

ASSESSMENT

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Send Your Feedback

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La Banque Postale

Second Party Opinion – Green, Social and Sustainability Bond Framework Assigned SQS2 Sustainability Quality Score

Summary

We have assigned an SQS2 Sustainability Quality Score (very good) to La Banque Postale's (LBP) green, social and sustainability bond framework dated 7 July 2023. LBP has established its use-of-proceeds framework to finance projects across 10 eligible categories, of which five are green and five are social. LBP has described the main characteristics of the sustainability bonds within a formalized bond framework that is aligned with the International Capital Market Association's (ICMA) Green Bond Principles (GBP) 2021 (including June 2022, Appendix 1), Social Bond Principles 2023 and Sustainability Bond Guidelines 2021. The company has also incorporated recommended practices under these principles and identified best practices for all four components. The framework also demonstrates a significant contribution to sustainability. In addition, we consider that the 16 eligible subcategories falling under specified EU taxonomy economic activities within three eligible categories and located in France adhere to all the EU taxonomy criteria based on the information provided by the entity, as detailed in Appendix 3.

Sustainability quality score

SQS2

 SQS5
Weak

 SQS4
Intermediate

 SQS3
Good

SQS2
Very good

 SQS1
Excellent


Alignment with principles USE OF PROCEEDS

Overall alignment



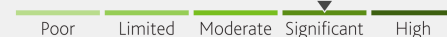
FACTORS

ALIGNMENT



Contribution to sustainability

Overall contribution



Expected impact

Relevance and magnitude

ADJUSTMENTS

ESG risk management No adjustment

Coherence No adjustment

Scope

We have provided a Second Party Opinion (SPO) on the sustainability credentials of LBP's green, social and sustainability bond framework, including the framework's alignment with the ICMA's GBP 2021 (including June 2022, Appendix 1), Social Bond Principles 2023 and Sustainability Bond Guidelines 2021. Under its framework, LBP plans to issue use-of-proceeds green, social or sustainability bonds to finance projects across five green categories and five social categories, as outlined in Appendix 2 of this report. We have also considered whether certain eligible categories are defined in accordance with criteria set out in Regulation (EU) 2020/852 (as may be amended from time to time) (the 'Taxonomy Regulation', which lays down the framework for the EU Taxonomy) including the minimum (social) safeguards and the technical screening criteria set out from time to time by the European Commission through delegated acts in accordance with the Taxonomy Regulation. Our work does not constitute a verification or audit of EU Taxonomy alignment.

Our assessment is based on the last updated version of LBP's framework dated 7 July 2023, and our opinion reflects our point-in-time assessment of the details contained in this version of the framework, and other public and non-public information provided by the issuer.

We produced this SPO based on our [Framework to Provide Second Party Opinions on Sustainable Debt](#), published in October 2022.

Issuer profile

La Banque Postale Group (LBP) is a French banking and insurance group (bancassurer) with total consolidated assets of €746 billion as of year-end 2022 with operations in 19 countries. It is fully owned by the French postal service La Poste, which is 34% owned by the Government of France and 66% owned by the Caisse des Dépôts et Consignations. LBP became a full-fledged bancassurer in March 2020 when the bank took control of CNP Assurances. This transaction was part of a larger project of the French government aimed at creating a large public financial group.

LBP was initially established in 2005, when La Poste transferred all the assets, rights and obligations relating to its financial services business to La Banque Postale. Financial activities that were initially transferred to LBP included deposits and home loans, later broadened to include consumer loans (2007), property and casualty insurance (2010), loans to corporates (2011) and loans to local authorities (2012). The bank also launched investment banking activities in 2017. LBP remains primarily a retail bank, with an active (banking) client base comprising around 10.1 million individuals, and 308,000 corporate and public-sector clients. LBP has a larger share of financially vulnerable clients (around 1.7 million) than private-sector French banks, inherited from its shareholder La Poste and the public service mission LP is entrusted with. LBP also continues to provide banking access to around 1.4 million people who would otherwise be deprived of banking services as of year-end 2022. Besides these long-standing social missions, LBP has drawn up a declaration of intent to be a mission-driven company, and its sustainability strategy also includes significant environmental commitments, including greenhouse gas (GHG) emissions reduction targets in line with 1.5C as per the Science-Based Targets Initiative.

Strengths

- » Comprehensive and transparent project evaluation and selection process, including a robust environmental and social risk mitigation process
- » Monitoring of eligibility and controversies throughout the lifetime of the bond
- » Verification of both the allocation of proceeds and impact indicators by an external auditor

Challenges

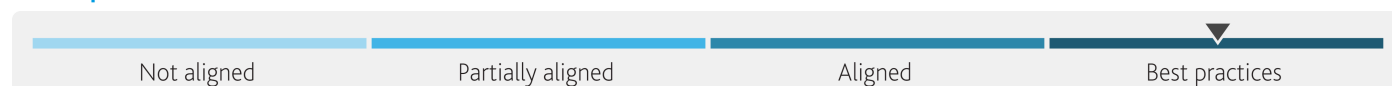
- » Some categories lack specificity in terms of definitions or geographic criteria, or a focus on the target population most in need

Alignment with principles

LBP's green, social and sustainability bond framework is aligned with the four core components of the ICMA's GBP 2021 (including June 2022, Appendix 1), Social Bond Principles 2023 and Sustainability Bond Guidelines 2021:

- | | | |
|---|---|---|
| <input checked="" type="checkbox"/> Green Bond Principles (GBP) | <input checked="" type="checkbox"/> Social Bond Principles (SBP) | <input type="checkbox"/> Green Loan Principles (GLP) |
| <input type="checkbox"/> Social Loan Principles (SLP) | <input type="checkbox"/> Sustainability-Linked Bond Principles (SLBP) | <input type="checkbox"/> Sustainability Linked Loan Principles (SLLP) |

Use of proceeds



Clarity of the eligible categories – BEST PRACTICES

LBP has clearly communicated the nature of spending, the eligibility criteria, including relevant exclusion criteria, and the location for almost all eligible categories. Eligible projects in most categories will be located only in France, but "Renewable energy" projects will be located across the Euro zone, with no specific mention of the target countries.

Clarity of the environmental or social objectives – BEST PRACTICES

LBP has clearly outlined relevant and coherent environmental and social objectives for all eligible categories. For the environmental categories, the objectives include climate change mitigation, energy efficiency, and sustainable water and wastewater management. For the social categories, the objectives include access to essential services, affordable infrastructure, and socioeconomic advancement and empowerment. All eligible categories are relevant in relation to the respective environmental or social objectives they aim to contribute to. The environmental objectives are coherent with the EU taxonomy objectives, and the issuer has linked each eligible category to one or several UN Sustainable Development Goals (SDGs).

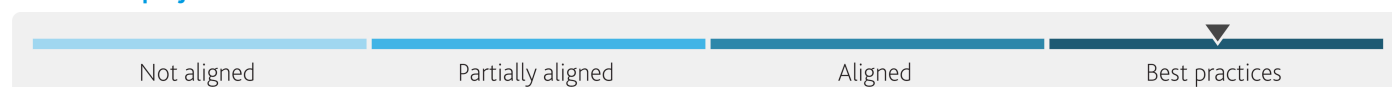
Clarity of expected benefits – BEST PRACTICES

LBP has identified clear and relevant expected environmental and social benefits for all eligible categories. The benefits are measurable and will be quantified for all categories in the reporting. The issuer has committed in internal documentation to transparently communicate the maximum lookback period and estimated share of refinancing before each issuance.

Best practices identified

- » Objectives set are defined, relevant and coherent for all project categories
- » Relevant benefits are identified for all project categories
- » Benefits are measurable and quantified for most projects, either ex-ante with clear baselines or with a commitment to do so in future reporting
- » Commitment to transparently disclose the share of proceeds used for refinancing where feasible
- » Commitment to transparently communicate the associated lookback period(s) where feasible

Process for project evaluation and selection



Transparency and quality of the process for defining eligible projects – BEST PRACTICES

LBP has established a clear process for evaluating, selecting, approving allocations for and monitoring eligible projects, with granular decision-making criteria formalized in its public framework and internal documentation. The company has set up a Sustainability Engagement Committee with roles and responsibilities for project evaluation and selection clearly defined and including relevant expertise. The company's Sustainability Engagement Committee is responsible for the selection of the eligible loans together with the relevant business units, which are ensuring the loans have received all environmental and social regulatory approvals to meet the eligibility criteria set in the framework. The committee is also in charge of monitoring the loans over the lifetime of the bond to satisfy the eligibility criteria, removing projects that no longer meet the eligibility criteria or face a severe controversy without corrective measures, and validating the allocation and impact reports.

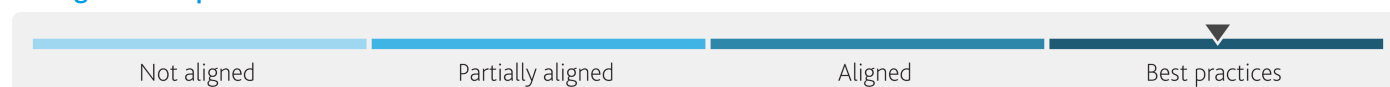
Environmental and social risk mitigation process – BEST PRACTICES

The environmental and social risk mitigation process is disclosed in LBP's publicly accessible Universal Registration Document (URD). It is a group-level environmental, social and governance (ESG) risk management process that also applies to all the loans contemplated under the present framework. In particular, the primary responsibility of ESG risk management is allocated to each of the group's entities, whose managers have the responsibility to implement good risk management practices. The issuer has provided examples of an environmental risk tool used internally.

Best practices identified

- » The roles and responsibilities for project evaluation and selection are clearly defined and include relevant expertise
- » There is evidence of continuity in the selection and evaluation process through the life of the financial instrument(s), including compliance verification and procedures to undertake mitigating actions when needed
- » The process for project evaluation and selection is traceable
- » Material environmental and social risks for most project categories are identified
- » Presence of corrective measures to address environmental and social risks across projects
- » ESG controversies are monitored

Management of proceeds



Allocation and tracking of proceeds – BEST PRACTICES

LBP has defined a clear process for the management and allocation of instruments' proceeds in the framework. The issuer intends to maintain an eligible loan portfolio that matches or exceeds the balance of net proceeds from its outstanding bonds, until their maturity. LBP will monitor and track the net proceeds through its internal accounting system. The bank also commits to reaching full allocation within 24 months.

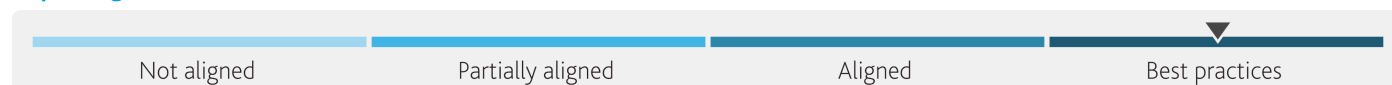
Management of unallocated proceeds – BEST PRACTICES

Unallocated proceeds will be invested in accordance with LBP's Risk Management Policy. LBP commits to not invest temporarily unallocated net proceeds in GHG-intensive activities or controversial activities. Furthermore, in the event that a project is postponed, canceled or otherwise becomes ineligible, the issuer commits to reallocating the proceeds to another eligible green project on a best-effort basis within 12 months.

Best practices identified

- » Broad disclosure of a clearly articulated and comprehensive management of proceeds policy to external stakeholders; bondholders or lenders at a minimum
- » Short allocation period, for example typically less than 24 months
- » Disclosure on temporary placement and presence of exclusion criteria toward environmentally or socially harmful activities
- » Commitment to reallocate proceeds to projects that are compliant with the framework

Reporting



Transparency of reporting – BEST PRACTICES

LBP will report annually, until the maturity of the bonds, on the allocation of proceeds, the environmental and social benefits, and significant developments or controversies of its eligible projects. This reporting will be made available at least to investors. The selected reporting indicators, which will be at the category level, are clear, relevant, and exhaustive for both the allocation and impact reporting. The methodologies and assumptions used to report on environmental and social impacts will be disclosed annually.

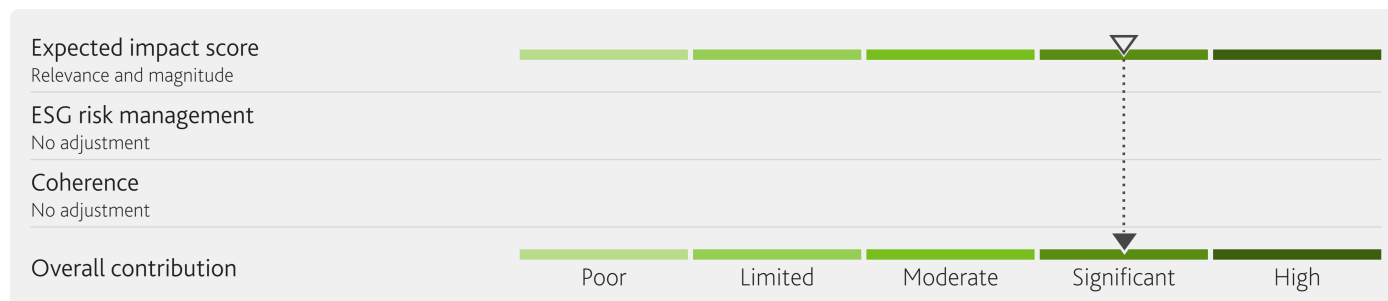
The allocation and impact reporting will be conducted by LBP. The bank will also seek independent and external verification of its proceeds allocation and impact on an annual basis until maturity. The verification will be performed by LBP's auditors.

Best practices identified

- » Reporting until full bond maturity or loan payback
- » Reporting covers material developments and issues related to the projects or assets
- » Reporting on allocation of proceeds and benefits done at least at eligible category level
- » Exhaustive allocation reporting – balance or % of unallocated funds, types of temporary investments (e.g. cash or cash equivalent) and share of financing vs re-financing
- » Clear and relevant indicators to report on the expected environmental/social impact of all the projects, where feasible, or eligible categories
- » Disclosure of reporting methodology and calculation assumptions to bondholders or lenders at a minimum
- » Independent audit of the tracking and allocation of funds at least until full allocation and in case of material changes
- » Independent impact assessment on environmental benefits by a qualified third-party reviewer at least until full allocation and in case of material changes and/or case studies to report on the social impact/benefits

Contribution to sustainability

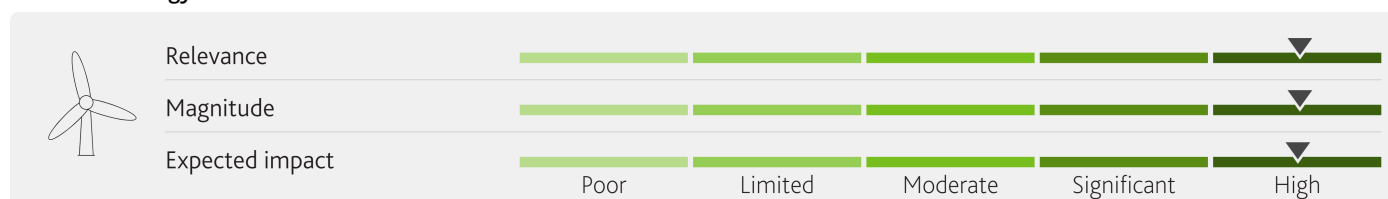
The framework demonstrates a significant overall contribution to sustainability.



Expected impact

The framework demonstrates a significant overall contribution to sustainability. For the purpose of assessing the consolidated score on contribution to sustainability, we have weighted the categories according to estimates provided by LBP. In particular, the issuer estimates that most of the expenditure will be allocated to projects in the affordable housing, green buildings and renewable energy eligible categories.

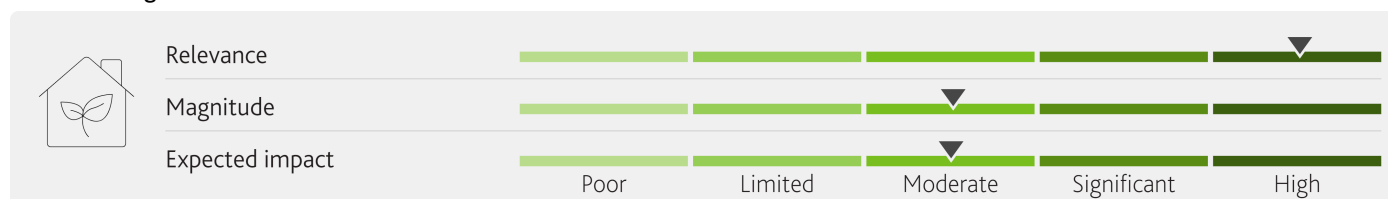
Renewable energy



The projects will be located in the euro area in Europe, without further specifications toward the countries targeted. The EU's average grid emissions intensity is around 250gCO₂/kWh¹ with significant disparities between countries. In some countries such as Estonia, this figure can be than 700gCO₂/kWh, while in other countries like France grid intensity is only around 80gCO₂/kWh². Significant differences in emissions intensity apply to heating as well. However, the demand for electricity is likely to grow in Europe, and countries still have fossil fuel-powered generation to be phased out in the near future. The category covers a large number of subcategories (22 activities as defined in the EU Climate Delegated Act), covering electricity, heat and cooling production and related infrastructure, which address a highly relevant challenge in Europe.

All subcategories follow the EU taxonomy substantial contribution criteria. The solar power subcategory is limited to photovoltaic panels, mostly sourced from China according with current market trends. Wind farms are subject to Environmental Impact Assessments (EIA) covering marine biodiversity for offshore assets. Hydropower plants follow recognized international standards; however, there are more stringent standards in the market. Geothermal systems will respect a 100gCO₂/kWh threshold, and enhanced geothermal systems are not contemplated under this category. While biomass-related categories may be relevant for some countries, they do pose potentially significant inherent externalities as some countries face increasing forest exploitation^{3,4,5}. The above-mentioned externalities are mitigated by the issuer's commitment to ensure feedstock sourcing in line with French legal requirements for biowaste. Woody products will be excluded from sourcing, except for biowaste coming from public parks. Storage of electricity will be limited to batteries. Waste heat from fossil fuel thermal plants is excluded. All these factors combined result in our assessment of a high magnitude score for the category.

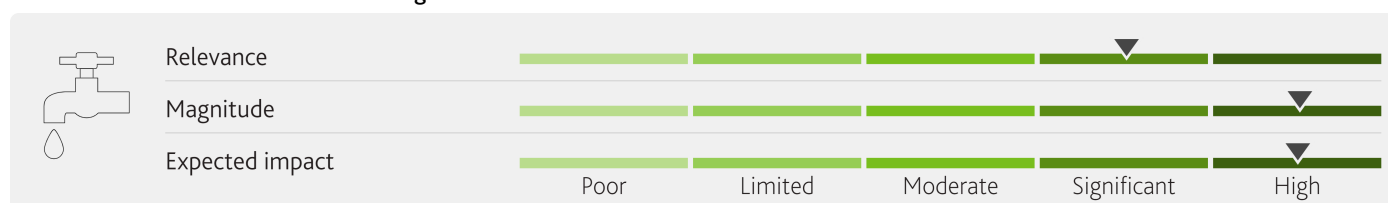
Green buildings



Buildings are the second-largest energy-consuming sector in the country. According to the Ministry of Ecological Transition⁶, the real estate sector accounts for 44% of the energy consumed in France, mainly because of the heating needs of the residential sector, and 36% of energy-related GHG emissions. Given the scale of energy consumption by buildings, the construction of energy-efficient buildings is a priority in France under the Multiyear Energy Program (PPE). In addition, the 2018 PPE has set a goal to reduce the final energy consumption of buildings (TWh) by 15% between 2016 and 2028. According to the National Low-Carbon Strategy⁷, 500,000 buildings must be completely renovated each year between 2015 and 2030, and 700,000 buildings per year between 2030 and 2050, compared with less than 300,000 buildings currently. As a result, the construction, renovation and acquisition of buildings in France, and financing of related equipment address a highly relevant sustainability issue for the country and the sector.

The category is constructed around two parallel sets of eligibility criteria. On one side, LBP has committed to adhere to the EU taxonomy criteria (including substantial contribution criteria and a do no significant harm assessment). For this set of criteria, the EU taxonomy is considered a stringent threshold, even if certain factors, notably the embedded GHG emissions from construction materials, are not accounted for. On the other side, according to the issuer's non-taxonomy criteria, RT2012-compliant buildings can be considered eligible for construction and acquisition. RT2012, which is France's old regulation for the energy consumption of buildings corresponding to the EU Nearly Zero-Energy Buildings (NZEB), dating from 2012 and superseded by the RE2020 regulation from January 2022, is considered as a standard not aligned with the most stringent in the market. Notably, RT2012, like all other prior thermal (energy-related) building regulations, concerns itself only with operational energy use, whereas RE2020 concerns both energy and emissions, and contains limits both for operational emissions and those over a building's life cycle (for example, related to construction and materials used). To date, the issuer has communicated that RT2012-compliant buildings are expected to represent a significant part (which should be shrinking in the future) of the funds to be allocated under this category in our assessment of a moderate magnitude score for the category.

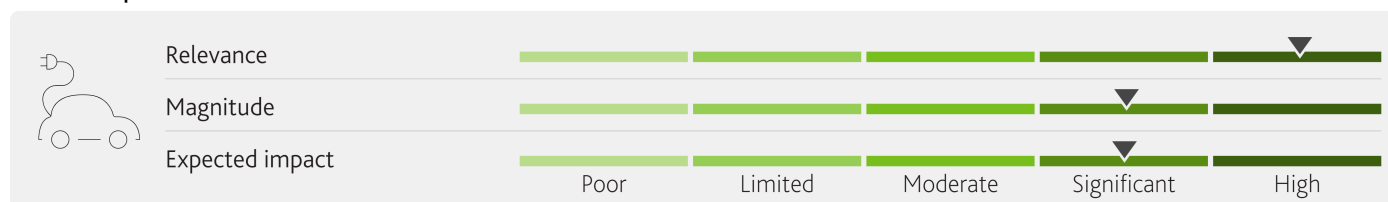
Sustainable water and wastewater management



According to the World Resources Institute's Aqueduct Water Risk Atlas, the targeted regions within France have been classified as prone to low to high water-stress risk. Overall, France is classified as being exposed to a medium-high risk of water stress⁸, and is ranked 70th in terms of projected water risk⁹. France is one of the biggest water exporters and importers¹⁰, but overall appears to have a relatively low blue water footprint. When it comes to waste management, France is among the 15 best performing countries in the world¹¹. Waste treatment activities (including water treatment) account for 3% of France's total GHG emissions¹². The category focuses on water supply and waste management, rather than focusing on reducing water demand and waste production, which may be considered more relevant in a country that already has significant and extensive water supply and water treatment infrastructure, resulting in our assessment of a significant relevance score for the category.

The category follows substantial contribution criteria set out in the EU taxonomy under eligible activities 5.1-5.9, which are considered one of the most stringent standards for these types of projects. Eligible projects are therefore likely to have long-term benefits and no or minor environmental or social inherent externalities correctly managed. Desalination plants are excluded from financing, as are incineration units, and no lock-in effects from harmful activities are expected, leading to our assessment of a high magnitude score for the category.

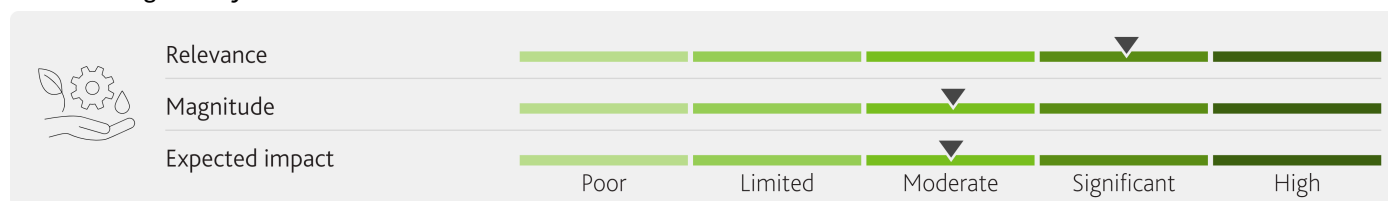
Clean transportation



According to the Ministry of Ecological Transition¹³, transportation accounts for 31% of the energy consumed in France and about 30% of the country's total GHG emissions. Transport is the second-largest energy consumer in terms of sector after buildings. The International Chamber of Shipping says that to reduce total annual GHG emissions by at least 55% by 2030 from 1990 levels and achieve climate neutrality by 2050, considerable investment and intensive R&D will be needed to promote and catalyze new propulsion systems, modernized ships and an entirely new global refueling network linked to low-carbon fuels¹⁴. The shipping sector accounts for about 80% of the volume of global trade, and is directly responsible for around 3% of global GHG emissions (UNGC). Specifically in France, the use of rail, river and sea modes for the transport of goods is being promoted as part of the country's climate transition plans. All these factors combined result in our assessment of a high relevance score for the category.

This category covers road, rail and maritime transportation, and related infrastructure. This category has two parallel sets of eligibility criteria, meaning that projects can be considered eligible when they adhere to the EU taxonomy substantial contribution criteria, but also if they follow other less-stringent eligibility criteria. Most subcategories primarily involve zero-tailpipe emissions vehicles (for example, electrified public transportation, wind-powered cruise ships), which are considered to be aligned with the most stringent standards available in the market. The category also covers vessels that will not necessarily be aligned with the 2 degrees scenario IEA Mobility Model threshold for 2025 and will continue to consume fossil fuels, inducing a lock-in effect. This results in our assessment of a significant magnitude score for the category.

Manufacturing industry

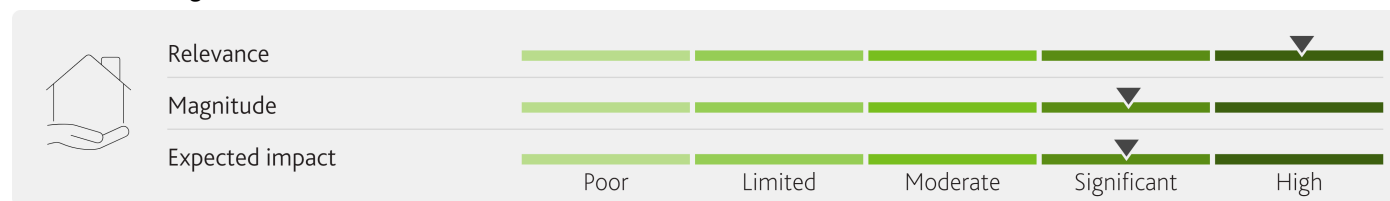


As of 2019, the most recent data available, France's manufacturing industry was responsible for 78 Mt CO₂eq of emissions in the country, representing the fourth-largest source of emissions (18% of the national inventory)¹⁵. Cement production alone accounts for 2.4% of GHG emissions in France¹⁶. Therefore, focus on manufacturing is considered relevant for climate change mitigation. Nonetheless, while cement is included under this category, chemicals and steelmaking are not, both of which are also important sources of GHG emissions from the manufacturing industry in France. Although imports of cement have been increasing, it remains primarily a locally produced good. Hydrogen production is likely to be an enabler of reduced emissions, considering the electricity mix of the country. Overall, given the mix of industries involved, we consider the category to be addressing issues of significant relevance overall.

This category covers eight subcategories related to manufacturing as defined in the EU taxonomy, namely, renewable energy manufacturing technologies (limited to sewage treatment plant gas and biogas), hydrogen production (only using electrolysis), low-carbon manufacturing technologies, battery manufacturing and recycling, manufacture of energy-efficient equipment for building construction, and cement/clinker manufacture. For the manufacture of energy-efficient equipment category, the bank has committed that equipment will achieve a reduction of at least 25% of carbon emissions on a life cycle basis compared with the best-performing alternatives in the market. However, because of the breadth and variety of sectors, industries, and types of equipment and infrastructure to be financed, the category remains broadly defined. Hydrogen will be produced using only water electrolysis and will meet the EU taxonomy's contribution thresholds, while risks around fresh water availability will be addressed through EIA. Although the production of cement will also follow taxonomy thresholds at the date of operation, there are more stringent thresholds available.

Cement production, as included in this category, entails lock-in emissions, and we lack visibility into the progressive decarbonization of the assets in the future. All these factors combined result in our assessment of a moderate magnitude score for this category.

Affordable housing

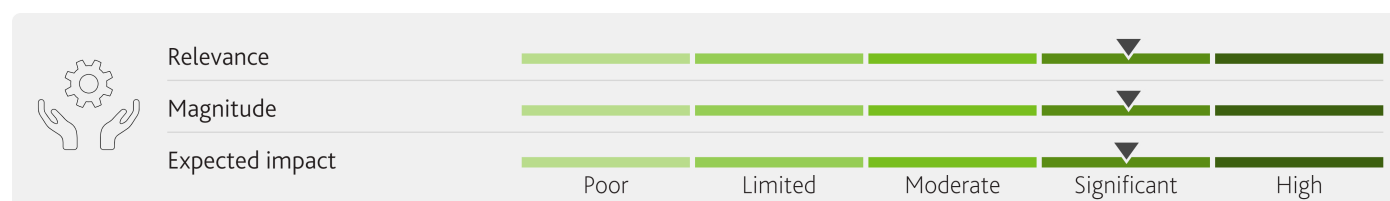


This category covers financing of social homeownership loans, loans to social housing landlords, social ownership housing projects, "intermediate housing" in underserved areas for public and private not-for-profit entities, and housing and infrastructure for specific population (students, seniors, etc.).

According to the National Institute of Statistics and Economic Studies¹⁷, rent indexes in France have risen faster than consumer prices and gross disposable household income since the 1980s, leading to a sharp increase in the share of income devoted to housing expenses in recent years. The same study highlights that between 1984 and 2013, the social housing stock became scarcer, leading to a queue effect: households have to wait longer for housing, and in particular, their chances of obtaining housing before the age of 30 are reduced. Housing difficulties remain in France. The 2023 report from the Fondation Abbé Pierre¹⁸ on inadequate housing highlights that investment in social housing has decreased in the last few years and is insufficient to meet demand. Investments in affordable housing are therefore deemed highly relevant in the context of the country.

Affordable housing is generally considered to have a substantive long-term impact. For this category, the target population is specifically defined as senior citizens, disabled people, low-income population, medium-income population and students, with income thresholds set by French law. Social intermediary housing projects are located in specified areas (A, Abis, B1, B2) as defined by French law. Overall, the category refers to national recognized laws and focuses on well-identified target populations. However, the inclusion of intermediate housing and housing for medium-income populations in this category means that it is not exclusively targeted at those segments of the population that are most marginalized and vulnerable, and in greatest need, resulting in our assessment of a significant magnitude score for the category.

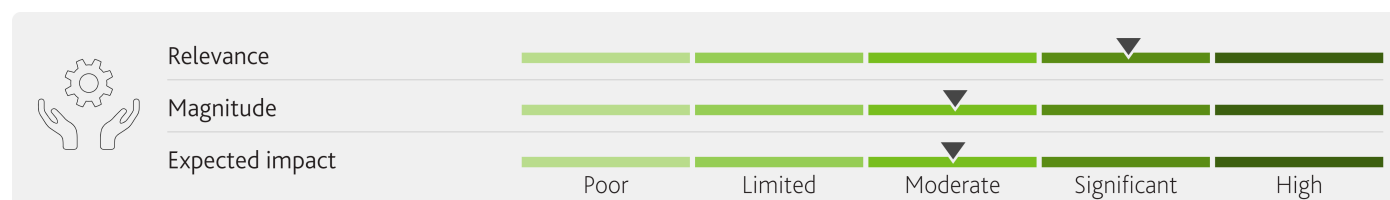
Access to essential services – Human and social care



The coronavirus pandemic-induced crisis highlighted significant gaps in the French healthcare system. According to the WHO universal health coverage indicator, France is ranked 32nd in terms of access to healthcare. In 2018, the density of doctors was 317 per 100,000 inhabitants, compared with 347 per 100,000 inhabit for EU-15 countries on average. Not only is France's population aging, but the elderly are increasingly isolated. An increase in the difference between maximum and minimum regional life expectancy at birth among regions has been notified recently by local agencies. In 2013, the proportion of people aged 65 and above living alone was 33.5%, with a lack of access to Establishments of Accommodation for Dependent Elderly People (EHPAD)¹⁹. Further, EPHAD themselves face recurring challenges: In an opinion from May 2018, the National Consultative Ethics Committee had warned of the treatment of elderly people in France, and the EPHAD sector faced controversies over the mistreatment of residents²⁰. This highlights the relevance of investing in support for healthcare services, in particular for the elderly, and providing solutions for the improvement of social services. However, the relevance of the eligible projects will vary depending on the level of already available healthcare services in the area, with projects targeting the main healthcare gaps in the country, such as the access to specialized medical treatments, resulting in higher relevance. The issuer has not defined specific areas or medical treatments, resulting in our assessment of significant relevance for the category.

This category covers public and private not-for-profit healthcare institutions and services accessible to all, including public hospitals, clinics, medical centers and laboratories (also to include assistance, and home care and patient transportation), R&D in health at public and private not-for-profit research centers, and investments related to living facilities and nursing homes for disabled people and for the elderly. Infrastructures or equipment that maintain the living facilities and nursing homes for disabled people and the elderly. The category is broad, covering various different health challenges from transportation of patients to nursery homes, R&D in health without providing any greater specificity or particular targeting of the populations in most need, resulting in our assessment of a significant magnitude score for the category.

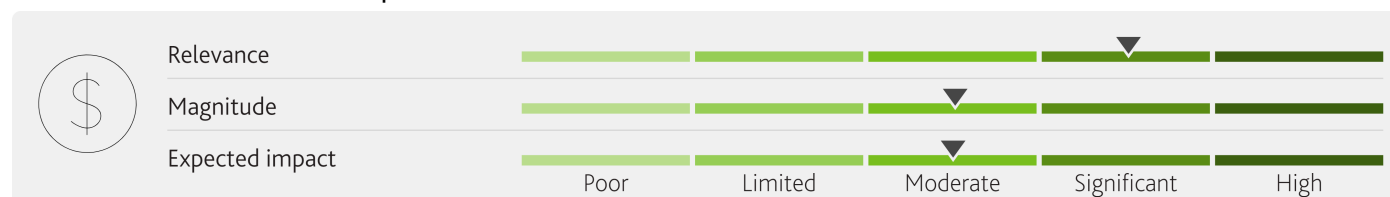
Access to essential services – Education



As regards the general education component of this category, France has a fairly good public education system, and lack of education is not an overarching issue in the country, despite the need for most of the schools to be renovated²¹. As regards the training portion of this category, the French Ministry of Solidarity and Health²² clearly recognizes the link between work and social integration, and social empowerment through employment is one of the major ambitions of the country's poverty reduction strategy. A 2022 study shows that most of the unemployed people in France have been unemployed for more than a year, and that the people most affected are young people (less than 24 years old). The category also covers ancillary services, especially school and university canteens in France. The category covers a wide variety of education-related assets without specifically focusing on the education issues that require particular improvement in France, resulting in our assessment of a significant relevance score for the category.

By focusing on both public schools and private schools under state contracts, the category only partially addresses issues around affordability and equal access. The category covers financing the infrastructure or operation of school or university canteens, which does not guarantee social access above and beyond legal requirements already in place in France. Financing the renovation and construction of infrastructure and equipment for educational buildings is considered to have a positive and long-term impact. The fact that this category is not particularly targeting the most vulnerable or most marginalized populations in France in greatest need of better education and education-related services results in our assessment of a moderate magnitude score for the category.

Socioeconomic advancement and empowerment

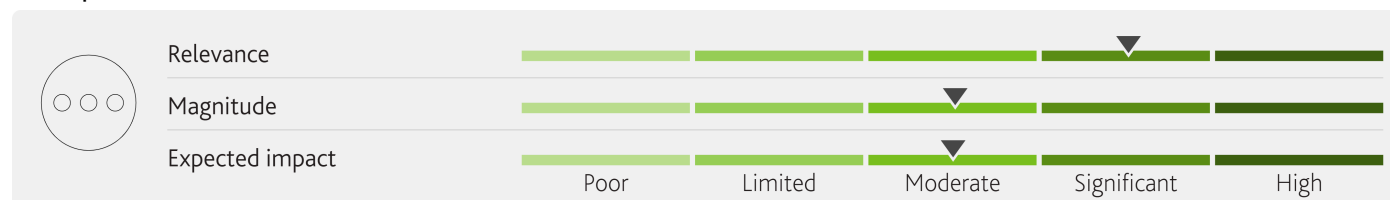


This category is a response to the social and economic crisis brought about by the pandemic, with Social Solidarity Economy (SSE) companies covering 14% of private employment in France. In the second quarter of 2020, 52,000 jobs were lost, which represents 6.5% fewer establishments. However, in the private sector, excluding SSE, these closures are much less significant, representing around 1% of the establishments. The rate of homeownership has clearly decreased since 1984 among the lowest 25% of households (-8.9 points) but has increased for all the others, in particular for half of the most well-off households (+17 points). Therefore the Prêt à taux zéro (PTZ) and microcredit loans related to housing appear to be addressing a relevant issue in France²³. However, the capacity of projects to address relevant issues will depend on the activity of each company, for which we do not have visibility, except for SSE, resulting in our assessment of significant relevance for the category.

In terms of SSE companies, the target population is well defined. By supporting these enterprises, the issuer promotes jobs and SSE activity, which by definition aims to have social impact. The expected impact is considered to be long term. However, there is no geographic targeting for areas within France where there might be a particular need to support the SSE sector. Moreover, the category also covers small and medium-sized enterprise financing in general, which is less specific in terms of target population and final

benefits. The microcredit dedicated to companies is more specific as it targets companies out of the banking system, but is not likely to represent a significant share of the proceeds. For the PTZ and microcredit loans, the target population is well defined. According to Gobillon and Le Blanc²⁴, PTZ does have a trigger effect on homeownership, especially among the most modest households, helping facilitate access to homeownership and renovation. The fact that most of the financing under this category does not ensure the targeting of a particularly vulnerable population results in our assessment of a moderate magnitude score for the category.

Development and territorial cohesion



This category has two distinct subcategories. The first includes loans in support of companies or associations operating or preserving jobs and activity or revitalizing and carrying out urban renewal in underserved areas as defined in various French laws. The second includes installation of high-speed fiber broadband in underserved or rural areas, as specified under French law.

We note that in France, as in many advanced economies, there are significant regional disparities in well-being. As measured by unemployment, for instance, as of year-end of 2022, the rate ranged from as low as 5.6% in Paris to 11.7% in the Nord department along the Belgian border or 11.7% in Pyrénées-Orientales by the Spanish border. Targeted financing for underprivileged areas is therefore a highly relevant issue. We also note that all of the investments are targeted under specific French laws with precise definitions of the areas in question. As regards fiber broadband, France is on track to achieving SDG9 on access to high-speed internet. While there are some areas where optical fiber has not yet been deployed, fiber optic network expansion to the few remaining areas lacking it is not considered the most significant social issue in France, resulting in our overall assessment of a significant relevance for the category.

While the financing for underprivileged areas is targeted only at well-defined areas within the scope of specific existing French laws and government programs, and is likely to have a significant long-term impact, we note that financing under this category is covering small enterprises and larger ones (classified as medium-sized companies, under French rules), without specific screening regarding any social credentials. Thus, this category is not targeting particularly vulnerable populations, resulting in our assessment of a moderate magnitude score for the category.

ESG risk management

We have not applied a negative adjustment for environmental, social and governance (ESG) risk management to the expected impact score. LBP has extensive group-level ESG risk management processes in place, detailed in its publicly accessible URD, that also apply to all the loans contemplated under the present framework. In particular, the primary responsibility of ESG risk management is allocated to each of the group's entities, whose managers have the responsibility to implement good risk management practices. The issuer has provided examples of an internal environmental risk tool. At the group level, the group's Risk department, especially the team responsible for ESG risks within it, constantly monitors and updates the group's ESG risk management policies and procedures. Finally, a general inspector will also periodically check that risk management processes, including for ESG risks, are adequately and properly implemented.

Coherence

We have not applied a negative adjustment for coherence to the expected impact score. LBP, which is fully owned by the French (state-owned) postal service and therefore also state-owned, has a social role in a way that a purely private bank might not. LBP considers itself a mission-led company as defined under the law "PACTE" in France, through which it is committed to a "just transition" by embedding three environmental and social impact objectives in its operations: transforming the bancassurance business model through an environmental, social and regional impact approach; development of products and services meeting environmental, social and regional challenges; and improving standards and regulatory practices in the banking and insurance sector by "leading through example." The bank has set GHG emissions reductions targets that have been approved and validated by the Science-Based Targets Initiative to be in line with 1.5C in the near term.

Appendix 1 - Mapping eligible categories to the United Nations' Sustainable Development Goals

The 10 eligible categories included in LBP's framework are likely to contribute to 11 of the UN SDGs, namely:

UN SDG 17 Goals	Eligible Category	SDG Targets
GOAL 1: No Poverty	<i>Subsidised Public Housing</i>	1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have access to basic services, ownership and control over land
GOAL 2: Zero Hunger	<i>Access to essential services Human & Social care</i>	2.1 By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round
GOAL 3: Good Health and Well-being	<i>Access to essential services Human & Social care</i>	3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.
GOAL 4: Quality Education	<i>Access to Essential Services Education</i>	4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes 4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship
GOAL 6: Clean Water and Sanitation	<i>Sustainable Water and Wastewater Management</i>	6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all
GOAL 7: Affordable and Clean Energy	<i>Renewable Energy Green buildings Sustainable Water and Wastewater Management</i>	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix 7.3 By 2030, double the global rate of improvement in energy efficiency.
GOAL 8: Decent Work and Economic Growth	<i>Socioeconomic Advancement and Empowerment Development and territorial cohesion</i>	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.
GOAL 9: Industry, Innovation and Infrastructure	<i>Manufacturing industry</i>	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes
GOAL 10: Reduced Inequality	<i>Access to essential services Human & Social care</i>	10.2 Empower and promote the social, economic and political inclusion of all
GOAL 11: Sustainable Cities and Communities	<i>Green buildings Affordable housing Clean transportation Sustainable Water and Wastewater Management</i>	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums. 11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all. 11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management
GOAL 13: Climate Action	<i>Renewable Energy Green buildings Sustainable Water and Wastewater Management Clean transportation Manufacturing industry</i>	13.2 Integrate climate change measures into national policies, strategies and planning.

The UN SDGs mapping in this SPO considers the eligible project categories (or key performance indicators) and associated sustainability objectives/benefits documented in the issuer/borrower/lender's financing framework, as well as resources and guidelines from public institutions, such as the ICMA SDG Mapping Guidance and the UN SDG targets and indicators.

Appendix 2 - Summary of eligible categories in LBP's framework

Eligible Category	Description	Output metrics	Impact Reporting Metrics
Renewable energy	Loans aiming at (re) financing the equipment, development, manufacturing, construction, operation, distribution, and maintenance of local renewable energy through the following economic activities from the EU Climate Delegated Act: 4.1 – 4.2 – 4.17 – 4.21, 4.3, 4.4, 4.5, 4.6 – 4.18 – 4.22, 4.7 – 4.19 – 4.23, 4.8 – 4.20 – 4.24, 4.10, 4.12, 4.15 and 4.25.	Renewable energy capacity installed, or transmitted, or stored, or produced in GW or MW Annual renewable energy generated or expected in MWh	Estimated annual GHG emissions avoided (in tCO ₂ e) through the production, installation, transmission or storage of renewable or low carbon energy Estimated energy savings (KWh saved/reduced) through the production, installation, transmission or storage of renewable or low carbon energy Estimated CO ₂ e Emissions Avoided Intensity (tCO ₂ e/€m.y)
Green buildings	Loans dedicated to the (re) financing of activities aiming at reducing the energy consumption of building through the following economic activities from the EU Climate Delegated Act: 7.1, 7.2, 7.3 – 7.4 – 7.5 – 7.6, 7.7 and 8.1 and construction of new buildings and acquisition of buildings compliant with French thermal regulation RT2012	Number of Green buildings financed Number of Green building certifications obtained by label and level Evolution of the EPC (before/after financing) Estimated amount of energy produced/returned	Estimated CO ₂ e Emissions Avoided Intensity (tCO ₂ e/€m.y) Estimated annual GHG emissions avoided (in tCO ₂ e) Estimated energy savings (KWh saved/reduced)
Clean transportation	Loans dedicated to the (re) financing of the development of low-carbon transport through the following economic activities from the EU Climate Delegated Act: 6.1 – 6.3 – 6.7 – 6.11, 6.2 – 6.6 – 6.8 – 6.10, 6.4 – 6.13 – 6.15 and 6.5	Number of loans granted by type of transport Number of vehicles financed Number of rolling stock financed Number of electric charging/hydrogen filling stations financed	Estimated CO ₂ e Emissions Avoided Intensity (tCO ₂ e/€m.y) Estimated annual GHG emissions avoided (in tCO ₂ e) Estimated energy savings (KWh saved/reduced)
Manufacturing industry	Loans dedicated to (re) financing of activities aiming at reducing the energy consumption of the manufacturing industry through the following economic activities from the EU Climate Delegated Act: 3.1, 3.2 – 3.3 – 3.6, 3.4, 3.5, 3.7, 3.10	Production volume (units / tons)	
Sustainable water and waste management	Loans aiming at (re) financing water, waste and sanitation quality, efficiency, and conservation: through the following economic activities from the EU Climate Delegated Act: 5.1, 5.2, 5.3, 5.4, 5.5 – 5.9, 5.6 and 5.7	Volume of water collected and disposed or treated (m ³) Volume of waste collected and disposed or treated (tons)	Estimated annual GHG emissions avoided (in tCO ₂ e) Energy savings (KWh saved/reduced) Estimated annual absolute (gross) water use before and after the project in m ³ /a, reduction in water use in % Estimated volume of water reuse or water use avoided by waterless solutions and equipment

Eligible Category	Description	Output metrics
Affordable housing	Loan dedicated to the (re) financing of the construction, renovation, acquisition, installation, and maintenance of affordable housing:	Type of program financed Number of dwellings or buildings Number of residents targeted
	Prêt d'Accession Sociale (PAS) or social home ownership loan. Social housing landlords. Social ownership housing projects / Bail Réel Solidaire. Intermediate housing in tense areas for public and private not-for-profit entities. Housing and infrastructures for specific population (students, seniors, inclusive ...). Target population: In France, senior citizens, the disabled people, low-income population, medium-income population, and young salaries which revenues are equal or less than thresholds defined by law. Social intermediary housing project located in areas A, Abis, B1, B2 as defined by French law dated 20 Feb 2014 in France.	
Access to Essential Services: Human & Social care	Sub-category 1: Healthcare Loans dedicated to the (re) financing of the purchase of medical equipment, constructions, renovation, acquisition, installation and maintenance of infrastructures and equipment dedicated to healthcare: Public and private not-for-profit healthcare institutions infrastructures and services accessible to all including public hospitals, clinics, medical centers and laboratories. Public and private not-for-profit healthcare, social and medico-social establishments and medical centers. Research & development in the health field for public and private not-for-profit research centers. Nursing homes for disabled population (including IME "Instituts Médico-Éducatifs, FAM "Foyer d'Accueil Médicalisé", MAS "Maison d'Accueil Spécialisée"– Foyer médecine physique et de réadaptation). Nursing homes for vulnerable people and elderly population. Target population: The entire population in France, including the most vulnerable.	Number of children health, and medico-social institutions financed Total annual reception capacity Number of associations and foundations financed Number of beneficiaries per year Number of beds
	Loans dedicated to the (re) financing of the services that improve the access to healthcare, the maintain and improvement of living: Public and private not-for-profit institutions for personal assistance and home care. Public and private not-for-profit institutions for patient transportation to healthcare institutions. Target population: The entire population in France, including the most vulnerable. Sub-category 2: Social & family services Loans dedicated to the (re) financing of the construction, renovation, acquisition, installation and maintenance of infrastructures and equipment's dedicated to social services and facilities: Health cooperation or public interest grouping . Child welfare institutions, such as socio-educational foster care center. Early childhood facilities.	

Eligible Category	Description	Output metrics
Access to Essential Services: Education	Loans dedicated to the (re) financing of the construction, renovation, acquisition, installation and maintenance of infrastructures and equipment's dedicated to education:	Number of educational institutions financed Annual headcount Number of beneficiaries per year
	Public and private under State contract primary, secondary schools, and universities accessible to all and associated cafeterias and ancillary services for educational establishments including school transportation and boarding school. Public vocational training and apprenticeship institutions that improve social inclusion (CFA – "Centre de formation d'Apprentis" , ESAT "Établissement et service d'aide par le travail" ...). Companies certified ESUS "Entreprise Solidaire d'Utilité Sociale" or associations supporting education, recognized as being of general interest. Target population: The entire population in France, including the most vulnerable.	
Socioeconomic Advancement and Empowerment	Sub-category 1: SME, ESS, and associations financing Loan dedicated to the (re) financing of small, medium and micro-sized Enterprises (SMEs) and Social and Solidarity Economy (ESS), including non-profit organizations, association recognized as being of general interest or foundations aiming at fighting poverty, exclusion and hunger. Target population: SME's and ESS that support inclusion for low-income population.	Number of loans granted Number of beneficiaries
	Sub-category 2: Sustainable and inclusive finance Loan dedicated to the (re) financing banking accessibility for vulnerable groups through initiatives: Interest-free loans (PTZ) . Micro-crédit loans (Créa-Sol, micro-crédit habitat). Target population: In France, low-income population.	

Eligible Category	Description	Output metrics
Development and territorial cohesion	<p>Sub-category 1: socioeconomic advancement</p> <p>Loan dedicated to the (re) financing of the development and territorial cohesion:</p> <p>Companies located in specific areas benefiting from national support programs (town center revitalization zones, defense restructuring zone...).</p> <p>Operations allowing to preserve activities in France or relocate them to France (from outside the EU zone).</p> <p>Short circuit food companies under ESUS agreement or associations.</p> <p>Integration associations or companies (under agreement with the State) (ESAT -EA or ESUS).</p> <p>Public services delegated to associations: Maisons de services au Public / France Services.</p> <p>Urban renewal program in a priority city district (such as ANRU programs).</p> <p>Territorial revitalization operations (such as Action Cœur de Ville or Petites villes de demain).</p>	<p>Number of high-speed sockets</p> <p>Number of outlets financed by the project</p> <p>Number of direct and indirect employees targeted</p>
	<p>Target population: The entire population in France, including the most vulnerable.</p> <p>Sub-category 2: affordable basic infrastructure – digital inclusion</p> <p>Loan dedicated to the (re) financing of the construction, renovation, acquisition, installation, and maintenance of infrastructures dedicated to development and territorial cohesion:</p> <p>Deployment of very high-speed broadband (FttH), including public initiative networks (RIP) or local commitment call zones.</p> <p>In France, these areas are defined by ARCEP ad RIPs, in accordance with article L.1425-1 of the General Local Authorities Code, which is a project carried out by local authorities to set up communications network (mainly the optical fiber these last years).</p> <p>Target population: Population in French underserved and remote areas</p>	

Appendix 3 - EU Taxonomy Adherence

Limited to our scope²⁵, we consider that the 16 eligible subcategories falling under specified EU taxonomy economic activities within three eligible categories adhere to all the EU taxonomy criteria, as detailed in the tables below. Not all eligible categories are covered by Annex I of the EU Climate Delegated Act, and the "Green buildings" category also includes other less-stringent eligibility criteria. Our assessment is based solely on the information provided by the bank.

LBP has requested an assessment regarding only a portion of eligible investments: only assets located in France, and only assets falling under specified taxonomy activities within green buildings (activities 7.1, 7.2, and 7.7); renewable energy (activities 4.1, 4.2 and 4.3); and clean transportation (activities 6.1, 6.2, 6.3, 6.4, 6.5, 6.7, 6.10, 6.11, 6.13 and 6.15). Within the bank's framework, the green buildings category has two parallel sets of eligibility criteria, one of which conforms to the taxonomy and the other does not. Therefore, assets assessed here only refer to the economic activities that fall under the taxonomy-related eligibility criteria.

Based on the information provided, the bank has implemented processes to ensure that all selected projects adhere to technical screening criteria, do no significant harm and minimum safeguards set out in the EU taxonomy regulation. LBP has done a detailed screening of the EU taxonomy criteria for each of the economic activities for which it seeks taxonomy adherence, and has identified where the existing applicable national law is likely to cover the requirements and where it needs to be complemented by additional measures.

Exhibit 1

Substantial contribution criteria - Climate change mitigation (Table 1 of 2)**Adherence assessment for activities 7.1, 7.2, 7.7, 4.1, 4.2, 4.3**

Eligible Category	Corresponding EU Taxonomy economic activity	Adherence to "Substantial contribution" for Climate Change Mitigation	Related issuer information
Green Buildings	Important note on the Green Buildings category: This category displays two parallel sets of eligibility criteria, only one of which is Taxonomy-related. This adherence assessment relates only to the portion of projects within the category following Taxonomy criteria.		
	7.1. Construction of new buildings	Adhere	Criterion 1: The issuer confirms that the Primary Energy Demand (PED) of buildings will be at least 10 % lower than the threshold set for the nearly zero-energy building (NZEB). In the French context, in accordance with government guidance, compliance with the RE2020 building standard is considered to meet the NZEB -10% taxonomy criterion.
		Adhere	Criterion 2: Buildings above 5000m2 will undergo testing for air-tightness and thermal integrity.
		Adhere	Criterion 3: The life-cycle Global Warming Potential (GWP) will be calculated for buildings above 5000m2.
	7.2. Renovation of existing buildings	Adhere	The issuer confirms that building renovations will comply with applicable EU requirements and/or lead to a reduction of primary energy demand (PED) of at least 30%.
	7.7. Acquisition and ownership of buildings	Adhere	Criterion 1: Buildings built before 31 December 2020 will have an EPC class A or be within the top 15% of the national or regional building stock expressed as operational Primary Energy Demand (PED).
		Adhere	Criterion 2: The issuer reports that for buildings built after 31 December 2020, the building will meet the criteria specified in the Taxonomy under 7.1.
		Adhere	Criterion 3: Large non-residential buildings will be efficiently operated through energy performance monitoring and assessment, in line with the third criterion.
Renewable Energy	4.1. Electricity generation using solar photovoltaic technology	Adhere	Solar electricity will be generated using photovoltaic (PV) technology only.
	4.2. Electricity generation using concentrated solar power (CSP) technology	Adhere	Solar electricity will be generated using concentrated solar power (CSP).
	4.3. Electricity generation from wind power	Adhere	Electricity will be generated only from wind-based (onshore and offshore) resources.

Exhibit 2

Substantial contribution criteria - Climate change mitigation (Table 2 of 2)

Adherence assessment, activities 6.1, 6.2, 6.3, 6.4, 6.5, 6.7, 6.10, 6.11, 6.13, 6.15

Eligible Category	Corresponding EU Taxonomy economic activity	Adherence to "Substantial contribution" for Climate Change Mitigation	Related issuer information
Clean Transportation	6.1. Passenger interurban rail transport	Adhere	For activities 6.1 and 6.2, the issuer confirms that trains and passenger coaches have zero direct (tailpipe) CO2 emissions or that they are bimodal. The issuer has visibility on specific assets financed under these activities through acquisition contracts with the constructor.
	6.2. Freight rail transport	Adhere	
	6.3. Urban and suburban transport, road passenger transport	Adhere	The investments in public transport will be limited to zero-tailpipe emissions vehicles.
	6.4. Operation of personal mobility devices, cycle logistics	Adhere	Criterion 1: The propulsion of financed devices will come from the user or a zero emissions motor.
		Adhere	Criterion 2: Devices can be operated on bicycle and pedestrian infrastructure.
	6.5. Transport by motorbikes, passenger cars and light commercial vehicles	Adhere	The investments will include vehicles with emissions lower than 50g CO2/km or zero emissions vehicles.
	6.7. Inland passenger water transport	Adhere	The vessels will have zero direct (tailpipe) CO2 emissions or, for hybrid and dual fuel vessels, will derive at least 50% of their energy from zero direct (tailpipe) CO2 emission fuels or plug-in power. One of the investments under this activity are cruise ships using wind energy (sails).
	6.10. Sea and coastal freight water transport, vessels for port operations and auxiliary activities	Adhere	The issuer confirms that no container or bulk carriers based on fossil fuels will be financed. Vessels will either be zero emissions according to point (a) of the Taxonomy criterion, or will have emissions at least 50% lower than the average reference CO2 emissions value defined for heavy duty vehicles (vehicle sub group 5-LH) in accordance with Article 11 of Regulation 2019/1242, as per point (c) of the Taxonomy criterion.
	6.11. Sea and coastal passenger water transport	Adhere	Vessels will either be zero emissions (e.g. cruising sailboats) or hybrid and dual fuel vessels deriving at least 25% of their energy from zero direct (tailpipe) CO2 emission fuels or plug-in power
	6.13. Infrastructure for personal mobility, cycle logistics	Adhere	Infrastructure planned under this eligible activity consists of, and is limited to, bicycle parking stations.
	6.15. Infrastructure enabling low-carbon road transport and public transport	Adhere	The specific infrastructure planned under this eligible activity consists of, and is limited to, electric vehicle charging points.

Exhibit 3

Do no significant harm - Climate change adaptation

Adherence assessment, all selected activities

Eligible Category	Corresponding EU Taxonomy economic activity	Adherence to "Do no significant harm" to Climate Change Adaptation	Related issuer information
Green Buildings	7.1. Construction of new buildings	Adhere	Across activities 7.1, 7.2 and 7.7 relating to buildings, the issuer reports adherence with Appendix A of the taxonomy, and notes that certification with the French building standard HQE V4 BD will allow the bank to cover the DNSH assessment for all pillars of the taxonomy including climate change adaptation.
	7.2. Renovation of existing buildings	Adhere	
	7.7. Acquisition and ownership of buildings	Adhere	
Renewable Energy	4.1. Electricity generation using solar photovoltaic technology	Adhere	For wind and solar projects (4.1, 4.2, 4.3), the issuer reports adherence with Appendix A.
	4.2. Electricity generation using concentrated solar power (CSP) technology	Adhere	The issuer has various steps in place to ensure adherence with CCA for wind and solar projects: - Wind and solar farms require building permits, which incorporate requirements for assessing physical climate risks - The bank's teams ensure all projects undergo an environmental impact assessment incorporating adaptation - Projects identified as having elevated physical risks will have adaptation solutions added and incorporated
	4.3. Electricity generation from wind power	Adhere	
Clean Transportation	6.1. Passenger interurban rail transport	Adhere	For transport projects (6.1, 6.2, 6.3, 6.4, 6.5, 6.7, 6.10, 6.11, 6.13, 6.15), the issuer reports adherence with Appendix A.
	6.2. Freight rail transport	Adhere	The issuer has various steps in place to ensure adherence with CCA for transport projects: - France has implemented a National Climate Change Adaptation Plan 2018-2022 (PNACC-2), and these measures will be taken into account by the issuer for investments in the transportation sector. - The bank's teams ensure all projects undergo an environmental impact assessment incorporating adaptation - Projects identified as having elevated physical risks will have adaptation solutions added and incorporated
	6.3. Urban and suburban transport, road passenger transport	Adhere	
	6.4. Operation of personal mobility devices, cycle logistics	Adhere	
	6.5. Transport by motorbikes, passenger cars and light commercial vehicles	Adhere	
	6.7. Inland passenger water transport	Adhere	
	6.10. Sea and coastal freight water transport, vessels for port operations and auxiliary activities	Adhere	
	6.11. Sea and coastal passenger water transport	Adhere	
	6.13. Infrastructure for personal mobility, cycle logistics	Adhere	
	6.15. Infrastructure enabling low-carbon road transport and public transport	Adhere	

Exhibit 4

Do no significant harm - Sustainable use and protection of water and marine resources

Adherence assessment, all selected activities

Eligible Category	Corresponding EU Taxonomy economic activity	Adherence to "Do no significant harm" to Sustainable Use and Protection of Water and Marine Resources	Related issuer information
Green Buildings	7.1. Construction of new buildings	Adhere	Across activities 7.1 and 7.2 relating to buildings, the issuer reports adherence with Appendix B of the taxonomy, and notes that certification with the French building standard HQE V4 BD will allow the bank to cover the DNSH assessment for all pillars of the taxonomy including sustainable use and protection of water and marine resources.
	7.2. Renovation of existing buildings	Adhere	
	7.7. Acquisition and ownership of buildings	Not applicable	
Renewable Energy	4.1. Electricity generation using solar photovoltaic	Not applicable	N/A
	4.2. Electricity generation using concentrated solar power (CSP) technology	Adhere	For this criterion, the bank will rely on the transposition of the EU directive 2011/92/EU directive into French law (from 2016), and on the 2021 law on climate and resilience
	4.3. Electricity generation from wind power	Adhere	Wind project risks to water and marine resources will be assessed both as part of the permitting process and through an environmental impact assessment (EIA). In case harmful effects on the marine environment, such as noise pollution, are identified in the EIA, the bank commits to taking these into account when considering financing.
Clean Transportation	6.1. Passenger interurban rail transport	Not applicable	N/A
	6.2. Freight rail transport	Not applicable	N/A
	6.3. Urban and suburban transport, road passenger transport	Not applicable	N/A
	6.4. Operation of personal mobility devices, cycle logistics	Not applicable	N/A
	6.5. Transport by motorbikes, passenger cars and light commercial vehicles	Not applicable	N/A
	6.7. Inland passenger water transport	Adhere	Across activities 6.7, 6.10, 6.11, 6.13, and 6.15, the issuer reports adherence to Appendix B of the Taxonomy.
	6.10. Sea and coastal freight water transport, vessels for port operations and auxiliary activities	Adhere	
	6.11. Sea and coastal passenger water transport	Adhere	
	6.13. Infrastructure for personal mobility, cycle logistics	Adhere	
	6.15. Infrastructure enabling low-carbon road transport and public transport	Adhere	
			For these activities, the issuer will rely on existing French and EU regulation related to water, notably Directive 2000/60/EC (the Water Framework Directive), the French Law No 2004 338 12 on Objectives of preservation and restoration of water and aquatic environments, and the Law on water and aquatic environments (LEMA 2006 1772).

Exhibit 5

Do no significant harm - Transition to a circular economy

Adherence assessment, all selected activities

Eligible Category	Corresponding EU Taxonomy economic activity	Adherence to "Do no significant harm" to Transition to a Circular Economy	Related issuer information
Green Buildings	7.1. Construction of new buildings	Adhere	Across activities 7.1 and 7.2, the issuer reports that certification with the French building standard HQE V4 BD will allow the bank to cover the DNSH assessment for all pillars including transition to a circular economy, including the requirement that at least 70% of non-hazardous construction and demolition waste is prepared for reuse, recycling and other material recovery
	7.2. Renovation of existing buildings	Adhere	
	7.7. Acquisition and ownership of buildings	Not applicable	
Renewable Energy	4.1. Electricity generation using solar photovoltaic technology	Adhere	Applicable for both 4.1 and 4.2, in France, as per the decree of October 06, 2021, the elements of a solar installation must be recycled by a specialized organization at their end of life. Furthermore, according to the French Environmental Code, all electrical and electronic equipment covered by Article R543-172 I (including solar panels) must be designed and manufactured in such a way as to facilitate its reuse, recycling, dismantling and recovery.
	4.2. Electricity generation using concentrated solar power (CSP) technology	Adhere	
	4.3. Electricity generation from wind power	Adhere	
Clean Transportation	6.1. Passenger interurban rail transport	Adhere	For activities 6.1 and 6.2, the bank will rely on its internal processes and screening by investment and credit teams to ensure that eligible projects have measures in place to manage waste in accordance with the waste hierarchy.
	6.2. Freight rail transport	Adhere	
	6.3. Urban and suburban transport, road passenger transport	Adhere	In France, Decree No. 2013-988 of 6 November 2013 relates to the limitation of the use of hazardous substances in electrical and electronic equipment, as does the Order of March 5, 2020. The issuer notes that manufacturers are required to take the batteries back at their end-of-life (7 to 10 years depending on the model of electric bus).
	6.4. Operation of personal mobility devices, cycle logistics	Adhere	For this activity, adherence to circular economy requirements is based on several French laws, including the loi NOTRe, the Law for Energy Transition and Green Growth that promotes circular economy, the national Waste Plan 2014/2020, and laws around vehicle disposal stipulating that handover of a vehicle to a treatment facility must be free of charge for the last holder.
	6.5. Transport by motorbikes, passenger cars and light commercial vehicles	Adhere	For this activity, French decrees of August 1, 2003 and of December 24, 2004 regulate the disposal of end-of-life vehicles and equipment for the disposal of end-of-life vehicles; as further modified by the Order of May 9, 2007. French operators of authorised recycling centers for vehicles at the end of their life have organized to meet European recycling targets.
	6.7. Inland passenger water transport	Adhere	Across activities 6.7, 6.10, and 6.11 related to ships and shipping, the issuer relies on a few measures for this DNSH. - For larger (oceangoing) ships, the International Maritime Organization convention from 2009 on ship recycling, ratified by France in 2014, ensures that end-of-life ships do not pose unnecessary risks to worker safety, human health and the environment during their dismantling. - Smaller boats, notably pleasure craft, fall under a legal regime of required extended producer responsibility in France, whereby pleasure boat builders must ensure the recycling or deconstruction of end-of-life vessels.
	6.10. Sea and coastal freight water transport, vessels for port operations and auxiliary activities	Adhere	
	6.11. Sea and coastal passenger water transport	Adhere	
	6.13. Infrastructure for personal mobility, cycle logistics	Adhere	
	6.15. Infrastructure enabling low-carbon road transport and public transport	Adhere	For activities 6.13 and 6.15, French law, notably the Law for Energy Transition and Green Growth (2015), sets the State and local authorities a target of recovering at least 70% of the materials and waste produced on construction sites for which they are responsible, including reuse, recycling or other material recovery.

Exhibit 6

Do no significant harm - Pollution prevention and control

Adherence assessment, all selected activities

Eligible Category	Corresponding EU Taxonomy economic activity	Adherence to "Do no significant harm" to Pollution Prevention and Control	Related issuer information
Green Buildings	7.1. Construction of new buildings	Adhere	Across activities 7.1 and 7.2 relating to buildings, the issuer confirms adherence to Appendix C of the taxonomy, and will use French and European regulation to ensure adherence. Notably, the French Environment Code, as amended by Regulation (EC) No. 1907/2006, contains measures on waste prevention and management at construction sites. CEN/EN 165162 or ISO 16000-3:20112 and the ISO 18400 standard are to be directly followed to ensure the DNSH.
	7.2. Renovation of existing buildings	Adhere	
	7.7. Acquisition and ownership of buildings	Not applicable	
Renewable Energy	4.1. Electricity generation using solar photovoltaic technology	Not applicable	N/A
	4.2. Electricity generation using concentrated solar power (CSP) technology	Not applicable	N/A
	4.3. Electricity generation from wind power	Not applicable	N/A
Clean Transportation	6.1. Passenger interurban rail transport	Adhere	For the two railway activities 6.1 and 6.2, adherence to Regulation (EU 2016/1628), partially transposed in the French Environmental Code (art. R224-68), ensures adherence to this DNSH. The issuer, as part of its due diligence for projects for these activities, ensures that locomotive emissions are in line with the limits contained in EU 2016/1628.
	6.2. Freight rail transport	Adhere	
	6.3. Urban and suburban transport, road passenger transport	Adhere	The issuer confirms that tyres of vehicles in this category comply with external rolling noise requirements and with the Rolling Resistance Coefficient as set out in Regulation (EU) 2020/740.
	6.4. Operation of personal mobility devices, cycle logistics	Not applicable	
	6.5. Transport by motorbikes, passenger cars and light commercial vehicles	Adhere	Adherence to this DNSH is ensured through several French and European regulations, such as Regulation (EU) 2018/1832 for improving the emission type approval tests and procedures for light passenger and commercial vehicles, and regulation (EU) No 540/2014 on the sound level of motor vehicles and of replacement silencing systems.
	6.7. Inland passenger water transport	Adhere	
	6.10. Sea and coastal freight water transport, vessels for port operations and auxiliary activities	Adhere	For ships across activities 6.10 and 6.11, the issuer will rely on internal processes and due diligence to ensure that ships comply with sulfur, nitrogen oxide, and water discharge rules and limits in line with the IMO Marpol convention and EU law.
	6.11. Sea and coastal passenger water transport	Adhere	
	6.13 Infrastructure for personal mobility, cycle logistics	Adhere	Adherence is ensured through conformity with French Decree No. 2017-1244 of August 7, 2017 on the prevention of risks related to noise and amplified sounds and the Decree 2006-361 of 24 March 2006 on noise maps, environmental noise prevention plans, and amending the urban planning code.
	6.15. Infrastructure enabling low-carbon road transport and public transport	Adhere	

Exhibit 7

Do no significant harm - Protection and restoration of biodiversity and ecosystems

Adherence assessment, all selected activities

Eligible Category	Corresponding EU Taxonomy economic activity	Adherence to "Do no significant harm" to Protection and Restoration of Biodiversity and Ecosystems	Related issuer information
Green Buildings	7.1. Construction of new buildings	Adhere	The issuer confirms adherence to Appendix D of the Taxonomy. Environmental impact assessments incorporating biodiversity will be carried out systematically for some projects and on a case-by-case basis for others. The French Environment Code (Article L411-1) provides for a system of strict protection of species of wild fauna and flora and the French legal definition of forest is in line with the FAO. Finally, the law "Climate and resilience" dated 22 Aug 2021 includes combatting soil artificialisation which has a major impact on biodiversity.
	7.2. Renovation of existing buildings	Not applicable	N/A
	7.7. Acquisition and ownership of buildings	Not applicable	N/A
Renewable Energy	4.1. Electricity generation using solar photovoltaic technology	Adhere	For the solar activities 4.1 and 4.2, the issuer adheres to Appendix D, and will rely on French and EU regulation to ensure adherence to the DNSH, notably the law "Climate and resilience" on soil artificialisation and various regulations on the conservation of habitats and protected areas, such as Natura 2000 sites.
	4.2. Electricity generation using concentrated solar power (CSP) technology	Adhere	
	4.3. Electricity generation from wind power	Adhere	For wind assets under 4.3, the bank will ensure that an EIA has been conducted that conforms to Annex 1 of EU Directive 2008/56/CE. If the project is situated near sensitive areas with high biodiversity exposure, the bank will ensure that appropriate mitigation and compensation measures to protect the local environment are put in place.
Clean Transportation	6.1. Passenger interurban rail transport	Not applicable	N/A
	6.2. Freight rail transport	Not applicable	N/A
	6.3. Urban and suburban transport, road passenger transport	Not applicable	N/A
	6.4. Operation of personal mobility devices, cycle logistics	Not applicable	N/A
	6.5. Transport by motorbikes, passenger cars and light commercial vehicles	Not applicable	N/A
	6.7. Inland passenger water transport	Not applicable	N/A
	6.10. Sea and coastal freight water transport, vessels for port operations and auxiliary activities	Adhere	For ships across activities 6.10 and 6.11, the issuer will rely on internal processes and due diligence to ensure that ships avoid releases of ballast water containing non-indigenous species in line with the International Convention for the Control and Management of Ships' Ballast Water and Sediments, which France has ratified, and that measures are in place to prevent the introduction of non-indigenous species by biofouling of hull areas, and noise and vibrations that could be detrimental to animals are minimized.
	6.11. Sea and coastal passenger water transport	Adhere	
	6.13. Infrastructure for personal mobility, cycle logistics	Adhere	For activities 6.13 and 6.15, the issuer adheres to Appendix D, and will rely on French and EU regulation to ensure adherence to the DNSH, including Decree No 2015-1614 of 9 December 2015 on classified facilities for the protection of the environment, Order No 2016-1058 of 3 August 2016 on the amendment of rules applicable to the environmental assessment of projects, and Decree No 95-631 of 05/05/1995 on the conservation of natural habitats, among others.
	6.15. Infrastructure enabling low-carbon road transport and public transport	Adhere	

Exhibit 8

Minimum social safeguards**Adherence assessment at entity level**

Minimum Safeguards	Adherence to Minimum Safeguards criteria	Related issuer information
Human Rights	Adhere	<ul style="list-style-type: none"> - Through its ownership by La Poste, the Banque Postale is affiliated with the UN Global Compact since 2003. It is a signatory of various groupings such as the Principles for Responsible Banking and integrates human rights in its business operations. - On human rights issues, the Banque Postale relies on relevant French law (given its location and operations mainly in France), but also conducts due diligence on potential clients' and counterparties' respect of human rights and any related controversies. - The Banque Postale excludes potential clients that have repeatedly violated international conventions on labor rights or human rights.
Corruption	Adhere	<ul style="list-style-type: none"> - At group level, the issuer has conducted a mapping on corruption risks in light of the French Loi Sapin, and risks are managed by the group's risk department. - Issues around corruption are integrated in both initial KYC diligence of clients and periodic portfolio reviews. - Companies or organizations having been convicted of serious corruption are excluded from being clients.
Taxation	Adhere	<ul style="list-style-type: none"> - At group level, the issuer integrates issues around taxation and fiscal fraud in its processes to combat money laundering and terrorism financing, including surveillance of transactions and management of alerts. - Issues around taxation and fraud are integrated in both initial KYC diligence of clients and periodic portfolio reviews.
Fair Competition	Adhere	<ul style="list-style-type: none"> - The issuer confirms that as part of its KYC process, due diligence includes ensuring that customers respect rules of fair competition. Furthermore, the issuer is trialling a dedicated ESG questionnaire as part of its KYC.

Sources: Moody's Investors Service and LBP

Moody's related publications

Second Party Opinion analytical framework:

» [Framework to Provide Second Party Opinions on Sustainable Debt](#), October 2022

Topic page:

» [ESG Credit and Sustainable Finance](#)

Endnotes

- 1 [Technical annex to the TEG final report on the EU taxonomy](#), March 2020.
- 2 [Electricity Maps](#).
- 3 [Abrupt increase in harvested forest area over Europe after 2015](#), Ceccherini et al., July 2020.
- 4 [Concerns about reported harvests in European forests](#), Palahi et al., April 2021.
- 5 [Note on the JRC Nature paper on harvest, complementing the reply of Ceccherini et al. 2021](#).
- 6 <https://www.ecologie.gouv.fr/energie-dans-batiments>
- 7 [Stratégie nationale bas carbone](#), Mars 2020.
- 8 [World Resources Institute Water Risk Atlas](#).
- 9 [World Resources Institute's aqueduct projected water stress country rankings](#).
- 10 [The water footprint of humanity](#), Hoekstra, Mekonnen, February 2012.
- 11 [Global Waste Index](#).
- 12 [Les émissions des gaz à effet de serre du secteur du traitement centralisé des déchets](#), May 2019.
- 13 [Les émissions de gaz à effet de serre du secteur des transports](#), February 2021.
- 14 [Catalysing the Fourth Propulsion Revolution](#), International Chamber of Shipping, November 2020.
- 15 [Les émissions de gaz à effet de serre du secteur de l'industrie manufacturière](#), February 2021.
- 16 [Décarboner la filière ciment-béton](#), Shift Project, January 2022.
- 17 <https://www.insee.fr/fr/statistiques/2586022?sommaire=2586377>.
- 18 https://www.fondation-abbe-pierre.fr/sites/default/files/2023-01/REML2023_WEB.pdf.
- 19 [Le vieillissement de la population et ses enjeux Fiche d'analyse de l'Observatoire des territoires 2017](#).
- 20 [The Gravediggers: Revelations about the system that mistreats our seniors](#), Victor Castanet, 2022.
- 21 <https://www.education.gouv.fr/la-renovation-energetique-des-batiments-scolaires-307398>.
- 22 [Note de cadrage de la formation: Travail social et insertion socio-professionnelle](#).
- 23 <https://www.insee.fr/fr/statistiques/2586022?sommaire=2586377>.
- 24 [Quelques effets économiques du prêt à taux zéro](#), October 2005.
- 25 See Appendix C - Adherence to the EU taxonomy in our [Framework to Provide Second Party Opinions on Sustainable Debt](#), October 2022.

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