monitoring & Reporting

**The process for data collection, consolidation and reporting has been clearly defined in the Green Note framework, including relevant people from across the Group, including at project level.**

**The reporting commitments of the Issuer align with the Green Bond Principles, covering both fund allocation and environmental benefits of financed Projects.**

**Vigeo Eiris considers that Natixis' overall reporting commitments are good, leading to a reasonable level of assurance on its capacity to regularly report on the Green Note use of proceeds and impacts.**

The process for use of proceeds and ESG monitoring, data collection, consolidation and reporting is clearly defined and formalized and is based on relevant internal and external expertise:

- Relevant people, including the participants of Natixis Green project working group, will be in charge of collecting and transmitting information on the issuance to the Bond Committee, the projects and their environmental benefits.
- The Green Project working group will annually coordinate the work for producing, validating and publishing the annual Green Note reporting.

Projects will be added to the report once the Issuer has approved and determined a project as eligible.

Annually and until the maturity date of the Green Notes, Natixis commits to make the reporting available on the Green Note section of Natixis' website according to GBP guidelines.

<sup>8</sup> The Equator Principles defined Designated Countries as countries deemed to have robust environmental and social governance, legislation systems and institutional capacity designed to protect their people and the natural environment. As of September 2017, the following countries are Designated Countries: Australia, Austria, Belgium, Canada, Chile, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Republic of Korea, Latvia, Luxembourg, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, United Kingdom, United States.

<sup>9</sup> Conditions of ineligibility: early reimbursement of the loan, loan's maturity reached, loan sold, major controversy around a project to be studied on a case by case basis by the Green project working group.

The reporting will include key underlying methodology and/or assumptions used in the quantitative determination and will be verified by a third party. It will consist in:

- Use of proceeds: list of financed projects, with related summary description of each project (type of project, amount, location) and their financing (% of projects funded through Green Notes) in line with confidentiality practices<sup>10</sup> (project anonymization).
- Environmental benefits: based on data and estimates either at project level, or aggregated at category and Green Note levels, using recognized methodologies

Output indicators	Impact indicators	Methodologies and assumptions
<p>At project level:</p> <ul style="list-style-type: none"> <li>• Annual renewable energy production in kWh OR ex-ante estimation of expected production before operation phase</li> <li>• Capacity of renewable energy plant(s) installed in MW</li> </ul>	<p>At bond level:</p> <ul style="list-style-type: none"> <li>• Ex-ante estimates of annual GHG emissions avoided in tCO<sub>2</sub>e OR ex-ante expected avoidance before operation phase (based on EIA/ICPE results)</li> </ul>	<p>The determination of the GHG emissions from projects will be calculated using the EIB methodology (Methodologies for the Assessment of Project GHG Emissions and Emission Variations - Version 10.1<sup>11</sup>) and based on project-specific data. Where project-specific data is not available, default methodologies adopted by the EIB on sector specific activity data are used (e.g. Country Fossil Grid Emissions Factor 76 gCO<sub>2</sub>e/kWh for France)</p>

Natixis has identified reporting indicators and selected a clearly defined and internationally-recognized calculation methodology for avoided GHG emissions. The selected reporting indicators related to the use of proceeds and the environmental benefits are relevant for the defined Eligible Projects categories.

For all Eligible Projects, Natixis may integrate additional qualitative or quantitative indicators as considered appropriate to disclose relevant performances or details on the Projects.

Beyond the Green Bond Principles guidelines, in line with international standards, Vigeo Eiris has recommended using other ESG qualitative and quantitative indicators to report on the responsible management of the Projects, depending on the information availability and relevance of the ESG matters.

<sup>10</sup> Due to French Banking laws, Natixis can not disclose the name of the underlying projects or sponsors.

<sup>11</sup> [http://www.eib.org/attachments/strategies/eib\\_project\\_carbon\\_footprint\\_methodologies\\_en.pdf](http://www.eib.org/attachments/strategies/eib_project_carbon_footprint_methodologies_en.pdf)

## METHODOLOGY

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

Vigeo Eiris' methodology to define and to assess corporate 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 the Diversified Banks assessment framework, projects specificities and emerging issues.

Vigeo Eiris reviewed information provided by the Issuer, press content providers and stakeholders (partnership with Factiva Dow Jones: access to the content of 28,500 publications worldwide from reference financial newspapers to sector-focused magazines, local publications or Non-Government Organizations). Information gathered from these sources will be considered as long as they are public, documented and traceable. Vigeo Eiris has reviewed documents and websites of the Issuer (including but not limited to "Green Bonds set-up presentation", "Natixis' list of renewable Projects' transactions 2013-2016", "Natixis' Equator Principles Implementation Procedure"), related to the Note evaluation and interviewed members from several departments of the Issuer.

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

### 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. Furthermore, this assessment has been completed by Vigeo Eiris Enterprise based on additional public information and stakeholders' views and opinion collected from public documentation.*

#### Level of the Issuer's ESG performance

Natixis has been evaluated by Vigeo Eiris on its Corporate Social Responsibility (CSR) performance, based on 20 relevant ESG drivers organized in the 6 sustainability domains. Natixis' 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.

#### Stakeholder-related ESG controversies

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

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

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

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

Involvement in controversial activities

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

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

**Part II. ISSUANCE**

*The Green Note 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 requirements are defined to ensure that the funds raised are used to finance and/or refinance Eligible Projects and are traceable within the issuing organization. Each Project endorsed shall comply with at least one of the Eligible Projects category definition in order to be considered as an Eligible Project. Vigeo Eiris evaluates the relevance, visibility, and measurability of the associated environmental and/or social objectives. The sustainability purpose of the Green Note related Eligible Projects has been precisely defined, with regard to the Issuer’s commitments, and assessed based on the described and estimated benefits of Eligible Projects. The contribution of Eligible Projects to sustainable development is evaluated based on the United Nations Sustainable Development Goals.

Process for project evaluation and selection

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

Management of proceeds

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

Reporting

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

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

**VIGEO EIRIS’ ASSESSMENT SCALES**

Performance evaluation		Level of assurance	
Advanced	Advanced commitment; strong evidence of command over the issues dedicated to achieving the objective of social responsibility. Reasonable level of risk management and using innovative methods to anticipate emerging risks.	Reasonable	Able to convincingly conform to the prescribed principles and objectives of the evaluation framework
Good	Convincing commitment; significant and consistent evidence of command over the issues. Reasonable level of risk management.	Moderate	Compatibility or partial convergence with the prescribed principles and objectives of the evaluation framework
Limited	Commitment to the objective of social responsibility has been initiated or partially achieved; fragmentary evidence of command over the issues. Limited to weak level of risk management.	Weak	Lack or unawareness of, or incompatibility with the prescribed principles and objectives of the evaluation framework
Weak	Commitment to social responsibility is non-tangible; no evidence of command over the issues. Level of insurance of risk management is weak to very weak.		



vigeo eiris  
Rating

vigeo eiris  
Enterprise

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

Vigeo Eiris offers two types of services through separate business units

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

Vigeo Eiris methodologies and rating services adhere to the strictest quality standards and have been certified to the independent ARISTA® standard. Vigeo Eiris is an approved verifier for CBI (Climate Bond Initiative). Vigeo Eiris' research is referenced in several international scientific publications.

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

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