

August 2019

SCOPE

Vigeo Eiris was commissioned to provide an independent opinion (hereafter the "Second Party Opinion" or "SPO") on the sustainability credentials and management of the Green, Social and Sustainability Bonds (the "Bonds") to be issued by Arkéa (the "Issuer") under its Green, Social and Sustainability Bonds Framework (the "Framework").

Our opinion is established according to Vigeo Eiris' Environmental, Social and Governance ("ESG") exclusive assessment methodology and to the latest version of Arkéa's Green Bond Principles (the "GBP") and Social Bond Principles (the "SBP") voluntary guidelines (referred together as the "GBP & SBP"), both edited in June 2018.

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

- 1) **Issuer:** we summarized our rating of the Issuer's ESG performance (evaluated in June 2019), and we assessed the Issuer's management of potential stakeholders-related ESG controversies and its involvement in controversial activities².
- 2) **Issuances:** assessment of the Framework, including the coherence between the Framework and the Issuer's environmental commitments, the bonds issuances' potential contribution to sustainability and their alignment with the four core components of the GBP & SBP.

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 Bonds issuances, held *via* a telecommunications system.

We carried out our due diligence assessment from July 17th to August 26th, 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 Arkéa is aligned with the four core components of the Green and Social Bond Principles 2018.

We express a reasonable assurance³ (our highest level of assurance) on the Issuer's commitments and on the Issuances' potential contribution to sustainability.

In addition, the Eligible Categories are likely to contribute to eleven of the United Nations' Sustainable Development Goals ("SDGs"), namely : Goal 1. No poverty, Goal 3. Good Health and Well-being, Goal 4. Quality Education, Goal 6. Water and Sanitation, 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.

1) Issuer (see Part I):

- ▶ As of June 2019, Arkéa displays an overall advanced ESG performance, ranking 2nd in our "Retail & Specialised Banks Europe" sector which covers 94 companies. The Issuer's managerial approach appears good in the Environmental pillar and advanced in the Social and the Governance pillars.

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 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.

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

- ▶ As of today, the Issuer is not facing any stakeholders-related ESG controversy. Arkéa has a minor involvement in Alcohol derived from the production of alcoholic beverages. The Issuer is not involved in any of the other 14 controversial activities screened under our methodology.

2) Issuance (see Part II):

The Issuer has described the main characteristics of the Bonds within a formalized Green, Social and Sustainability Bond Framework which covers the four core components of the GBP & SBP 2018 (the last updated version of the Framework was provided to Vigeo Eiris on August 22nd, 2019). In addition, the Issuer has committed to make this document publicly accessible on Arkéa's website before the inaugural Bond's issuance date, in line with good market practices.

We are of the opinion that the Framework is coherent with Arkéa's main sector sustainability issues and that it contributes to achieve its sustainable development commitments.

Use of Proceeds

- ▶ The net proceeds of the Bonds will exclusively finance or refinance, in whole or in part, loans (the "Eligible Loans") falling under five Eligible Green Categories and four Eligible Social Categories (the "Eligible Categories"), namely: Renewable energy, Green buildings, Energy transition, Sustainable mobility, Sustainable waste and water management, Affordable housing, Health and care, Territorial economic development and Education. The Eligible Categories are formalized in the Framework and considered clearly defined.

The Eligible Loans are intended to contribute to three main environmental objectives (Climate change mitigation, Water resources protection and Pollution prevention and control) and to two main social objectives (Affordable housing and Access to essential services). These objectives are formalized in the Framework and considered clearly defined.

The target populations that will benefit from the four Eligible Social Categories have been clearly defined, namely: low income population (Affordable housing category), everyone including the most vulnerable (Health and care category), SMEs, SSE structures and public service bodies (Territorial economic development category) and youth in priority and sensitive areas and disadvantaged groups (Education category).

The Eligible Loans are considered to provide clear environmental and social benefits. The Issuer has committed to assess and, as feasible, quantify the environmental benefits of the Bonds. An area for improvement consists in defining ex-ante quantified environmental and/or social targets for each Eligible Category.

The Issuer has committed that, in case of refinancing, a look-back period of maximum 36 months from each Bond's issuance date will be applied, in line with market practices. Upstream of each new green, social or sustainable bond issuance, the presentation made for investors will indicate the indicative refinancing share.

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 relies on explicit eligibility criteria (selection and exclusionary), relevant to the environmental and social objectives defined for the Eligible Categories.

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

Management of Proceeds

- ▶ The rules for the management of proceeds are clearly defined and will be verified. 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 Loans.

The selected environmental and social reporting indicators are relevant.

Arkéa has committed that its Bonds will be supported by external reviews:

- A pre-issuance consultant review: the hereby Second Party Opinion delivered by Vigeo Eiris, covering all the features of the Bonds, based on pre-issuance assessment and commitments, to be made publicly accessible by the Issuer on its website⁴.
- An annual verification: an independent third party will verify the funds allocation once a year and until full allocation.

This Second Party Opinion is based on the review of the Framework provided by the Issuer, according to Vigeo Eiris' ESG exclusive assessment methodology and to the latest version of the GBP & SBP voluntary guidelines (June 2018)

August 26th, 2019

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Disclaimer

Transparency on the relation between Vigeo Eiris and the Issuer: Vigeo Eiris has not carried out any audit mission or consultancy activity for Arkéa. 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.

⁴ <https://www.arkea.com>

DETAILED RESULTS

Part I. ISSUER

Arkéa operates as a French non-listed cooperative and local regional bank that offers banking, financial, and insurance services to individuals, businesses, sole proprietorships, and institutional clients in France and Europe.

Level of Arkea's ESG performance

As of June 2019, Arkéa displays an advanced ESG performance overall.

Domain	Comments	Opinion
Environment	Arkéa's performance in the Environment pillar is good.	Advanced
	Arkéa is committed to the majority of its responsibilities in terms of environmental protection in its environmental strategy and has set up a CSR department responsible for its implementation. However, the number of sites covered by the Company's environmental system remains unclear.	
	In terms of direct impacts, Arkéa commits to reducing its greenhouse gas emissions but lacks quantitative targets. In this regard, Arkéa has set up measures to reduce GHG emissions linked to its IT equipment and data centers notably by designing IT applications that require less energy. Moreover, the Company has set up sustainable development criteria for its real estate with the goal of obtaining BEPOS positive energy building and High Quality Environmental (HQE) certifications for its new buildings. In addition, Arkéa has set up relevant measures to reduce the environmental impacts from the transportation of its employees, such as the promotion of videoconferences and the deployment of mobility plans that cover more than 80% of the group employees. In fact, the Company's CO2 emissions from transport per employee has decreased between 2014 and 2018.	Good
	Concerning indirect impacts, the Company displays an advanced integration of environmental issues in its lending and investment activities with the implementation of exclusion criteria for investments in services and products not compliant with the SDGs as well as positive screening, thematic funds and engagement measures with companies. Also, the Company launched a financing package of EUR 200 million dedicated to its customers' CSR projects. However, due to a lack of historical data, it is not possible to establish the trend of CO2 emissions linked to the Company's portfolio and Arkéa has not set reduction targets in this regard.	Limited
Social	Arkéa's performance in the Social pillar is advanced.	Advanced
	Arkéa's performance in the Human Resources domain is considered advanced. Social dialogue is anchored in the Company's culture and collective agreements signed 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. In terms of career management, employees have regular performance appraisals and measures to promote career development of seniors have been agreed with unions. Training programs appear comprehensive, and 95.6% of employees received training in 2018. Regarding health & safety management, Arkéa has implemented a health and safety system and deploys extensive measures to cope with stress at work.	
	Arkéa's performance in the Human Rights domain is advanced. The Company reports on how to integrate human rights considerations in its investment activities (risk mapping, exclusion, dialogue, etc.). Arkéa has signed a collective agreement on the respect of freedom of association and ensures that employees are informed on their rights and able to exercise them. In terms of non-discrimination, the bank has set quantified targets. It has also put in place comprehensive diversity programs, including measures to reduce salary gaps.	Good
	Regarding the community involvement domain, Arkéa's performance is also advanced. The Bank deploys strong efforts to support SMEs and business start-ups through advantageous investments, loans and funds. It also works with local and regional government bodies and partners with the non-profit sector and the social and solidarity economy. Arkéa has close relations with business organizations, support structures, associations to foster economic and social development of small businesses at local level. In terms of financial inclusion, in 2018, Arkéa created the Banking Inclusion Coordination Committee. The Company also facilitates the	Limited

	<p>access to basic banking products and to credit for vulnerable people and adequately addresses the prevention of over-indebtedness.</p> <p>Concerning customers relations, Arkea's performance is good. The Company has set up measures to guarantee that customers are well informed including educational tools, assessments of their suitability, products approval processes, and employees are trained on responsible marketing and selling practices. Satisfaction and complaint management are also well addressed. However, the Company does not disclose specific targets concerning informing customers and ensuring responsible customer relations.</p>	Weak
Governance	<p>Arkéa's performance in the Governance pillar is advanced.</p> <p>The Company's performance on the Corporate Governance domain is considered advanced. The Board is diversified, its members receive regular trainings on CSR issues and more than 40% of them are women. A CSR committee is part of the Board and most of CSR-related issues are reviewed at Board level.</p>	Advanced
	<p>CSR risks are covered by strong internal control systems, however none of the audit committee members are considered independent. Also, the Company's tier 1 leverage ratio is less than the OECD recommended level and identified risk takers does not include individual traders, trading desk and credit officers. Overall the Arkéa's performance on audit and internal controlled is good.</p>	Good
	<p>Arkéa's performance in the Executive Remuneration domain is limited. None of the four members of the Remuneration Committee is considered independent. Moreover, there are no explicit CSR performance objectives integrated in the variable remuneration of senior executives and the Company lacks disclosed information on risks adjustments of remuneration for material risk takers.</p>	Limited
	<p>In terms of business ethics, Arkéa's performance on Corruption prevention is advanced, due to extensive measures reported on corruption and fraud prevention as well as money laundering prevention.</p> <p>On the issue of responsible lobbying, its performance is also good, the Company has set up exhaustive measures, but only discloses the total budget dedicated to lobbying practices.</p>	Weak

Management of stakeholders-related ESG controversies

Arkéa did not face stakeholder-related ESG controversies as of June 2019.

Involvement in controversial activities

As of today, Arkéa has a minor involvement in Alcohol derived from the production of alcoholic beverages. Suravenir (100% owned) owns and manages the Château Calon Ségur, vineyard in Saint-Estèphe, near Bordeaux, France. Arkéa is not involved in any of the other 14 controversial activities screened under Vigeo Eiris methodology, namely: 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.

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 play a significant role in dealing with these challenges by integrating ESG factors in their financing operations.

By integrating environmental and social risks into the assessment of loans and future investments and project financing, as well as into their investment products, banks can influence customer behaviour towards more environmentally activities and support projects with a high social outcome.

We are of the opinion that the Framework is coherent with Arkéa's main sector sustainability issues and that it contributes to achieve its sustainable development commitments.

Arkéa appears to acknowledge its role in implementing solutions to support society's transition to a low-carbon and sustainable economy, as well as in reducing its direct impacts.

Arkéa has an objective to support its customers and regions in their societal and environmental transitions, notably by developing products and services that respond to the social and environmental challenges facing its customers.

In this regard, the Company has developed green products and services that entail:

- a financing package of EUR 200 million dedicated to its customers' CSR projects (infrastructures, renewable energies, building energy efficiency, clean materials, etc.)
- two financing packages of respectively EUR 100 million for interest-free loans to finance the CSR projects of public works companies and EUR 20 million intended to grant loans at reduced rates to finance the CSR investments of companies located in Brittany in the agri-food sector.

In addition, Arkéa has set up CSR-related criteria and projects in its lending and financing activities for environmental purposes:

- the Company has set up exclusion criteria for investments in companies involved in the coal industry (above a fixed threshold) and in companies that seriously violate the principles of the Global Compact.

And social purposes:

- Arkéa has allocated EUR 20 million in an impact investment that supports the circular economy, energy transition and social entrepreneurship
- Arkéa has invested in micro-finance providers that fund guarantee-free loans
- And created support programmes for customers in financial distress

By creating a Framework to issue Green, Social and Sustainability Bonds to finance or refinance, in full or in part, assets related to Renewable energy, Green buildings, Energy transition, Sustainable mobility, Sustainable waste and water management, Affordable housing, Health and care, Territorial economic development and Education, 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.

Use of proceeds

The net proceeds of the Bonds will exclusively finance or refinance, in whole or in part, loans (the “Eligible Loans”) falling under five Eligible Green Categories and four Eligible Social Categories (the “Eligible Categories”), namely: Renewable energy, Green buildings, Energy transition, Sustainable mobility, Sustainable waste and water management, Affordable housing, Health and care, Territorial economic development and Education. The Eligible Categories are formalized in the Framework and considered clearly defined.

The Eligible Loans are intended to contribute to three main environmental objectives (Climate change mitigation, Water resources protection and Pollution prevention and control) and to two main social objectives (Affordable housing and Access to essential services). These objectives are formalized in the Framework and considered clearly defined and relevant.

The target populations that will benefit from the four Eligible Social Categories have been clearly defined, namely: low income population (Affordable housing category), everyone including the most vulnerable (Health and care category), SMEs, SSE structures and public service bodies (Territorial economic development category) and youth in priority and sensitive areas and disadvantaged groups (Education category).

The Eligible Loans are considered to provide clear environmental and social benefits. The Issuer has committed to assess and, as feasible, quantify the environmental benefits of the Bonds. An area for improvement consists in defining ex-ante quantified environmental and/or social targets for each Eligible Category.

The Issuer has committed that, in case of refinancing, a look-back period of maximum 36 months from each Bond’s issuance date will be applied, in line with market practices. Upstream of each new green, social or sustainability bond issuance, the presentation made for investors will specify the indicative refinancing share.

ARKEA Framework			Vigeo Eiris analysis
Eligible Green and Social Loans Categories	Definition and Eligibility Criteria	Environmental and social objectives and benefits	
Renewable energy	<p>Loans to finance the acquisition, development, operation, maintenance and decommissioning of renewable energy activities including:</p> <ul style="list-style-type: none"> - Wind farms (on shore and offshore) - Photovoltaic plants - Biomass (direct emissions < 100gCO2/kWh): <ul style="list-style-type: none"> o limited to sources that are not suitable for human consumption, o do not compete with deplete existing terrestrial carbon pools (i.e. agricultural or forestry residue) - Geothermal (direct emissions < 100gCO2/kWh) 	<p>Climate change mitigation</p> <p>--</p> <p><i>Reduction of GHG emissions</i></p>	<p>The definition of this category is clear.</p> <ul style="list-style-type: none"> - In particular, the Eligible Loans to Biomass and Geothermal activities rely on internationally recognized sector standards. <p>The environmental objectives have been formalised in the Framework, and are considered clearly defined and relevant.</p> <p>Eligible Green Loans have the potential to provide clear environmental benefits which will be assessed and, where feasible, quantified by the Issuer.</p>
Green buildings	<p>Residential buildings</p> <p>Loans to finance new dwellings since granted from 1st June 2013 in line with RT2012⁵ regulation as a minimum.</p> <p>Commercial buildings</p> <p>Loans to finance commercial real estate which have received at least one of the following labels or equivalent certificates:</p> <ul style="list-style-type: none"> - BBC Effinergie+ - BREEAM Excellent or above - HQE Excellent or above - LEED Gold or above - NF Habitat et Environnement 	<p>Climate change mitigation</p> <p>--</p> <p><i>Reduction of GHG emissions</i></p> <p><i>Increase of energy savings</i></p>	<p>The definition of this category is clear.</p> <ul style="list-style-type: none"> - The Eligible Loans to Green Buildings rely on locally and internationally recognized certifications and sector standards. <p>The environmental objectives have been formalised in the Framework, and are considered clearly defined and relevant.</p> <p>Eligible Green Loans have the potential to provide clear environmental benefits which will be assessed and, where feasible, quantified by the Issuer.</p>

⁵ RT2012 regulation: primary energy consumption for residential buildings limited to 50kWh/m²/year. Source: Ministry for the Ecological and Solidary Transition <https://www.ecologie-solidaire.gouv.fr/exigences-reglementaires-construction-des-batiments>

ARKEA Framework			Vigeo Eiris analysis
Eligible Green and Social Loans Categories	Definition and Eligibility Criteria	Environmental and social objectives and benefits	
Energy Transition	<p>Loans to finance energy saving works including:</p> <ul style="list-style-type: none"> - ECO-PTZ loans⁶ - ECO-PTZ loans “complementary”⁷ - Other Energy transition loans⁸ with the exclusion of activities mainly dedicated to fossil fuels <ul style="list-style-type: none"> o Solar panels installation (for individuals and SMEs) o Acquisition of private clean vehicles such as hybrid (direct emissions ≤ 85g CO2/pkm for light vehicles) and hydrogen 	<p>Climate change mitigation</p> <p>--</p> <p><i>Reduction of GHG emissions</i></p>	<p>The definition of this category is clear.</p> <p>The environmental objectives have been formalised in the Framework, and are considered clearly defined and relevant.</p> <p>Eligible Green Loans have the potential to provide clear environmental benefits which will be assessed and, where feasible, quantified by the Issuer.</p>
Sustainable mobility	<p>Loans to finance non-fossil fuel or hybrid transportation systems, related infrastructures and services such as:</p> <ul style="list-style-type: none"> - Public transportation: bus and train networks - Rail: rolling stock for passenger and/or freight transport - Multi-modal transportation: rail-road, rail-river or sea-fluvial transport platforms as well as related infrastructures (i.e. stations and ports) - Non-motorised transports - Infrastructures and services: charging stations, signalling, IT upgrades. 	<p>Climate change mitigation</p> <p>--</p> <p><i>Reduction of GHG emissions</i></p>	<p>The definition of this category is clear.</p> <p>The environmental objectives have been formalised in the Framework, and are considered clearly defined and relevant.</p> <p>Eligible Green Loans have the potential to provide clear environmental benefits which will be assessed and, where feasible, quantified by the Issuer.</p>

⁶ ECO-PTZ loans: no-interest loans to finance energy-related renovation housing work. Source: Ministry of the Economy and Finance: <https://www.economie.gouv.fr/particuliers/eco-pret-a-taux-zero-ptz-renovation-performance-energetique>

⁷ ECO-PTZ loans “complementary”: possibility to contract a second loan within 5 years following the first one, for a total maximum amount of €30,000. Source: Ministry of the Economy and Finance: <https://www.economie.gouv.fr/particuliers/eco-pret-a-taux-zero-ptz-renovation-performance-energetique>

⁸ Arkéa CSR loans: low-interest loans for the financing of renewable energy facilities, low-emissions infrastructures, energy efficiency and clean equipment. Source: Arkéa: https://www.arkea.com/banque/assurance/credit/upload/docs/application/pdf/2017-07/arkea_banque_ei_consacre_100m_pour_financer_des_investissements_rse_a_des_conditions_de_taux_bonifies.pdf

ARKEA Framework			Vigeo Eiris analysis
Eligible Green and Social Loans Categories	Definition and Eligibility Criteria	Environmental and social objectives and benefits	
Sustainable waste and water management	<p>Loans to finance waste, wastewater and clean water projects including:</p> <ul style="list-style-type: none"> - Waste and waste water collection and treatment facilities aligned with best market practices (i.e. exclusion of landfilling) - Energy recovery from waste - Water treatment facilities 	<p>Water resources protection</p> <p><i>Improve water quality</i></p> <p>Pollution prevention and control</p> <p><i>Increase of pollution control</i></p>	<p>The definition of this category is overall clear.</p> <ul style="list-style-type: none"> - Regarding Energy recovery from waste projects, an area for improvement consists in identifying additional selection criteria/thresholds from internationally recognized standards to align with best market practices (i.e. Waste to energy conversion to be at minimum 25%). <p>Eligible Green Loans have the potential to provide clear environmental benefits which will be assessed and, where feasible, quantified by the Issuer.</p>
Affordable housing	<p>Loans dedicated to the financing of regulated social housing schemes including:</p> <ul style="list-style-type: none"> - Prêt d'Accession Sociale (PAS)⁹ - Loans to social housing landlords¹⁰ <p><u>Target population</u>: low income population as defined in PAS granting requirement</p>	<p>Affordable housing</p> <p><i>Increase access to social housing ownership and rental to low-income persons</i></p>	<p>The description of this category is clear and the target populations are clearly identified.</p> <p>The social objectives have been formalised in the Framework, and are considered clearly defined and relevant.</p> <p>Eligible Social Loans have the potential to provide clear social benefits which will be assessed and, where feasible, quantified by the Issuer.</p>
Health and care	<p>Loans to finance healthcare centres including:</p> <ul style="list-style-type: none"> - Public hospitals - Medical-social centres such elderly care facilities <p><u>Target population</u>: each and every person including the most vulnerable; elderly persons</p>	<p>Access to essential services</p> <p><i>Reduce health access inequalities</i></p>	<p>The description of this category is clear and the target populations are clearly identified.</p> <p>The social objectives have been formalised in the Framework, and are considered clearly defined and relevant.</p> <p>Eligible Social Loans have the potential to provide clear social benefits which will be assessed and, where feasible, quantified by the Issuer.</p>

⁹ Prêt d'accession sociale (PAS): low-interest loan to help families with low income reach property ownership. Source: www.service-public.fr: <https://www.service-public.fr/particuliers/vosdroits/F22158>

¹⁰ Social housing landlords prerogatives as defined by the French Law: <https://www.legifrance.gouv.fr/affichCode.do?idSectionTA=LEGISCTA000006176320&cidTexte=LEGITEXT000006074096>

ARKEA Framework			Vigeo Eiris analysis
Eligible Green and Social Loans Categories	Definition and Eligibility Criteria	Environmental and social objectives and benefits	
Territorial economic development	<p>Loans dedicated to the financing of local economic actors and/or public interest dedicated activities¹¹</p> <ul style="list-style-type: none"> - SMEs¹² - Local authorities¹³ - Social and Solidarity Economy (SSE¹⁴) actors, such as Communal social welfare centres (CCAS)¹⁵ - Associations¹⁶ - Foundations and philanthropic structures <p><u>Target population:</u> SMEs, SSE structures¹⁷ and public service bodies such as mentioned above</p>	<p>Access to essential services</p> <p><i>Foster local economic development</i></p> <p><i>Reduction of social and economic inequalities</i></p>	<p>The description of this category is clear and the target populations are clearly identified. Areas of improvement include:</p> <ul style="list-style-type: none"> - Excluding association, foundations and philanthropic structures which purpose could be environmentally or socially-debated. - Specifying eligibility criteria for local authorities. <p>The social objectives have been formalised in the Framework, and are considered clearly defined and relevant.</p> <p>Eligible Social Loans have the potential to provide clear social benefits which will be assessed and, where feasible, quantified by the Issuer.</p>
Education	<p>Loans to finance primary and secondary schools and vocational training infrastructures including:</p> <ul style="list-style-type: none"> - Construction and/or renovation of related buildings and facilities - Dedicated programmes, learning materials, furniture and other equipment <p><u>Target population:</u> youth in priority and sensitive areas, disadvantaged groups</p>	<p>Access to essential services</p> <p><i>Increase and improve access to education to disadvantaged populations</i></p>	<p>The description of this category is clear and the target populations are clearly identified.</p> <ul style="list-style-type: none"> - Area for improvement includes defining environmental requirements for the construction and the renovation of buildings and facilities to align with best market practices. <p>The social objectives have been formalised in the Framework, and are considered clearly defined and relevant.</p> <p>Eligible Social Loans have the potential to provide clear social benefits which will be assessed and, where feasible, quantified by the Issuer.</p>

¹¹ Excluded activities and sectors: weapons, pornography, gambling, activities involving forced or child labour

¹² SME definition : https://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en

¹³ Excluding operational expenditures

¹⁴ SSE structures such as defined in the Law Decree of July 2014: <https://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000029313296&categorieLien=id>

¹⁵ Centres communaux d'action sociale (CCAS) are public administrations aiming at implementing a city's social policy towards disadvantaged populations, elder populations, disabled populations etc.

¹⁶ Association as per July 1st 1901 French Law: <https://www.legifrance.gouv.fr/affichTexte.do?cidTexte=LEGITEXT000006069570&dateTexte=20090506>

¹⁷ SSE structures such as defined in the Law Decree of July 2014: <https://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000029313296&categorieLien=id>

In addition, the Eligible Categories are likely to contribute to eleven of the United Nations' Sustainable Development Goals ("SDGs"), namely : Goal 1. No poverty, Goal 3. Good Health and Well-being, Goal 4. Quality Education, Goal 6. Water and Sanitation, 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 13. Climate Action	NA
Green 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
Sustainable waste and water management	SDG 6. Water and Sanitation	6.3
	SDG 11. Sustainable Cities and Communities	11.6
	SDG 12. Responsible Consumption and Production	12.2, 12.5
Affordable housing	SDG 10. Reduced inequalities	10.2
	SDG 11. Sustainable Cities and Communities	11.1
Health and care	SDG 3. Good Health and Well-Being	3.8
Territorial economic development	SDG 1. No poverty	1.2
	SDG 8. Decent work and economic growth	8.3
	SDG 10. Reduced inequalities	10.2
Education	SDG 4. Quality Education	4.4, 4.5

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 or Sustainability Committee (the “Committee”) has been created. This Committee is composed of representatives of the following departments:
 - Financial markets department
 - Financial department
 - CSR department
 - Relevant departments of Arkéa Banque Entreprises et Institutionnels (ABEI), Crédit Mutuel de Bretagne (CMB) and Crédit Mutuel du Sud Ouest (CMSO).
- The Committee is responsible for:
 - Selecting the Eligible Loans to be included in the Green, Social and Sustainability Bonds according to a pre-selection of potential Eligible Loans made with the relevant business units in accordance with the eligibility criteria established in the Framework and Arkéa’s internal CSR Policies.
 - Monitor the Eligible Loans portfolio during the lifetime of the Bonds. The Committee will be responsible for replacing an Eligible Loan if it no longer meets the eligibility criteria, and/or the Group’s Internal Policies, or if the Eligible loan has matured or has been redeemed.
 - Upgrading the Framework.

The traceability and verification of the selection and evaluation of the loans is ensured throughout the process:

- The Committee will meet at least twice a year.
- The traceability of the decisions appears to be ensured throughout the process, through meeting minutes that will be redacted for each meeting of the Committee.

We value the Issuer’s commitment to consider having external verification of the compliance of the selected Green and Social Loans with the eligibility criteria and processes defined in the Framework.

The process relies on explicit eligibility criteria (selection and exclusionary), relevant to the environmental objectives defined for the Eligible categories.

- The selection is based on the Eligible Categories defined in the Use of Proceeds section of the Framework.
- The Issuer is committed to exclude any loan aiming at financing any activity directly dedicated to fossil fuels as well as any loan aiming at financing new investments on companies that generate more than 30% of their turnover in coal (mines and power plants) or that produce more than 30% of their energy from coal, based on the Global Coal Exit List.

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

The analysis of the non-financial risks associated with the Eligible Loans is carried out prior to each credit decision according to a procedure enabling a good identification of ESG risks associated to the underlying components. Additional verifications could be performed throughout the lifetime of the loans (operational reports verification, additional technical studies etc.) to strengthen the management of associated environmental and social risks.

CMB and CMSO

Account managers of the local agencies, are in charge of conducting a first level of verification of the compliance of the Loans with Arkéa's exclusion policy and the French regulation, as well as ensuring the proper implementation of Arkéa's KYC procedure.

Above a certain amount, a second level of verification is conducted by Arkéa's Middle Office Crédit in charge of verifying the various environmental authorizations and regulatory aspects of credit applications, in particular:

- Loans aiming at financing Renewable energy projects and Residential buildings: as required by the law, technical/environmental 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 to obtain an ecological certification (see Use of Proceeds part) for Green buildings. The fulfilment of these requirements conditions the obtention of a loan.
- Loans aiming at financing Energy transition loans: 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. All necessary supporting documents will be requested by Arkéa to verify that the funds allocated have exclusively financed eligible works.
- Loans aiming at financing Affordable housing (Prêt d'accession Sociale): The conditions for access to credit (maximum income, eligible buildings) are strictly defined and regulated by law. Arkéa will be in charge of requesting all the necessary supporting documents to verify the compliance with these conditions.
- Loans aiming at financing Local economic actors: a KYC procedure is carrying out to identify, prior to the loan issue in order to identify potential risks of abuse of social property or misappropriation of public or social funds by the financed institutions.

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 dedicated tools and programmes have been created to address related issues.

Areas for improvement consist of the systematic consideration of environmental and social criteria in the selection of projects to be financed by Eligible Loans, covering management of GHG emissions, end of life and prevention, adaptation to Climate change issues, Human and Labour rights violations, the promotion of the access to basic financial services or local socio-economic development. Additional areas for improvement consist in including clauses 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.

ABEI

Prior to any credit decision, the sales teams complete an analysis grid of the CSR maturity of their counterparties covering territorial impact, human capital, environment, supplier/subcontractor relations, customer/user relations and will be also responsible for initiating the implementation of Arkéa's KYC procedure, which is regularly updated. This enables a good identification of the potential ESG risks associated with projects financed by Eligible Loans.

Additionally, technical/environmental audits are carried out to verify the fulfilment of the environmental and social requirements in order to obtain the mandatory administrative environmental permit for all renewable energy infrastructure projects (e.g. wind farms), transport or water, waste water and waste treatment projects. The fulfilment of these requirements conditions the obtention of the Eligible Loans granted by ABEI.

Areas for improvement, in the case of eligible loans, consist in including clauses 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 as well as implement a dedicated process to identify the event and/or potential controversies that could undermine the social and/or environmental objectives targeted by the Bonds and to enable Arkéa to take appropriate corrective measures.

Of note, Arkéa has informed Vigeo Eiris of its commitment to launch a work program aiming at monitoring and managing controversies within the group as part of the Arkéa group's cross-functional project, which aims to strengthen the integration of ESG criteria into the group's financing and investment activities.

Management of proceeds

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

The allocation and management of the proceeds are overall clearly defined:

- An amount equal to the net proceeds of the Bonds will be credited to the Issuer's treasury liquidity portfolio, and will be internally tracked through its information systems.
- In case the Portfolio of Eligible Loans is smaller than the Bonds' net proceeds outstanding, Arkéa has committed to fill the gap and load the Eligible Portfolio with new Eligible Loans, as soon as possible.
- The unallocated funds would be held within Arkéa's treasury, invested in cash, cash equivalent or other money market products in accordance with its Arkéa's Treasury ISR policy which includes in particular the exclusion of coal related investments as well as investments in companies that seriously violate the principles of the Global Compact.
- In case of asset/project no longer complies with the eligibility criteria and/or Arkéa's Internal Policies, has matured or has been redeemed, the Issuer has committed to replace the no longer Eligible Loan by a new Eligible Loan.

Areas for improvement are to define a maximum period for the allocation of each bond's proceeds, and ensuring, based on Arkéa's ISR policy, that the temporary placements and instruments for unallocated proceeds do not finance greenhouse gas-intensive activities or controversial activities.

Traceability and verification of both tracking method and allocation of the proceeds, are ensured throughout the process :

- The Committee is responsible for verifying that the net proceeds match the portfolio of Eligible Loans until the Bonds' maturity date.
- The proceeds will be appropriately managed and tracked by the Committee using an internal accounting system. Internal audit process will track and monitor the net proceeds allocation and management.
- An independent third party will verify the portfolio of Eligible Loans' 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 to be financed by Eligible Loans.

The process for monitoring, data collection, consolidation, validation and reporting is defined in the Framework.

- Arkéa's Treasury department, in connection with relevant entities (mainly ABEI, CMB, CMSO, Finance Department, CSR Department), will establish an internal tracking in its information systems to facilitate the monitoring of the allocation process.
- Arkea's CSR department will be responsible for collecting the data from the relevant entities (mainly ABEI, CMB, CMSO, Finance Department, Treasury Department) and to create the allocation and impact reporting.

The Issuer has committed to report annually and until full allocation of the proceeds, and will be made publicly accessible on Arkéa's website. The reporting will be at Eligible category level.

The Issuer has committed to transparently communicate on:

- Allocation of proceeds: the selected reporting indicators on the fund's allocation are relevant.

Examples of reporting indicators	
-	Total amount of outstanding Green, Social or Sustainability Bonds issued
-	Total amount of proceeds allocated to Eligible Loans categories on aggregated basis by project category
-	Share of refinancing vs new financing
-	Share of unallocated proceeds

- Environmental benefits: the selected reporting indicators are relevant.

Eligible categories	Examples of Environmental benefits indicators	
	Outputs and outcomes	Impact Indicators
Renewable Energy	<ul style="list-style-type: none"> - Capacity installed in GW or MW - Net electricity production (MWh) 	<ul style="list-style-type: none"> - Estimated annual GHG emissions avoided (in tCO2e) - Energy savings (KWh saved/reduced)
Green buildings	<ul style="list-style-type: none"> - Number of dwellings - Number of commercial buildings by type of certification 	
Energy Transition	<ul style="list-style-type: none"> - Number of loans granted, by type of financing - Total amount of loans granted by type of financing 	
Sustainable mobility	<ul style="list-style-type: none"> - Number of clean transportation systems financed by type - Number of users/goods transported annually - Tons of goods transported annually - Number of kilometres of rail constructed and or maintained 	
Sustainable waste and water management	<ul style="list-style-type: none"> - Volume of sorted waste (m3/year) - Volume of treated water (m3/year) 	

- Social benefits: the selected reporting output indicators are relevant.

Eligible categories	Examples of Social benefits Outputs indicators
Affordable housing	<ul style="list-style-type: none"> - Number of units financed - Number of beneficiaries
Access to essential services	<ul style="list-style-type: none"> - Number of structures financed - Number of beneficiaries
Territorial economic development	<ul style="list-style-type: none"> - Number of structures financed - Number of jobs created/preserved - Number of beneficiaries
Education	<ul style="list-style-type: none"> - Number of structures financed - Number of beneficiaries

The issuer commits to publicly disclose the key methodologies and assumptions used to calculate the benefits of Eligible Loans in each annual report.

Areas for improvement include:

- To report at least for the investors, in case of material developments relating to the Bonds and to the Eligible Loans, including in case of ESG controversies or projects modification.
- To have an independent external reviewer to verify the reported information on the environmental and social benefits measured.

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 process and commitments applying to the intended issuance.

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 is organized in 6 domains: Environment, Human Resources, Human Rights, Community Involvement, Business Behaviour and Corporate Governance. Our evaluation framework of the material ESG issues have been adapted, based on our generic Retail & Specialised Banks's ESG assessment frameworks and on 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. Our SPO are also subject to internal quality control at three levels (consultants in charge of the mission, Production Manager, and final review and validation by the Direction of Sustainable Finance and/or the Direction of Methods. A right of complaint and recourse is guaranteed to all companies under our review, following three levels: first, the team linked to the company, then the Direction of Methods, and finally Vigeo Eiris' Scientific Council.

All employees are signatories of Vigeo Eiris' Code of Ethics, and all the consultants have also signed its add-on covering financial rules of confidentiality.

Part I. ISSUER

NB: The Issuer's level of ESG performance (i.e. commitments, processes, results of the Issuer related to ESG issues), has been assessed through a complete process of rating and benchmark developed by Vigeo Eiris.

Level of the Issuer's ESG performance

CLIENT's ESG 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.

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 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 is considered as long as they are public, documented and traceable.

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

- 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).
- 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).

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 GBP and SBP 2018 and on our methodology based on international standards and sector guidelines applying in terms of ESG management and assessment.

Use of proceeds

The definition of the Eligible Projects and of their sustainable objectives and benefits are a core element of Green/Social/Sustainable Bonds or Loans standards. Vigeo Eiris evaluates the definition of the Eligible Categories, as well as the definition and the relevance of the aimed sustainability objectives. We evaluate the definition of the expected benefits in terms of assessment and quantification. In addition, we evaluate the potential contribution of Eligible Projects to the United Nations Sustainable Development Goals' targets.

Process for evaluation and selection

The evaluation and selection process has been assessed by Vigeo Eiris regarding its transparency, governance and relevance. The eligibility criteria have been assessed regarding their explicitness and relevance vs. the intended objectives of the Eligible Projects. The identification and management of the ESG risks associated with the Eligible Projects are analysed based on material issues considered in Vigeo Eiris' ESG assessment methodology based on international standards and sector guidelines applying in terms of ESG management and assessment.

Management of proceeds

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

Reporting

Monitoring process and commitments, Reporting commitments, reporting indicators and methodologies are defined by the Issuer to enable a transparent reporting on the proceeds allocation and tracking, on the sustainable benefits (output and impact indicators) and on the responsible management of the Eligible Projects financed by the issuance. Vigeo Eiris has evaluated the reporting framework regarding its transparency, exhaustiveness and relevance.

VIGEO EIRIS' ASSESSMENT SCALES

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



Vigeo Eiris is 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, Brussels, Milan, Montreal, Hong Kong, Casablanca, Rabat, Santiago.

The Vigeo Eiris Global Network, comprising 4 exclusive research partners, is present in Brazil, Germany, Israel and Japan.

For more information: www.vigeo-eiris.com