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SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION

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6.1 Sustainable development built on our cooperative identity

6.1.1 A full-service banking business model that has confirmed its solidity

MISSION AND AMBITION:

Groupe BPCE is a cooperative, decentralized, multi-brand banking group. Its mission is to act as a full-service bank and to offer banking and insurance products and services to individual customers, associations and professionals, corporates, and local authorities, while meeting the needs of local regions and the economy.

Sources of Funds - Assets

- € **Capital and equity**
Cooperative shareholders (cooperative shares)
Customers – deposits and savings
- € **Borrowings and investments**
European Institutions
European Investment Bank
European Central Bank
Other financial institutions
Funding in the markets
-  **Human Resources**
Employees
Partners
Advisory Expertise
-  **Image of the networks and subsidiaries**
-  **Stakeholders' trust**
Individuals
Professionals
Corporates
Public sector
Associations
Business providers
-  **Infrastructure and branch network**
Branches
Electronic solutions
Call centers
IT centers

Our business lines and our brands

Focused on core business lines serving all customers. The projects undertaken by the Group's banks aim to develop the customer base and give priority to customer service

Retail Banking

Corporate & Investment Banking

Investment Solutions and Insurance

Specialized Financial Services



What sets Groupe BPCE apart

The solidity of a Group focused on its customers

Moderate risk profile: cost of risk under control at 22 bp in 2016 (vs. 29 bp in 2015)

Retail banking accounts for 71% of the business lines' NBI

High financial ratings

A long-term vision of banking relationships

Proportion of customers who are cooperative shareholders:
Banque Populaire banks 34%
Caisses d'Epargne 23%

9 million cooperative shareholders hold cooperative shares and elect the directors of the 15 Banque Populaire banks and the 17 Caisses d'Epargne

Bankers and insurers

BPCE, founded by a law dated June 18, 2009, is the central institution of Groupe BPCE, a cooperative banking group. Cooperative shareholders own the Banque Populaire banks and the Caisses d'Epargne, the two networks that form the foundation of the Group's retail banking operations.

Groupe BPCE's full-service banking model is based on a three-tier structure:

- the two regional cooperative networks: the fifteen Banque Populaire banks and the seventeen Caisses d'Epargne;

- BPCE, the central institution and holding company, responsible for the Group's strategy, coordination and organization;
- the BPCE subsidiaries, including Natixis, which provides international corporate banking, asset management, insurance and financial services; Crédit Foncier, the real estate financing specialist; Banque Palatine, which serves intermediate-sized enterprises; and BPCE International, for international retail banking.

Products and Services

Banking services
Savings products
Loans – Financing
Payments and other Specialized Services
Personal insurance
Non-life insurance
Corporate & Investment Banking products & services
Specialized Financing
Other

Distribution model
Multi-channel approach: human and digital solutions

Close ties with local regions

A decentralized, but concerted decision-making process focused on the local regions
Commitment to facilitating customers' energy transition and digital transformation
Savings products dedicated to local financing, e.g. the Caisse d'Epargne regional passbook savings account

Precedence to human relations

Employees relay our commitments to our customers
Prevention of banking exclusion and solutions for vulnerable customers
A strategy balanced between human relations and digital

with a different perspective

Results


€ **Commercial Banking and Insurance**
€15 billion in net banking income
€663 billion in savings
€514 billion in outstanding loans


Investment Solutions, Corporate and Investment Banking and Specialized Financial Services

€8 billion in NBI
€832 billion in assets under management
€48 billion in life insurance outstandings, up 8% on 2015

Remuneration of cooperative shareholders

Average amount of shares held by cooperative shareholders (in €)
Banque Populaire banks
€2,087
Caisses d'Epargne
€2,654

 94 % of permanent employees followed at least one training course in 2016

 415 branches are located in rural areas

IMPACTS

Through its business model, Groupe BPCE has various social, environmental and societal impacts on the local regions. It finances 20% of the French economy⁽¹⁾.

Financing the local economy and regions

87% of the Group's suppliers⁽⁴⁾
are SMEs⁽⁵⁾

37% of purchases are made from SMEs

► Supporting SMEs with conventional loans and facilitating their access to the financial markets

N°. 1 bank for SMEs⁽²⁾

N°. 2 bank for professional customers
and individual entrepreneurs⁽³⁾

► Financing the social and solidarity-based economy

(total amount of loans granted to the social and solidarity-based economy in thousands of euros)



► Patronage by the Banque Populaire banks (in millions of euros)



► Patronage by the Caisses d'Epargne (in millions of euros)



Responsible financing

No. 1 in microloans for individuals⁽⁹⁾

A major provider of professional microloans⁽⁶⁾
(33% market share at end-2016)

► Microloans and other solidarity-based loans with support⁽⁷⁾ (in euros)



► Assets under management in SRI⁽⁸⁾ and solidarity-based funds in France (in billions of euros)



► Support for green growth: AUM of €8 billion in 2015

► Eco-loans for individual and professional customers (€203 million in 2016)

► Withdrawal of financing for the coal industry around the world by Natixis

French leader in terms of inflows and AUM in solidarity-based savings⁽¹⁰⁾

Satisfied customers and a relationship based on trust

- **Cooperative shareholder satisfaction rating** ⁽¹¹⁾ ► **N°. 2 bank for individual customers** ⁽¹²⁾
7.5/10 for the Banque Populaire banks
7.3/10 for the Caisses d'Epargne

A robust cooperative and full-service banking model

Refocusing the Group on its core business lines to better serve its customers

Priority given to shoring up the balance sheet and reducing the Group's risk profile

Financial performance has enhanced:

- **the phased-in Total capital ratio which was 18.5% at end-December 2016, well above the European Central Bank requirement (11.25%)** ⁽¹⁴⁾
- **liquidity (solid liquidity reserves, LCR >110% at year-end 2016)**

Employees drive the Group's development

90% of Groupe BPCE's employees are based in France

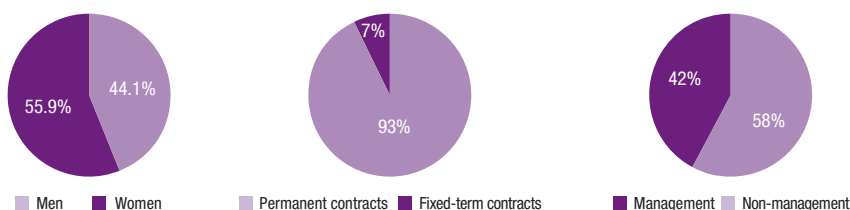
► Number of permanent hires

4,860 permanent hires

► Number of staff members trained ⁽¹³⁾

65,626 employees trained

► Breakdown of headcount ⁽¹⁵⁾ (%) in 2016



(1) 20.7% market share in loans for all non-financial sector customers (source: Banque de France - Q3 2016).

(2) No. 1 by total penetration rate (source: TNS Sofres survey 2015).

(3) No. 2 by penetration rate among professional customers and individual entrepreneurs, dual and professional relationships (source: Pépites CSA survey 2015-2016).

(4) From a sample of 31,031 suppliers with a Codex 2014 SIREN number and approved by INSEE.

(5) Small and medium-sized enterprises (2016 definition): fewer than 250 employees and revenues below €50,000K.

(6) France Stratégie 2014 survey/Group data.

(7) Loans issued to borrowers in vulnerable situations or outside the labour market, covered by a guarantee.

(8) Socially Responsible Investment.

(9) Fonds de cohésion sociale (social cohesion fund) / Caisse des Dépôts.

(10) Finansol 2016 survey.

(11) Groupe BPCE Customer Research and Quality division.

(12) Market share: 22.9% of household savings and 26.2% in home loans (source: Banque de France, Q3 2016). Penetration rate 28.3% (rank 2) among individual customers (SOFIA TNS-SOFRES survey, March 2016).

(13) The scope of the training data includes the Banque Populaire banks and Caisses d'Epargne as well as their IT subsidiaries I-BP and IT-CE, BPCE IT and the BPCE central institution.

(14) Under the 2016 SREP, including the Pillar 2 requirement.

(15) Permanent contracts only.

Groupe BPCE is presented in more detail in Chapter 1.

6.1.2 A strong cooperative identity

As cooperative banks, the Caisses d'Epargne and Banque Populaire banks are owned by 9 million cooperative shareholders, and are themselves shareholders of BPCE, the central institution, which is responsible for coordinating and communicating their common policies. For this reason, the national strategic decisions of Groupe BPCE are made in keeping with their regional requirements and their cooperative governance.

The Banque Populaire banks and the Caisses d'Epargne are members of federations that protect each network's identity and values and defend its interests. They support the networks on CSR strategy, cooperative shareholder involvement, training for directors, and governance.

The Group's "Another way to grow" strategic plan includes specific commitments to embody the cooperative banking model on a daily basis. Groupe BPCE's essential difference as a cooperative banking structure is evident in its long-term vision of banking relationships, its particularly strong regional ties, and the precedence it gives to human relations. This difference is recognizable by its customers, cooperative shareholders and employees. It contributes to the economic, social and human development of each region.

Groupe BPCE's full governance structure is presented in Chapter 2.

BANQUE POPULAIRE BANKS

The 4.1 million cooperative shareholders are the core of the Banque Populaire banks. They vote at Annual General Shareholders' Meetings and directly elect the directors who will represent them at Boards of Directors' meetings. In 2016, over 500,000 cooperative shareholders voted, an average turnout rate of 14.9% for the network.

Alongside the Annual General Shareholders' Meetings, the cooperative shareholders are regularly invited to in-branch meetings and special events where they can talk with company managers and directors about the latest news affecting their banks and nominate local solidarity-based projects for bank sponsorship as part of the "Initiative Région" Awards. Cooperative shareholders also have the opportunity to get involved in shareholder clubs (strategic orientations, budgets for associations, etc.) and help support recipients

of microloans through organizations such as "Atlantique Coopération". They enjoy access to special information channels to keep up to date with news about their banks, including dedicated newsletters and magazines and interactive websites.

In 2016, the Banque Populaire network had 250 directors (and 24 non-voting directors) whose experience and diversity enrich discussions at Board of Directors' meetings in the interests of all customers and cooperative shareholders. They are creators of value (CEOs, researchers, lecturers, etc.) who, through their roles, are involved in driving economic and social development within their regions. In 2016, the Fédération Nationale des Banques Populaires offered them training on topics such as the history of the Banque Populaire network, the cooperative banking model of the Banque Populaire banks, the roles and responsibilities of directors, risk management (particularly the prevention of fraud and corruption), the opportunities presented by CSR, and how to integrate it into the corporate strategy. The Federation has also made a self-assessment questionnaire available to all the Boards of Directors to allow them to objectively evaluate their performance.

Since 2014, the Fédération Nationale des Banques Populaires has used a new tool to manage the training program for Banque Populaire directors: the "Académie des administrateurs", or Directors Academy. This online tool, which is open to all Banque Populaire directors, includes all of the training options provided by the Federation in the form of classroom presentations and e-learning sessions.

The Directors Academy addresses multiple objectives:

- offering a full view of the training catalog provided by the Federation;
- allowing directors to register for training modules online and to access their transcripts;
- helping directors to keep up to date on current events affecting the committee on which they serve;
- facilitating access to training through e-learning modules;
- measuring directors' enthusiasm for different topics and training content by conducting satisfaction surveys, allowing the Federation to adapt the training offered to meet their expectations.

COOPERATIVE INDICATORS: COOPERATIVE SHAREHOLDER BASE

Banque Populaire banks	At 12/31/2016	At 12/31/2015	At 12/31/2014	Change 2015/2016
Number of cooperative shareholders (in millions)	4.14	33.95	3.90	4%
Percentage of cooperative shareholder customers (as a %)	34% ⁽¹⁾	44%	43%	NA ⁽¹⁾
Average amount of shares held per cooperative shareholder (in €) ⁽²⁾	2,087	1,969	1,846	6%
Cooperative shareholder satisfaction rate (out of 10) ⁽³⁾	7.5/10	7.5/10	7.5/10	0%

(1) Figures corresponding to the average for the Banque Populaire banks (excluding BRED, Crédit Coopératif and CASDEN). As the scope changed in 2016, the change between 2015 and 2016 is not relevant.

(2) Figure calculated based on total "number of customers" and "share capital excluding cooperative investment certificates and cooperative shares held by the carrying SAS".

(3) Data from the individual BP & CE individual customer satisfaction survey coordinated by the Group Customer Research division (excluding Crédit Coopératif and CASDEN).

➔ COOPERATIVE INDICATORS: GOVERNANCE AND DIRECTOR TRAINING

Banque Populaire banks	2016 ⁽¹⁾	2015	2014	Change 2015/2016
Governance bodies				
Number of members of Boards of Directors	250	255	270	(2%)
Director attendance rate at Boards of Directors meetings (as a %)	82%	83%	81%	(1%)
Percentage of Board Members who are women (as a %)	34%	33%	27%	3%
Percentage of Board Chairmen and Vice-Chairmen who are women (as a %)	11%	13%	9%	(15%)
Percentage of Audit Committee Chairmen who are women (as a %)	28%	22%	11%	27%
Director training				
Audit Committees: percentage of members who took at least one training course over the year (as a %)	22%	21%	17%	5%
Audit Committees: average number of training hours per person (in hours)	1.45	1.25	1 ⁽²⁾	16%
Boards of Directors: percentage of members who took at least one training course over the year (as a %)	39%	34%	21%	15%
Boards of Directors: average number of training hours per person (in hours)	3.85	N/A	N/A	N/A

(1) Pre-merger data, basis: 18 Banque Populaire banks.

(2) Figure corrected in 2015.

CSR & Cooperative Dividend: reflecting the cooperative spirit of the Banque Populaire banks

The Banque Populaire banks use a specialized tool to inform their cooperative shareholders of their actions in the areas of societal and cooperative responsibility. Based on the ISO 26000 CSR standard, the CSR & Cooperative Dividend identifies and values in euros the initiatives taken by each bank for the Banque Populaire network's main stakeholders: its cooperative shareholders and directors, employees, customers and civil society.

CAISSES D'EPARGNE

At the end of 2016, Groupe Caisse d'Epargne had nearly 4.8 million cooperative shareholders, the majority of them individual customers. Cooperative shareholders are represented by 228 local savings companies (LSCs), which form an intermediate layer that helps strengthen each bank's local roots and relationships.

In 2016, the Caisses d'Epargne continued their initiatives to involve their cooperative shareholders in the life of their bank. The cooperative shareholders are key stakeholders in the Caisses d'Epargne, which provide them with dedicated information and communication channels including in-branch information points, a dedicated website (www.societaires.caisse-epargne.fr), newsletters and conferences hosted by Caisse d'Epargne experts. These various channels provide cooperative shareholders with regular updates on their Caisse d'Epargne, information on how to get involved, and regional and national news in general. Some Caisses d'Epargne consult their cooperative shareholders and organize shareholder events, including exclusive meetings and shareholder clubs.

The Caisses d'Epargne provide support to the cooperative shareholder representatives, LSC directors and Steering and Supervisory Board members. Training is a key component of the action taken by the Caisses d'Epargne to allow the representatives of their cooperative shareholders to carry out their mandate in full and contribute actively to their governance. A wide range of training options is available: learning the identity and history of the Caisses d'Epargne, acquiring basic banking knowledge and developing financial and risk management skills.

➔ COOPERATIVE INDICATORS: COOPERATIVE SHAREHOLDER BASE

Caisses d'Epargne	At 12/31/2016	At 12/31/2015	At 12/31/2014	Change 2015-2016
Number of cooperative shareholders (in millions)	4.84	4.91	4.96	(1%)
Percentage of cooperative shareholder customers (as a %)	23% ⁽¹⁾	20%	20%	N/A ⁽¹⁾
Average amount of shares held per cooperative shareholder (in €) ⁽²⁾	2,654	2,555	2,451	4%
Cooperative shareholder satisfaction rate (out of 10) ⁽³⁾	7.3/10	7.3/10	7.3/10	0%

(1) Natural persons only (customers and cooperative shareholders). Figures corresponding to the average for the Caisses d'Epargne. As the calculation method was changed in 2016, the change between 2015 and 2016 is not relevant.

(2) Figures calculated based on total "number of customers" and "outstanding cooperative shares"; natural persons only.

(3) Data from the individual BP & CE individual customer satisfaction survey coordinated by the Group Customer Research division.

➔ COOPERATIVE INDICATORS: GOVERNANCE AND DIRECTOR TRAINING

Caisses d'Epargne	2016	2015	2014	Change 2015-2016
Governance bodies				
Number of members on Steering and Supervisory Boards	307	307	306	0%
Director attendance rate at Steering and Supervisory Board Meetings (as a %)	94%	92%	91%	2%
Percentage of Steering and Supervisory Board members who are women (as a %)	39%	37%	14%	5%
Percentage of Steering and Supervisory Board Chairmen and Vice-Chairmen who are women (as a %)	20%	20%	12%	0%
Percentage of Audit Committee Chairmen who are women	18%	12%	0%	50%
Director training				
Audit Committees: percentage of members who took at least one training course over the year (as a %)	78%	81%	50%	(4%)
Audit Committees: average number of training hours per person (in hours)	4.74	4.20	6	13%
Steering and Supervisory Boards: percentage of members who took at least one training course over the year (as a %)	96%	91%	66%	5%
Steering and Supervisory Boards: average number of training hours per person (in hours)	8	N/A	N/A	N/A

CSR Guidelines

The Caisse d'Epargne CSR Guidelines for the 2014-2017 period include six fields of action, in keeping with ISO 26000 guidance: governance, products and customer relations, employee relations and workplace conditions, procurement and supplier relations, environment, and societal engagement. Within these fields of action, 29 priorities were defined⁽¹⁾.

The 2014-2017 CSR guidelines outline a framework for action shared by all Caisses d'Epargne by identifying key issues. Each Caisse d'Epargne, as a fully-

fledged cooperative bank, is tasked with setting its own strategy for social and environmental responsibility. The existence of this shared framework facilitates the exchange of best practices and the achievement of common goals, while respecting the cooperative structure of the Caisses d'Epargne. The decentralized structure is the very cornerstone of the way cooperatives work, and ensures that CSR strategies are tailored to suit local needs and the people who are affected.

6.1.3 A Group-wide CSR policy that factors CSR into decision-making processes

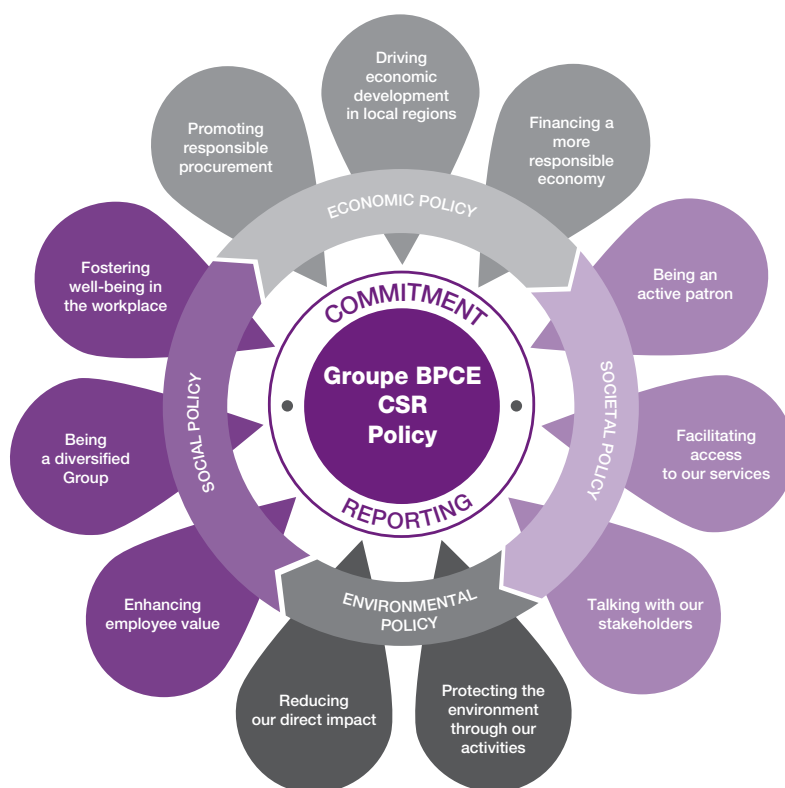
The "Another way to grow" plan sets out the Group's strategic ambitions for 2014-2017, drawing in part on sustainable development, notably through the project to promote the cooperative banking model. The aim of this project is to showcase the differentiating aspects of the cooperative banking model, centered on the three-fold relationship between employees, customers and cooperative shareholders, all of whom are active participants in the company's transformation. This common goal involves the Banque Populaire banks and the Caisses d'Epargne, which fulfill considerable economic and societal responsibilities in their respective regions, steered by the CSR guidelines proposed by their federations in line with the respective identity of each network. Drawing

on their extensive regional roots and the support of the Group's specialized banks (Natixis and its subsidiaries, Crédit Foncier, Banque Palatine), the Banque Populaire banks and the Caisses d'Epargne are contributing to current economic and environmental developments and helping their customers prepare for and make the most of them.

As part of the strategic plan, Groupe BPCE decided to implement a CSR policy, which was approved by its Management Board and the federations in 2016.

This policy is based on the key components of CSR: economic, social, societal and environmental matters. It requires a strong commitment from management and employees, underpinned by robust management solutions.

⁽¹⁾ Learn more: http://www.federation.caisse-epargne.fr/assets/CE_OrientationsRSE2014-2017/index.html?preventcache=true.



The global CSR policy identified ten priority projects that were launched in 2016 and will continue in 2017:

- measuring and promoting the local socio-economic footprint;
- distributing SRI and solidarity-based products;
- developing responsible procurement;
- microloans and financial inclusion;
- reducing direct environmental impacts;
- drafting a green growth strategy;
- adopting an innovative policy to encourage well-being, health and sport in the workplace;
- communications and CSR;
- sustainability reporting and ratings;
- raising awareness of reporting and CSR.

The Groupe BPCE Sustainable Development division has set up a structure to implement its policy, with:

- the formation of ten working groups to set out the goals of each project, the collective action required and the implementation terms;
- the appointment of sponsors among senior managers, who will be present at key stages in the project and charged with driving and approving the main guidelines for each project;
- the creation of a steering committee to monitor the overall approach.

The Group CSR policy is also monitored by the Groupe BPCE Cooperative and CSR Committee, which reports to the Supervisory Board.

An organization and governance structure that reflects the group's cooperative banking model

The Group's Sustainable Development division is part of BPCE's Commercial Banking and Insurance business line. Its goals are to:

- drive the Group's CSR policy in cooperation with the federations and in accordance with the principle of subsidiarity;
- serve as a source of foresight, expertise, and innovation in order to advance sustainable growth;
- coordinate the implementation of special regulations and propose adaptations in governance.

It is particularly committed to positioning Groupe BPCE as a key player in financial inclusion, green, responsible growth, and carbon footprint reduction, in accordance with the goals set by the strategic plan.

To take action, it relies on a sustainable development function whose responsibilities are divided between the Group's central institution, regional banks, and subsidiaries. Each company in the Group has an appointed sustainable development officer tasked with adapting the Group's commitments to the specific features of the company's region, operations and objectives.

The sustainable development function has the following structures:

- bodies that exchange information and coordinate and share skills:
 - a "responsible company club", which meets twice a year and is attended by all of the Group's sustainable development officers. It focuses on improving CSR reporting and designing action plans to enhance internal CSR and low-carbon practices,

- a "green, responsible growth club" to centralize technical and sales expertise around the new economic models presented by sustainable development. Since 2014, a plenary meeting has been held during National Sustainable Development Week, attracting an average of 125 participants. In 2015, this club was enhanced with a digital solution that facilitates the exchange of information about financing issues and expertise for green growth sectors;
- steering and oversight bodies:
 - a Group Sustainable Development Steering Committee, which has two main roles: to help with decision-making for Group-wide operational projects, and to contribute to and provide guidance on Groupe BPCE decisions,
 - a Group Cooperative and CSR Committee, which reports to the BPCE Supervisory Board, whose duties include the formulation of proposals and recommendations to promote cooperative values and CSR within the Group;
- awareness-raising on sustainable development issues:
 - on CSR: in 2016, four training sessions on "The basics of CSR" were provided to the business lines,
 - on CSR reporting: two training courses in the carbon review tool were provided and two CSR reporting telephone hotlines were made available in 2016.

In addition, a Group extranet site for sustainable development officers was set up in 2015.

Commitments that take shape in large-scale operational programs

Global Compact

In April 2012, Groupe BPCE renewed its adherence to the United Nations Global Compact and expanded it to cover all of its entities in France and abroad. The aims of the Global Compact are compatible with those of ISO 26000 and Global Reporting Initiative (GRI) criteria.

Principles for Responsible Investment

The Principles for Responsible Investment (PRI) are designed to help institutional investors incorporate environmental, social and corporate governance (including anti-corruption) considerations in their investment decisions and practices, and thereby to improve beneficiaries' return on investment over the long term. Natixis has been a signatory of the PRI since 2008.

Equator Principles

By signing the Equator Principles in December 2010, Natixis acknowledged the importance of evaluating the environmental and social (E&S) risks and impacts of the projects it finances with a methodology accepted by many financial institutions so that its customers can manage, minimize, and remedy the impacts they cause as best they can.

Natixis' areas of activity that are eligible for the Equator Principles mainly concern infrastructure, energy (oil and gas), electricity and renewable energy, and mining and metals all over the world.

Corporate Diversity Charter

Groupe BPCE adopted the Corporate Diversity Charter in November 2010, demonstrating its determination to become a model employer. The Group enacts this commitment through special initiatives, such as the July 2010 implementation of the responsible procurement and disabilities policy ("PHARE") and the June 2012 creation of the women's network "Les Essenti'Elles" aimed at promoting a positive image of women and furthering their access to top positions.

Businesses and Neighborhoods Charter

Groupe BPCE was the only cooperative banking group to join this project initiated by the French Ministry for Urban Affairs in late 2013. It signed a framework agreement, to which eight Banque Populaire banks and Caisses d'Epargne have adhered either via a regional agreement or specific initiatives. The framework agreement has been renewed until 2017.

By adhering to this charter, companies undertake to support the economic, social, and cultural development of neighborhoods identified as priorities by urban policy in areas such as social inclusion and entry into employment, public services and economic development (including, in particular, support for entrepreneurship for Groupe BPCE).

Responsible Procurement Charter

Groupe BPCE has been a signatory of the Responsible Supplier Relations Charter since December 2010. This charter was designed to incentivize businesses to adopt responsible practices in dealing with their suppliers. The goal is to change relations between customers and suppliers in order to build a lasting, balanced relationship between them based on mutual trust, with the aim of supporting France's economy by giving precedence to partner-based strategies, dialog, and the expertise of procurement professionals⁽¹⁾.

Development of CSR assessment tools in the Banque Populaire and Caisse d'Epargne networks

Every year since 2011, the Banque Populaire network has measured its commitment to its stakeholders (cooperative shareholders, directors, employees, customers and civil society) using the CSR & Cooperative Dividend. All the banks' societal and cooperative responsibility initiatives are therefore monitored. Banque Populaire Atlantique, Banque Populaire Alsace Lorraine Champagne and Banque Populaire Rives de Paris have implemented a global CSR management approach and have held LUCIE certification since 2012, 2015 and 2016 respectively. Similarly, Banque Populaire des Alpes and Banque Populaire Alsace Lorraine Champagne have been certified AFAQ 26000 since 2014.

A CSR self-assessment tool was made available to the Caisses d'Epargne by their federation in late 2014 to help them deploy action plans in accordance with the ISO 26000 CSR standard. Eight Caisses d'Epargne have completed this process since 2014. In 2016, Caisse d'Epargne Bretagne Pays de Loire obtained LUCIE certification, as did Caisse d'Epargne d'Auvergne et du Limousin in 2015. At the same time, several Caisses d'Epargne have undertaken certification initiatives in favor of the environment (ISO 14001 and ISO 50001 in particular), professional equality, diversity and responsible supplier relations.

(1) <http://www.bpce.fr/Fournisseur/La-politique-achats-responsables/Engagements-durables>

6.1.4 Mapping of societal challenges and stakeholders

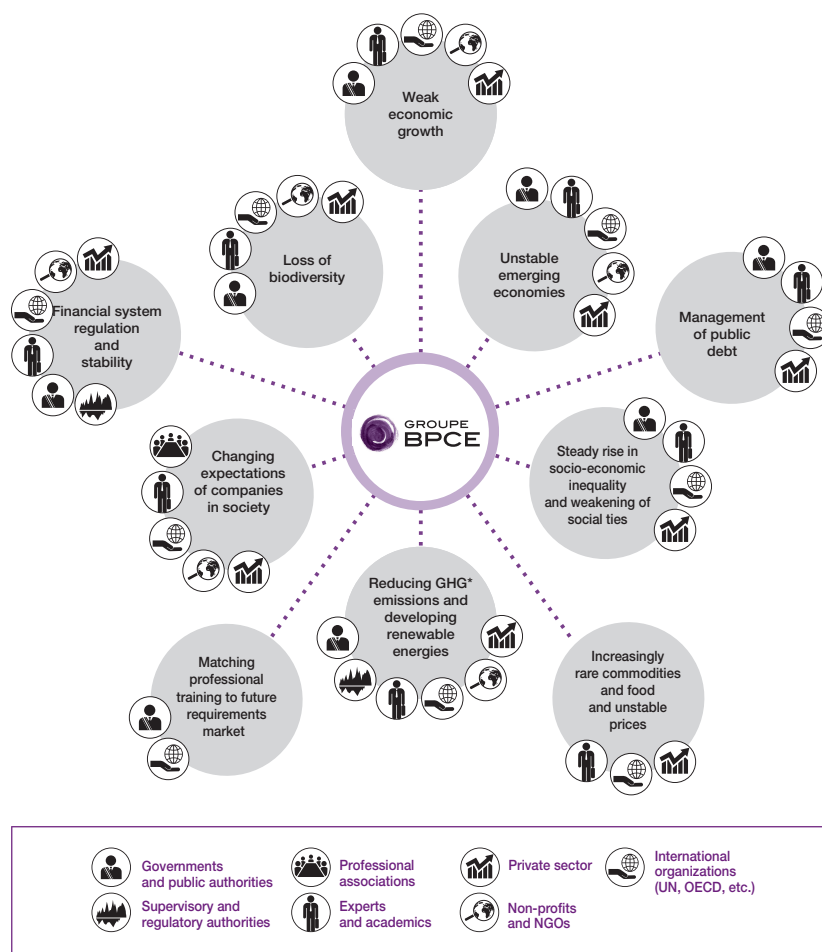
In 2016, Groupe BPCE updated the mapping of societal challenges and stakeholders that it drew up in 2014, with the aim of better identifying the expectations of its stakeholders each year and ensuring they are better taken into account in order to meet the Group's CSR challenges.

The mapping follows GRI-G4 reporting principles and those set by the IIRC (International Integrated Reporting Council).

This new exercise highlighted the key societal challenges that impact banking in France and the different stakeholders involved (see key below).

BPCE seeks to respond to these major societal challenges by focusing its actions on two ambitions:

- to strengthen the Group's CSR practices;
- to set up a strategic policy for green, responsible growth.



* GHG: Greenhouse gases

A consistency test was performed between the new mapping and the Group's CSR policy. The results of the test were satisfactory for the policy as a whole. They nevertheless identified two issues that need to be better taken into account in the Group's CSR policy, namely biodiversity and recycling.

6.2 A range of services to meet the challenges facing our customers

6.2.1 Responsible investment

Within the Group, there are three structures that offer socially responsible investment (SRI)⁽¹⁾ products: Natixis Asset Management (Natixis AM) and its subsidiary Mirova, Ecofi Investissements (Crédit Coopératif's asset management company), and Banque Palatine.

➔ ASSETS UNDER MANAGEMENT IN OPEN-ENDED AND DEDICATED SRI AND SOLIDARITY-BASED FUNDS AND EMPLOYEE SAVINGS PLANS

Indicator (in billions of euros)	2016	2015	2014	Change 2015/2016
Natixis AM	17.2	16.4	12.8	5%
o/w Mirova ⁽¹⁾	6.6	5.6	4.6	18%
Ecofi Investissements	5.6	4.5	3.7	24%
Banque Palatine	0.03	0.06	0.1	(50%)
TOTAL ASSETS UNDER MANAGEMENT IN OPEN-ENDED AND DEDICATED SRI AND SOLIDARITY-BASED FUNDS AND EMPLOYEE SAVINGS PLANS	22.83	20.96	16.6	9%

(1) Mirova is a subsidiary of Natixis Asset Management that has been dedicated to responsible investment since January 1, 2014.

➔ ASSETS UNDER MANAGEMENT IN SRI AND SOLIDARITY-BASED FUNDS AS A SHARE OF TOTAL ASSETS UNDER MANAGEMENT

Indicator (as a %)	2016	2015	2014	Change 2015/2016
Natixis AM	4.95%	4.98%	4.1%	(0.1%)
Ecofi Investissements	66.5%	62.2%	55.6%	7%
Banque Palatine	0.7%	1.6%	3%	(56%)

➔ SOLIDARITY-BASED FUNDS

Indicator (AUM in millions of euros)	2016	2015	2014	Change 2015/2016
90:10 funds ⁽¹⁾ – Natixis	2,335.8	2,124.8	1,964.4	10%
90:10 funds ⁽¹⁾ – Ecofi Investissements	255.2	253.1	217.1	1%
Total assets under management in 90:10 funds	2,591.0	2,377.9	2,181.5	9%
Funds invested in solidarity-based companies by Natixis	145.5	151.7 ⁽²⁾	129.4	(4%)
Funds invested in solidarity-based companies by Ecofi Investissements	33.2 ⁽³⁾	31.1	25.7	7%
TOTAL FUNDS INVESTED IN SOLIDARITY-BASED COMPANIES BY NATIXIS AND ECOFI	178.8	182.8	155.1	(2%)

(1) 90:10 funds combine SRI management of listed securities and management of unlisted solidarity-based securities.

(2) Solidarity-based buckets of 90:10 NAM Mirova + Natixis solidarity-based funds.

(3) Direct investments in solidarity-based companies.

Natixis Asset Management is Groupe BPCE's main asset management entity. At end-2016, it had a total of €17.2 billion in assets under management in a broad range of socially responsible investment (SRI) funds. €6.6 billion of these assets are managed by Mirova, which has been dedicated to responsible investment since 2012, and became a subsidiary of Natixis Asset Management on January 1, 2014.

Banque Palatine had €26.7 million in assets under management in SRI funds at December 31, 2016, invested in two equity funds and a balanced fund, Palatine Or Bleu, which focuses on water (the biggest fund, with AUM of €15.2 million), Gérer Multifactoriel Euro and Palatine Actions Défensives Euro. These three funds have the Novethic 2016 label.

(1) Definition of SRI: AFG/FIR: On July 1, 2013, the AFG (French Asset Management Association) and the FIR (Forum for Responsible Investment) clarified the definition of Socially Responsible Investment (SRI) for the industry. "SRI refers to an investment that aims to reconcile economic performance with social and environmental impact by financing companies and public entities that contribute to sustainable development, regardless of their sector of activity. By influencing market players' governance and behavior, SRI promotes responsible business."

Ecofi Investissements is a Crédit Coopératif subsidiary that applies an SRI filter to 66% of its investments, with over €5.6 billion under management analyzed using environmental, social and governance (ESG) criteria. The restrictiveness of the SRI filter varies according to the fund: "Committed SRI" for the ethical and solidarity-based range and "Responsible SRI" for the rest. Potential SRI investments include 2,800 securities from around the world. The Committed SRI filter selects the 50% best-rated companies, while the Responsible SRI filter excludes the lowest-rated 30%.

RESPONSIBLE MANAGEMENT POLICY

Natixis Asset Management has been committed to sustainable development and socially responsible investment for nearly 30 years⁽¹⁾. It applies a responsible asset management policy to all its investment processes, covering all the recommendations of the United Nations Principles for Responsible Investment, of which it has been a signatory since 2008. Its responsible investment policy involves a detailed analysis of ESG criteria, the incorporation of these matters in investment decisions, and the use of exclusion policies. Natixis Asset Management also undertakes to use its influence to encourage issuers to improve their ESG practices via its voting and commitment policy. It is involved in sector-wide initiatives and actively contributes to industry-shaping reviews of CSR issues.

Additionally, Natixis Asset Management was persuaded by the potential opportunities provided by sustainable development issues to create Mirova, its responsible investment subsidiary. In particular, Mirova seeks to contribute actively to efforts that combat climate change and support the energy transition by offering investment strategies that provide financing for projects that deliver solutions in these areas. Mirova develops environment-based equity strategies (Europe and Global), includes environmental themes in its multi-theme funds (Euro, Europe and Global), invests in renewable energy infrastructure projects in Europe and supports the development of green bonds. It measures and tracks the carbon footprint of its equity and fixed income strategies. Mirova boasts around sixty multi-disciplinary experts: theme-based investment specialists, engineers, financial and ESG analysts, project financing professionals and experts in solidarity-based finance. It can therefore offer investors solutions that create financial, environmental, economic and social value over the long term.

As a pioneer of SRI in France, Mirova manages responsible investments totaling 6.6 billion.

Mirova obtained the French government's SRI label for 21 of its funds

SRI label

In 2016, Mirova was awarded the French government's SRI label for 21 of its funds spanning its entire range and representing 2.2 billion in assets under management (source: Mirova, at June 30, 2016).

The SRI label was created by the French Ministry of Finance in early 2016, with the support of asset management professionals. It aims to enhance the visibility of SRI (socially responsible investment) funds among savers. The label allows investors to easily identify investment products that incorporate environmental, social and governance (ESG) criteria in their investment policy.

TEEC label – Energy and Ecological Transition for Climate

Mirova, an asset management company specialized in responsible investment, was also awarded the "Energy and Ecological Transition for Climate" (TEEC) Label in 2016 for three of its areas of expertise – environmental equities, green bonds and renewable energy infrastructure.

This label was created by the French Ministry for the Environment, Energy and Oceans to direct savings towards the energy and ecological transition.

References to a ranking, award and/or rating are not an indication of the fund or fund manager's future results.

The SRI process followed by Ecofi Investissements, the asset management company of Crédit Coopératif Group and BTP Banque, selects the best-rated issuers from among the investment universe based on the following two filters:

- an assessment of ESG performance, with emphasis on quantitative indicators of the results achieved by companies and governments (CO₂ emissions per MWh per year for electricity providers, frequency and severity of workplace accidents in the construction sector, etc.), and "Touche Ecofi", which overweights values that match those of Crédit Coopératif Group (balance of power, responsible relations with customers and suppliers, blacklisting of tax havens, non-discrimination policy);
- an assessment of corporate scandals: this filter excludes or reduces investments in companies involved in major incidents (pollution, corruption, money laundering, human rights violations, etc.).

This SRI process is rounded out by a strict voting and dialog policy. Ecofi Investissements firmly believes that voting at Shareholders' Meetings and maintaining a dialog with companies are essential to encouraging them to take ESG issues more seriously in their business. Ecofi Investissements had voted on a total of 5,294 resolutions by the end of 2016, 44.8% of which it voted against, at 339 different Annual General Shareholders' Meetings.

(1) Natixis Impact Nord Sud Développement – Natixis Asset Management's first solidarity-based investment fund – was created in 1985. A full range of SRI and solidarity-based investment funds has since been developed.

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For its dialog policy, Ecofi Investissements engages with companies individually and collectively, by questioning the management of some companies that represent a significant portion of its portfolio but are controversial in terms of major issues such as business ethics or gender equality.

DISTRIBUTION OF SRI AND SOLIDARITY-BASED FUNDS BY THE BANQUE POPULAIRE BANKS AND THE CAISSES D'EPARGNE

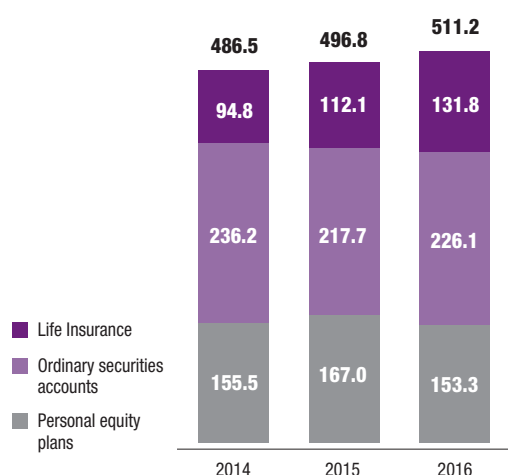
The Banque Populaire banks and the Caisses d'Epargne offer a range of socially responsible investment (SRI) products in order to meet the needs of customers

who are concerned about the impact of their investment decisions and who want to give meaning to their savings. This range includes the line of responsible investments managed by Mirova – the Natixis Asset Management subsidiary that pioneered SRI in France – which encompasses theme- and solidarity-based responsible funds. The Finansol, TEEC and SRI labels awarded to some of these funds are a sign of their quality.

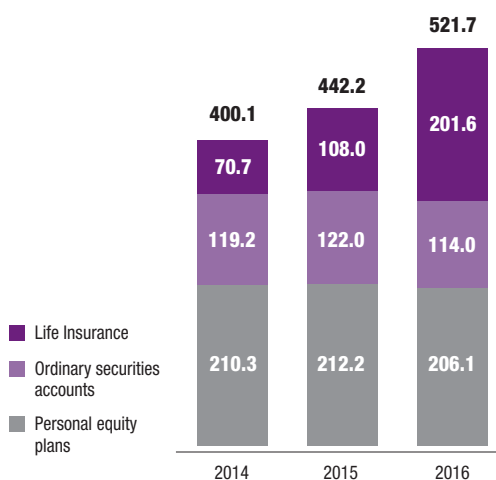
The Banque Populaire banks and the Caisses d'Epargne distributed €1,033 million in SRI and solidarity-based funds to their customers in 2016 (€939 million in 2015).

Indicator (AUM in millions of euros)	2016	2015	2014	Change 2015/2016
SRI funds sold – Banque Populaire network	511.2	496.8	486.5	3%
SRI funds sold – Caisse d'Epargne network	521.7	442.2	400.2	18%
TOTAL SRI FUNDS SOLD BY THE BANQUE POPULAIRE BANKS AND THE CAISSES D'EPARGNE	1,032.9	939	886.7	8%

➔ CHANGE IN AUM IN SRI FUNDS SOLD BY THE BANQUE POPULAIRE BANKS (IN MILLIONS OF EUROS)



➔ CHANGE IN AUM IN SRI FUNDS SOLD BY THE CAISSES D'EPARGNE (IN MILLIONS OF EUROS)



6.2.2 Solidarity-based finance

The listed assets in Ecofi Investissements' solidarity-based and shared-return funds are managed using the SRI filter. They include a full line of solidarity-based products, "90:10" shared-return funds, an open-ended range of solidarity-based company investment funds under the Responsible Choice brand and employee savings fund for large corporates⁽¹⁾. With assets under management totaling

€255.2 million, Ecofi Investissements is now the ninth largest solidarity-based asset manager in the French market, and among the leaders in terms of the number of solidarity-based companies financed. As at December 31, 2016 it had financed 76 companies, for a total amount of €33.2 million.

(1) 11 open-ended funds invested in solidarity-based companies: Ecofi Contrat Solidaire, Ecofi Agir Développement Durable, Choix Solidaire, Confiance Solidaire, Agir avec la Fondation Abbé Pierre, Agir Fondation pour la Recherche Médicale, Faim et Développement Trésorerie, Faim et Développement Solidarité, Faim et Développement Equilibre, Faim et Développement Agir CCFD, Epargne Solidaire; three open-ended solidarity-based company investment funds: Choix Responsable Prudence, Choix Responsable Développement, Choix Responsable Engagement; five dedicated employee savings funds including three invested in solidarity-based companies: Schneider Énergie Sicav Solidaire, Schneider Énergie Solidaire, Dynamis Solidaire, AXA Future Génération and Renault Mobiliz Solidaire.

Mirova – a responsible investment specialist – is the market leader in solidarity-based financial management, with a market share of 34.1%⁽¹⁾ in 2016. Its funds include the Fonds Insertion Emplois Dynamique fund managed in partnership with France Active and available via the Ecureuil Bénéfices Emplois fund (Caisse d'Epargne) and the Fructi Emplois France fund (Banque Populaire)⁽²⁾. Mirova also manages a solidarity-based employee savings fund sold by Natixis Interépargne and Groupe BPCE's banks.

Solidarity mechanisms have been developed on the basis of the passbook savings accounts. The Banque Populaire banks offer the CODEVair passbook savings account, which funds environmental projects. Crédit Coopératif distributes AGIR⁽³⁾ shared return funds, with total savings of €542,830,000 at December 31, 2016.

Financial solidarity mechanisms have also been developed on the basis of payment instruments. An example is the AGIR payment card, which supports approximately 20 partner associations through donations made with each payment.

EMPLOYEE SHARE OWNERSHIP PLANS

The legal requirement to include a solidarity-based fund in any employee savings plan encouraged the Group to develop a wide range of investment solutions in this area.

With a market share of 34.3%⁽⁴⁾ in solidarity-based employee savings, Mirova is the leading asset management company in this segment. Natixis Interépargne is the leading solidarity-based employee savings and savings company with a market share of 21%⁽⁵⁾. Solidarity-based employee savings plans are invested in the specialized professional fund (FPS) called Natixis Solidaire, which

totaled €145 million in assets under management at December 31, 2016. This innovative investment management solution allows for investment in a large number of solidarity-based companies, providing support for a multitude of projects in a range of sectors and delivering tangible social results. Thanks to the investment of their solidarity-based segments in this FPS, all of the solidarity-based company investment funds offered in the employee savings schemes distributed by Natixis Interépargne and the Groupe BPCE networks benefit from this innovation.

Four CAC 40-listed companies use Ecofi Investissements for their solidarity-based and SRI employee savings: Schneider Electric, Orange, AXA and Renault. Ecofi Investissements' longstanding close relations with companies from the social and solidarity-based economy sector, which are often Crédit Coopératif customers, and the wide range of their initiatives – for the planet, international solidarity, a fairer society or alternative enterprise – allow it to offer its customers financing solutions that match their values and commitments.

DISTRIBUTION OF SRI AND/OR SOLIDARITY-BASED FUNDS BY THE BANQUE POPULAIRE BANKS AND THE CAISSES D'EPARGNE

The Banque Populaire banks and the Caisses d'Epargne propose a range of SRI and/or solidarity-based employee savings solutions via Natixis Interépargne (NIE), which is now the leader in employee savings in France. NIE was a pioneer in responsible and solidarity-based employee savings, and was the first to offer its clients open-ended responsible and solidarity-based company investment funds.

Indicator (AUM in millions of euros)	2016	2015	2014	Change 2015/2016
AUM in SRI and/or solidarity-based employee savings funds – Banque Populaire network	1,619.4	1,543	1,394.4	5%
AUM in SRI and/or solidarity-based employee savings funds – Caisse d'Epargne network	197	160.7	125.5	23%
TOTAL SRI AND/OR SOLIDARITY-BASED EMPLOYEE SAVINGS FUNDS SOLD BY THE BANQUE POPULAIRE BANKS AND THE CAISSES D'EPARGNE	1,816.4	1,703.7	1,519.9	7%

6.2.3 Financial inclusion and microloans

FINANCIAL INCLUSION

In 2016, Groupe BPCE implemented the AFECEI⁽⁶⁾ Charter for banking inclusion and the prevention of excessive debt in its banking networks. This charter is aimed at individuals (not acting for professional reasons) who hold a current account or benefit from financial services provided by the Group's entities.

The Group's efforts to prevent banking exclusion and monitor customers experiencing financial difficulties were visible in the first indicators covering all Group entities, which BPCE reported to the Banking Inclusion Observatory in June.

Of a total of 37.9 million customers, including 34.8 million customers of retail banks, 578,866 potentially vulnerable customers were identified in the first half of 2016.

This analysis was based on the statistical modelling of a series of variables concerning customer accounts. The customers identified were offered a meeting to analyze their financial situation as well as solutions and support. The Banque Populaire banks and the Caisses d'Epargne provide banking services adapted to these vulnerable customers via the OCF offer. In order to maintain a close, lasting relationship of trust with these customers, dedicated structures set up within the banks or with external partners may also become involved.

Several training modules are provided to train employees in these solutions, including virtual classes, classroom learning, and e-learning. As of mid-2016, these modules had been followed by 9,537 individual account managers out of a total of 17,567 in the Caisses d'Epargne and the Banque Populaire banks. The table below shows 2016 data on new and existing basic banking services and the solutions offered to vulnerable customers of the Group's banks.

(1) Source: Finansol 2016 survey based on AUM at end-December 2016.

(2) Ecureuil Bénéfices Emploi and Fructi Emplois France are feeder funds for the Insertion Emplois Dynamique fund. Before making any investment, please read the Key Investor Information Document, available on www.caisse-epargne.fr and <http://www.placementsfinanciers.banquepopulaire.fr>.

(3) A passbook savings account in which half the interest is automatically paid to a partner association of Crédit Coopératif.

(4) Calculated based on AUM published by AFG (French Asset Management Association) at 12/31/2015.

(5) Source: Finansol Focus on solidarity-based financing, end-December 2015.

(6) AFECEI: the French Association of Credit Institutions and Investment Firms has drafted a professional charter that has regulatory authority.

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➔ BANKING SERVICES FOR VULNERABLE CUSTOMERS

Indicator (in number of customers)	2016	2015	2014	Change 2015/2016
Basic banking services (new)	11,049	12,774	11,214	(14%)
Basic banking services (existing)	43,103	44,479	28,841	(3%)
Services for vulnerable customers (new)	26,022	25,979	16,853	0%
Services for vulnerable customers (existing)	82,410	70,793	57,200	16%

Including the subsidiaries Banque de Nouvelle-Calédonie and Banque de Tahiti but excluding Crédit Coopératif.

Within the framework of the French banking law of July 26, 2013 on the separation and regulation of bank activities, the Banque Populaire banks and the Caisses d'Epargne launched a range of solutions adapted to the needs of vulnerable customers, who can benefit from banking services under regulated conditions. This program replaced the alternative payment range of services at the end of 2015.

INITIATIVES BY THE BANQUE POPULAIRE BANKS

Personal and professional microloans

The Banque Populaire banks have established close ties with networks that encourage business creation and economic organizations throughout the French regions, including ADIE (French association for the right to economic initiative), Initiative France, France Active, Réseau Entreprendre, BGE (formerly Boutiques de Gestion), etc. The Banque Populaire banks are also major players in microloan research in France via their support for the Microfinance Research Chairs at Audencia business school and ESC Dijon.

In line with their position, the Banque Populaire banks primarily direct their microfinance initiatives towards professional microloans. The network of Banque Populaire banks has reaffirmed and strengthened its support for ADIE, and in particular for young micro-entrepreneurs. In 2016, the Banque Populaire banks remained ADIE's leading provider of microloan financing⁽¹⁾. The Banque Populaire banks also top up start-up loans requiring no personal guarantees for young people set up by ADIE, and through their federation they co-fund CréaJeunes youth programs and other activities for ADIE's young beneficiaries. The Banque Populaire banks and the FNBP are also partners of Microloan Week and ADIE's "There's No Right Age To Start A Business" campaign, mainly aimed at promoting ADIE to young start-up creators. Additionally, the Banque Populaire banks and ADIE co-founded the "Jeune Créadie Banque Populaire" award, given out in the local regions and at a national level to young people with entrepreneurial projects. With the signing of a three-year framework agreement between ADIE and the FNBP covering the 2016-2018 period, the Banque Populaire network intends this partnership to continue over time. The FNBP, represented by its Chief Executive Officer, is a member of ADIE's Board of Directors.

Finally, the Banque Populaire banks grant top ups for start-up loans requiring no personal guarantees under the Initiative France program, and many of these banks have set up agreements with the incubator France Active.

Crédit Coopératif is one of the main players in personal microloans through its strong commitment to support networks (ADIE, the French Red Cross, Secours Catholique, Missions Locales, etc.) and a partnership between its subsidiary BTP Banque and Pro-BTP (a social protection agency for construction workers) to enable apprentices in the construction sector to buy a vehicle.

Banking education

The Banque Populaire banks have invested in banking education, and some branches offer support to vulnerable customers. The bank's employees or external partners provide training sessions to small groups of customers on topics such as budget management, using banking services and debt. Some banks also offer innovative budget education solutions in the form of guides, games, videos or interactive modules that are available for free on the bank's website or the website reserved for the bank's cooperative shareholders. These solutions are used as educational material and allow customers to better manage their budget while improving their understanding of banking as a whole. Via their Federation, the Banque Populaire banks are also members of the Finances Et Pédagogie association.

Vulnerable customers

In 2016, the Banque Populaire network allocated €2.1 million to banking inclusion, including nearly €1.9 million earmarked for identifying and supporting individual customers, VSEs and SMEs in financial difficulty. Supporting vulnerable customers is one of the Banque Populaire network's major commitments. Around ten Banque Populaire banks have an internal structure to identify and support individual customers facing financial difficulties. These structures include dedicated branches or services, and provide support to vulnerable or over-indebted customers for the time it takes to return to a sustainable, stable financial position, with the goal of allowing these individuals to return to the traditional banking system.

INITIATIVES BY THE CAISSES D'EPARGNE

Personal and professional microloans

The Caisses d'Epargne are now the leading provider of personal microloans⁽²⁾ and among the leaders in professional microloans. They are the only banks that offer support services adapted to the needs of microloan borrowers, via the Parcours Confiance association and the Créa-Sol microfinance institution. A total of 73 advisors are dedicated to this activity across France, alongside over 600 partners providing support for borrowers. In 2016, 4,894 personal microloans and 1,188 professional microloans were granted.

The Caisses d'Epargne play an active role in microloan development. At the national level, they are represented on the Steering and Supervisory Board of the Fonds de cohésion sociale (social cohesion fund).

(1) ADIE data.

(2) Fonds de cohésion sociale (social cohesion fund)/Caisse des Dépôts data.

In 2016, three major areas for research and innovation emerged:

- energy insecurity and inadequate housing: the Caisses d'Epargne continued to develop their offer of home microloans, in order to allow low-income owner-occupiers to finance the renovation of their home;
- women entrepreneurs: the Caisses d'Epargne have published several surveys of the profiles and requirements of women entrepreneurs since 2012. This year, a new qualitative survey was carried out from a behavioral economy viewpoint in order to identify the obstacles that discourage women from starting a business. The Caisses d'Epargne also organized the fifth national women entrepreneurs' day at the microbusiness trade show on October 5, 2016;
- mobility: the FNCE maintained its commitment to inclusive social mobility as part of the "Entreprise et Pauvreté" action tank, which aims to encourage companies to develop economically sustainable projects with a real impact in terms of alleviating poverty and social exclusion in France and which can be rolled out on a large scale.

Finally, the Caisses d'Epargne maintained their international commitments through their involvement in the European Microfinance Network (EMN) and the European Savings Bank Group (ESBG). The FNCE notably participated in the EMN working group on the social impact of microfinance.

Financial education

Since its creation in 1957, the Finances Et Pédagogie association has been supported by the Caisses d'Epargne. Through this partnership, in 2016, 21 employees in local regions created an educational program focused on money-related issues. This financial education project is mainly devoted to teaching young people and facilitating their insertion, informing people in economically and financially unstable situations, and training professionals in social action to support these demographic groups.

In 2016, 2,769 sessions were held with about 38,700 participants. They included:

- 14,623 young people from schools and vocational centers;
- 18,481 people receiving support from entities in the social and solidarity-based economy or other social organizations;

- around 872 social workers and volunteers from the social services divisions of associations, mentorship organizations, and local governments.

All of these actions are intended as concrete responses to the current challenges of banking inclusion and the prevention of excessive debt. The initiatives take the form of workshops/training sessions that combine theoretical learning and practical experience.

Nearly 3,800 topics were covered in 2016:

- 59% involved budgeting and money issues in everyday life;
- 18.5% involved banks and banking relationships;
- and over 17% involved issues related to credit and excessive debt.

The association is now an essential, recognized force in financial education in France.

SOLIDARITY-BASED LOANS WITH SUPPORT – BOOSTING EMPLOYMENT

To better analyze the Group's stance on financing business creation with support, in 2016 BPCE updated its internal survey on banks' lending activities via partnerships with the three leading organizations offering professional microloans with support: France Active, Initiative France, and ADIE. This survey, which included a review of the Banque Populaire banks and the Caisses d'Epargne, emphasized how the sales and CSR approaches complement each other in this type of offer. It highlighted the advantages of supporting the person behind the project with a partner in order to reduce incidents in the microenterprise segment, which is a driver of job creation at a local level. The survey also underscored the importance of the leverage effect arising from guarantees (1 to 20) or start-up loans with no personal guarantee in relation to bank top-up loans (1 to 7).

In 2016, BPCE remained the leading financier of these three networks⁽¹⁾, funding or refinancing a total of €517.2 million. These solidarity-based loans are broken down as follows (microloans, NACRE (Nouvel accompagnement à la création d'entreprise – new support for business creation) top-up loans and start-up loans provided by Initiative France).

➡ SUMMARY OF MICROLOANS⁽²⁾ WITH SUPPORT ISSUED BY GROUPE BPCE

Type of loans (in euros)	New loans in 2016		New loans in 2015		New loans in 2014		Change 2015/2016	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Personal banking microloans	5,554	14,259,435	5,665	14,664,334 ⁽¹⁾	6,369	15,430,928	(2%)	(3%)
Personal non-banking microloans	1,708	4,728,101	1,561	3,729,470	1,345	3,122,014	9%	27%
Professional banking microloans guaranteed by France Active	2,141	63,420,429	2,196	60,627,529 ⁽²⁾	2,253	66,949,787	(3%)	5%
Professional non-banking microloans	5,233	18,445,997	5,587 ⁽³⁾	19,875,971	5,261	18,094,493	(6%)	(7%)
GROUPE BPCE TOTAL (CAISSES D'EPARGNE, BANQUE POPULAIRE BANKS, CRÉDIT COOPÉRATIF INCLUDED)	14,636	100,853,962	15,009	98,897,304	15,228	103,597,222	(2%)	2%

(1) For the Caisses d'Epargne, new personal banking microloans in 2016 totaled €11,618,764 (excluding specific product code ACC019 for Caisse d'Epargne Bretagne Pays de Loire).

(2) For the Caisses d'Epargne, new professional microloans guaranteed by France Active in 2016 totaled €25,148,400.

(3) New ADIE microloans (in number of loans) in 2016 amounted to €20,294,674.

(1) According to the three organizations: Initiative France, France Active and Adie.

(2) Microloans: loans issued to borrowers in vulnerable situations covered by a guarantee and supported by a public interest organization. Funds issued are capped pursuant to the Lagarde Act of July 1, 2010.

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The microloan business of the Banque Populaire banks and the Caisses d'Épargne has ranked Groupe BPCE as the leading French bank in microfinance for many years. In personal microloans guaranteed by the fonds de cohésion sociale (social cohesion fund), the Group accounted for 43.5% market share at the end of 2015 (source: Caisse des dépôts et consignations). In professional microloans,

it accounts for one-third of total activity, in particular with 33% market share at end-2016. In 2016, despite the emergence of new players, the Group retained its position as market leader, with 14,636 microloans issued, totaling €100.9 million (vs. 15,009 loans in 2015 totaling €98.9 million).

➔ GROUPE BPCE NACRE⁽¹⁾ TOP-UP LOANS

Issuing networks (in euros)	New loans in 2016		New loans in 2015		New loans in 2014		Change 2015/2016	
	Number	Payments	Number	Payments	Number	Payments	Number	Payments
GROUPE BPCE TOTAL⁽²⁾	2,819	95,835,873	2,835	95,900,048	3,530	140,870,175	(0.6%)	(0.1%)

(1) France Active – Fafi.

(2) Caisses d'Épargne, Banque Populaire banks, Crédit Coopératif included.

In 2016, Groupe BPCE granted €95.8 million in top-up loans to entrepreneurs benefiting from the "NACRE" scheme (*Nouvel accompagnement à la création et à la reprise d'entreprise* – new support for business creation). Finally, it has

bolstered its position as the leading bank group to partner with platforms run by Initiative France, which estimates that it distributed more than €320 million in top-up loans to supplement start-up loans in 2016⁽¹⁾.

➔ TOP-UP LOANS FOR START-UP LOANS PROVIDED BY INITIATIVE FRANCE (ESTIMATE AT 01/30/2017)

Issuing networks (in euros)	New loans in 2016		New loans in 2015		New loans in 2014		Change 2015/2016	
	Number	Payments	Number	Payments	Number	Payments	Number	Payments
GROUPE BPCE TOTAL⁽¹⁾	5,040	320,500,000	5,303*	335,968,807*	5,577*	352,742,343*	(5%)	(5%)

(1) Caisses d'Épargne, Banque Populaire banks, Crédit Coopératif included.

* The estimated 2014 and 2015 figures published in the 2014 and 2015 registration documents have been updated with the actual 2014 and 2015 figures.

6.2.4 Support for green, responsible growth

As a major player in banking and insurance, Groupe BPCE puts green growth at the center of its CSR policy. More than a societal trend, the energy and environment sectors are undergoing strong economic growth: for BPCE, this growth driver concerns all its customers, local regions and business lines. By pooling its expertise, the Group has the skills needed to provide all its customers with economic and financial support.

The aim of green growth is to steer the economy toward more eco-friendly manufacturing and consumption methods. It mainly involves making existing activities greener, by integrating regulations, standards and practices that transform entire sectors to make them more compatible with local, national and international commitments to reduce greenhouse gas emissions. In the construction sector, for example, the application of successive thermal renovation regulations, culminating in the ambitious RT 2012 standard in France, has brought about considerable progress in one of the leading sectors of the French economy. The trend is set to continue, as the ground is being prepared for the integration of the RT 2020 standard, which will see the construction of positive-energy buildings that produce more energy than they use.

Green growth is also giving rise to innovations that are revolutionizing certain economic and industrial sectors and even leading to the emergence of new ones. These innovations are of a technical, organizational, social or societal nature and are often made possible by progress in digital technologies. The revolution in terms of renewable energy is symbolic of the transformation. Coupled with energy storage and management technologies, this revolution will allow entire

regions to produce and manage their own energy in line with local resources and requirements, while limiting their carbon emissions.

It is also important to finance our customers' energy transition and to support the development of green sectors, which will drive future growth. To achieve its ambition in this field, Groupe BPCE is addressing several challenges:

- a technical challenge: obtaining a firmer grasp on technical innovations to better understand the market, and thus provide more effective financing;
- an organizational challenge: the scope of the green growth market is local, national and European. It is aimed at all target segments, including individuals, SME/VSE professionals, local authorities, large corporates and institutions. To be effective on this market, there need to be appropriate organizations, products and services for each of these segments;
- a financial challenge: innovation is central to these emerging markets and calls for long-term investments.

The Group is working to build expertise in these relatively complex markets and seize the business opportunities they provide. To this end, it draws on a network of experts and officers in the Banque Populaire banks, the Caisses d'Épargne, and in its subsidiaries Natixis, Crédit Foncier, Banque Palatine and BPCE International. Each of these entities has established a network of partners involved in this field, including professional organizations, industrial players, local authorities, think-tanks, associations, NGOs, etc.

(1) The estimates were made by Initiative France on the basis of the data provided by 150 platforms (90% of total respondents) on their annual online survey. These data were then extrapolated to the 227 platforms in the network. The survey is accessible from late December to mid-February, and the data collected are in regard to the full year (from January 1 to December 31, 2016).

Green and blue growth, driving Groupe BPCE's development

In 2016, BPCE carried out a far-reaching analysis to identify green growth segments and to measure their potential in terms of the economy, employment, environmental gains and net income generation. Its analysis aimed to better understand the expectations of players in these segments and their growth models, to allow the Group to build relevant solutions. Groupe BPCE has a longstanding presence in several of these segments, and it wants to help them achieve balanced growth in support of employment and local economies.

The Group's stakeholders were consulted *via*:

- two customer surveys – one quantitative and one qualitative;
- interviews with internal experts.

The information gathered allowed the Group to characterize the interest and requirements of current and future users of the new goods and services being produced in the green growth segment.

In the nine green growth segments that were identified, the construction and renewable energy segments are already experiencing strong growth. Thermal regulations for new buildings and existing standards for renovation work are driving growth in this market. However, the project sponsorship process – ranging from technical choices to financing solutions – is too complex to be adopted on a large scale and to produce the intended impact in terms of energy savings. Groupe BPCE has considerable experience in this area and has been developing solutions to better support its customers in their green real estate projects for over ten years. It is aided in this area by its membership of professional networks such as Effinergie, the Club d'Amélioration de l'Habitat and the association HQE France GBC, the network of sustainable planning and real estate professionals.

The renewable energy sector is expanding once again, in particular with the development of major wind farm and solar PV energy projects. The Banque Populaire banks and the Caisses d'Épargne, assisted by Natixis Energeco's expertise, are among the major financiers of this activity. The challenge now facing the sector is to allow the development of projects that are more widespread and better connected to the local regions.

One of the major changes in renewable energy is the integration of energy management, storage and transport solutions. This nascent segment has real potential and Groupe BPCE intends to be one of the pioneers in financing its growth.

Sustainable agriculture is another fast-growing segment with strong economic and environmental potential. This disparate sector is being driven by consumer demand, and provides the Group with a growth opportunity.

Sustainable transport and mobility solutions, recycling, the renewal of production infrastructure and eco-innovation are other emerging segments that have attracted BPCE's attention.

Finally, the ocean economy – blue growth – covers all ocean-related segments and their specific features: responsible fishing, sustainable tourism, marine energy, etc. Groupe BPCE's banks, led by Crédit Maritime, intend to establish the conditions to foster their development along the coastline.

The Banque Populaire network promoted sustainable agriculture at the 2016 International Agricultural Show

As a recognized player financing 22% of wine-growers and farmers in France, the Banque Populaire network showcased its customers that use sustainable farming methods at the 2016 International Agricultural Show. Farmers are aware that their sector is undergoing major structural and economic changes, and more and more of them are transforming their business model to secure their business's profitability and future. Several topics were addressed during the show, which was held from February 27 to March 6, 2016, including renewable energies, forestry management, agroforestry, permaculture, integrated wine-growing, urban agriculture, organic farming and direct local food distribution chains. The event promoted innovative agricultural solutions that are focused on the future. The presentations illustrated how the Banque Populaire banks support their customers, even when they face ambitious challenges.

FINANCING THE ENERGY TRANSITION AND GREEN GROWTH

As a bank active in all businesses, Groupe BPCE is able to contribute to all types of projects in the four main categories of green growth financing: energy efficiency, greenhouse gas reduction, management and recycling of natural resources, and new eco-goods and services. The diversity of its expertise and

operations allows it to support projects at a local, national and international level.

The Group offers innovative solutions and a complete, exclusive line of products. It thereby occupies a leading position in major green growth markets, particularly in renewable energy, public transportation and sustainable real estate.

BPCE International: a leading role in financing the energy transition

The BPCE International network has developed expertise in financing renewable energy in its regions of operation.

In the fourth quarter of 2016, Banque de Nouvelle-Calédonie, Banque de Tahiti, and their parent company BPCE International were involved in financing the construction and operation of a solar power plant in Voh, in the Northern Province of New Caledonia.

As a major player in renewable energy financing, the BPCE International network has funded more than 800 solar, wind, biomass, and hydropower plants in the French overseas territories and abroad since 2006, representing total output of 170 MW.

The BPCE International network is also involved at the other end of the energy chain, by contributing to the recycling of waste hydrocarbons. For example, in the Republic of the Congo, BCI – a BPCE International subsidiary – provided financing to allow a newly-formed company, Africa Eco Resp, to purchase an engine oil recycling machine.

Additionally, the Group also offers:

- savings products: Banque Populaire's "CODEVair" account, Caisse d'Epargne's regional passbook accounts used to fund local projects, Mirova's SRI range for socially responsible financial investments;
- tailored credit solutions: Banque Populaire's "PREVair" and "PROVair" loans, Caisse d'Epargne's "Ecureuil" sustainable development loans for individual or professional customers; "EuroFIDEME" and "FIDEPPP" investment funds for private or public sector investors.

Creation of a biogas⁽¹⁾ working group

Supporting green growth involves anticipating local needs. Groupe BPCE has seen an increase in financing applications for biogas projects and 2016 marked a turning point in this technology's development. An internal project was set up to identify the potential offered by this market, its technical features and uses. The working group involves experts from fourteen Groupe BPCE entities and will determine the most appropriate approach to seize opportunities on the market and recommend the best set-up at a regional and national level.

In 2015, BPCE's outstanding green growth financing amounted to €8 billion. The Banque Populaire and Caisse d'Epargne networks accounted for 54% of the total, while Natixis, BPCE International and Banque Palatine accounted for 46%. In the two cooperative networks, 37% of this financing is for thermal renovations, 60% for renewable energies and 3% for green transport solutions.

77.5% of the total financing amount is for renewable energies, amounting to around €6.2 billion in 2015. The financing is provided by Natixis, which accounts for 52% of outstandings, the Banque Populaire and Caisse d'Epargne networks (20% each), and Banque Palatine and BPCE International, with 4%

each. All renewable energies are covered, though the bulk of the financing goes to more mature markets such as solar power (51% of outstandings) and wind power (29%).

This breakdown shows that the issues and the support provided by Groupe BPCE lie with major international projects as well as locally, among SMEs and households.

Improving the visibility, understanding, and promotion of the green, socially responsible products distributed by the networks will be a major focus for the Group in the coming years.

The BPCE-KfW-ELENA project is gaining momentum

In 2012, Groupe BPCE was the first bank to sign an agreement with the European Commission to organize financing for the energy transition in the regions. It is still the only pilot bank in France, and is committed to working hand-in-hand with local authorities to facilitate energy efficiency initiatives taken by households and building managers. After a period of adjustment between the program's various components, including digital training, communication, single point of access, etc., the results confirm the relevance of the chosen model.

At December 31, 2015, €2.8 million in subsidies had been allocated to the partner authorities, €255,000 of which have already been committed. Households received €2.8 million in loans from the participating Banque Populaire banks and the Caisses d'Epargne, representing a total final investment of €29.9 million and generating energy savings of 56.68 GWh. The initiative supported 909 energy efficiency projects. While local thermal renovation platforms are developing in many forms, experience shows that the full involvement of a bank within the structure is a key to its success. As a testament to this success, other local authorities have asked the Banque Populaire banks and the Caisses d'Epargne to expand the program. Although it remains in its pilot phase, a new region and a new bank joined the program in 2016: the Normandy region and the Manche département, partners of Banque Populaire de l'Ouest. They joined Banque Populaire des Alpes and the Pays Voironnais local authority, Banque Populaire Alsace Lorraine Champagne and the Lorraine region, Caisse d'Epargne Bourgogne Franche-Comté and the Franche-Comté region, and Caisse d'Epargne Bretagne Pays de Loire and the Brittany region.

(1) Biogas is produced by anaerobic digestion, a process by which microorganisms break down organic matter in the absence of oxygen. It is composed of 55% methane (CH₄), 40% carbon dioxide (CO₂) and 5% other gases and digestate, which contains non-degraded organic matter and water.

Financing green growth also means withdrawing from sectors that are deemed incompatible with the objective of environmental and economic sustainability. In this respect, in 2015 Natixis decided to cease financing the coal industry around the world.

NATIXIS AM AND MIROVA TAKE ACTION TO COMBAT CLIMATE CHANGE

Combating climate change is a major component of the strategy followed by Natixis AM and its subsidiary Mirova and they have set up several initiatives in this area:

- measuring the carbon footprint of their investment portfolios using the Carbon Impact Analytics solution – an innovative methodology co-developed by Mirova and the consultancy Carbone 4. The process was first used to measure the carbon footprint of Mirova's equity portfolios in 2015, with a view to generalizing it to all of Natixis AM's portfolios;
- reducing Natixis Asset Management's exposure to carbon-intensive sectors by taking ESG criteria into account in all its investment processes and drafting an investment policy for the coal sector;
- developing investment solutions in favor of the climate, with a range of products covering multiple asset classes created by Mirova, designed to direct investment flows towards innovative solutions such as:
 - renewable energy infrastructure funds,
 - theme-based equity funds invested in companies likely to benefit from opportunities in energy efficiency, low-carbon solutions and the management of natural resources,
 - increasing investments in green bonds;
- promoting asset management in favor of the climate, in particular by actively contributing to sector initiatives to upgrade regulations and standards, such as:
 - Article 173 of the French law on the energy transition for green growth, which imposes new ESG reporting requirements, and the definition of a low-carbon strategy,
 - the launch of the TEEC label (Energy and Ecological Transition for Climate).

GREEN PRODUCTS SOLD BY THE BANQUE POPULAIRE BANKS AND THE CAISSES D'ÉPARGNE

	2016		2015	
	Number	Outstandings	Number	Outstandings
Voluntary savings products (unregulated) (in euros)				
Savings products				
Livret de Développement Durable (LDD) sustainable development passbook savings account	289,893	4,637,311,301	308,413	4,695,131,381
Green loans				
PREVair (loans backed by LDD savings)	382	4,000,493	772	8,854,613
Ecureuil Crédit DD (loans backed by LDD savings)	4,545	44,638,043	6,461	68,841,352
Éco-PTZ (interest-free eco-loans)	5,347	79,008,160	6,019	89,566,998
TOTAL REGULATED GREEN LOANS	10,274	127,646,696	13,252	167,262,964

	2016		2015	
	Number	Outstandings	Number	Outstandings
Voluntary savings products (unregulated) (in euros)				
Savings products				
CODEVair (passbook savings accounts)	4,807	224,134,080	4,659	191,236,330
Green loans				
PREVair (loans backed by CODEVair savings)	117	1,913,206	258	3,696,738
PREVair Auto (car loans)	1,903	23,866,031	2,105	26,479,400
Ecureuil Auto DD (car loans)	4,332	44,422,785	4,758	48,681,854
PROVair	62	5,218,016	103	8,722,292
Total unregulated green loans	6,414	75,420,037	7,224	87,580,284
TOTAL GREEN LOANS (REGULATED + UNREGULATED)	16,688	203,066,734	20,476	254,843,248

6.3 Responsible internal practices

Groupe BPCE is aware that its responsibility begins in-house, and it factors environmental and social criteria into its everyday operations with a three-pronged approach:

- responsible, committed employee management practices;
- mitigation of the Group's direct environmental impact;
- support for suppliers as part of its social, environmental, and societal commitment: this approach is explained in detail in section 6.4.

6.3.1 Employees: helping to build and develop the Group

HR EXCELLENCE, HR ASPECTS OF THE 2014-2017 STRATEGIC PLAN

Managerial and human issues are central to Groupe BPCE's "Another way to grow" strategic plan with three key words: **AMBITION, PARTICIPATION and CUSTOMERS**. Success rests both on the efficiency of the management chain of command, from top management down to local managers, and on the commitment of all men and women at the Group's companies.

For "Another way to grow", management is a powerful tool for differentiation. It encourages employee commitment to customer service, the ability to implement change rapidly, and teamwork for performance and innovation. Each company takes its own approach to management and HR, emphasizing its own values and identity. Groupe BPCE collectively draws on this leverage by focusing the management chain of command on strong, simple, shared principles and by strengthening employee commitment.

The "HR Excellence for Better Customer Service" project defines the HR vision of what behavior is expected from employees and managers as well as the operational version of that vision, *i.e.* our HR commitments for the 2014-2017 period.

Three HR objectives have been set in pursuit of HR excellence. Meeting these objectives calls for identifying shared behaviors while applying the three keywords of the strategic plan.

Managers who set ambitious goals

The management chain values teamwork, shares strategy, imparts meaning, and achieves the expected results. This chain mobilizes the energy and talent of its teams. Managers promote mobility, diversity and professional development among their employees while guiding change and creating conditions for success.

Men and women motivated on a daily basis

The Group's employees are fully invested in their jobs and actively contribute to earnings and performance. They take action and are proactive within their scope of responsibility. They are active in their own professional development, open to change, and able to adapt constantly. They participate in Group projects and are rewarded for their contributions.

Sustainable performance for better customer service

The Group's employees focus their actions on meeting customer needs. Operational excellence and quality of service are central to each company's systems. Innovation and initiative are valued at every level. Quality of working conditions is an area being constantly improved.

HR policy defined at the Group level benefits from fundamentals shared by all the companies, which apply proven HR practices and structuring systems, namely:

- innovative solutions for those involved in HR performance;
- an HR function that co-builds solutions with the business lines;
- social solidarity organized among all Group companies;
- early executive management to help the Group develop;

- an efficient HR management control system, making it possible to manage and monitor HR policies, in particular employment, which draws on shared tools;
- internal communication to support this strategy in all HR areas.

All Groupe BPCE companies are committed to a responsible human resources development policy, which:

- respects people in all of their diversity;
- is firmly committed to valuing employee skills and promoting their professional development;
- ensures both the integration of our new employees and the improvement of all employee skills, in order to help them adapt in their roles and steer their career development.

GROUPE BPCE, A MAJOR RECRUITER

Groupe BPCE is one of the biggest recruiters in France.

The recruitment policy aims to attract individuals with the skills needed to allow its businesses to grow, to keep up with changing practices and to maintain a steady headcount.

Groupe BPCE mainly recruits sales specialists to serve its customers in its individual, professional and business customer markets. Experts in risk management, audit, finance and IT are also regularly recruited by all Group companies.

University graduates with or without experience can join Groupe BPCE. With its vast array of tailored business lines and training courses, a wide range of professional opportunities is available to match each individual's motivations and expertise.

Groupe BPCE is deeply committed to societal responsibility and the quality of its recruitment. It has a policy of non-discrimination and strives to encourage diversity in terms of applicant profiles. Each new hire participates in an integration program that includes an individual training plan and follow-up interviews throughout the integration period.

Groupe BPCE has worked to encourage the employment of young people for many years and in January 2015 signed an intergenerational agreement with a target of at least 50% of new annual permanent hires being under the age of 30.

In addition to maintaining a presence at business schools and universities, and through its recruitment website, Groupe BPCE and its companies have expanded their coverage as employers on professional networking websites so they can better promote the diversity of their businesses and career opportunities.

The Group is continuing to enhance the candidate experience by going digital: from initial contact on networking sites to the electronic signing of employment contracts, and including video pre-selection interviews. In 2016, a referral platform was set up and the first business line ambassador programs were created.

DEVELOPING SKILLS TO SUPPORT THE GROUP'S DIGITAL TRANSFORMATION AND IMPROVE CUSTOMER SATISFACTION

The Occupation and Skills Forecasting (GPEC) agreement signed on January 20, 2015 is fully in line with the goals set in the "Another way to grow" strategic plan for 2014–2017, with the three-year professional training guidelines adapted accordingly for the period to 2017. The Banque Populaire and Caisse d'Épargne professional employee representative networks – which as of 2014 aligned their labor agreements with French law No. 2014–288 of March 5, 2014 on professional training, employment and social democracy – have a solid HR foundation that fully supports the Group's training policy, which has three major priorities:

- adapting employee skills to changes in the business lines and the banking model;
- supporting management in the pursuit of collective performance while respecting individual development plans;
- making investments in training and measuring their effectiveness.

The training programs implemented by Group companies in 2016 fully reflect the Group's commitment to bolstering career development at an individual and collective level, with the goal of maintaining employee value on the job market. Professional training is seen as an investment in employee development and the long-term performance of Groupe BPCE companies. The training programs are notably designed to:

- steer the transformation of the banking model and the business lines;
- adapt skills to the increasing pace of regulatory change;
- maintain employee expertise;
- cultivate the benefits of the Group's cooperative banking model;
- enhance customer satisfaction;
- prepare employees for new positions.

All Groupe BPCE companies are committed to a responsible human resources development policy, which:

- respects people in all of their diversity;
- is firmly committed to valuing employee skills and promoting their professional development;
- ensures both the integration of our new employees and the improvement of all employee skills, in order to help them adapt in their roles and steer their career development.

Groupe BPCE maintained a high level of training investment in 2016, with 94% of employees having followed at least one training course during the year.

Adapting employee skills in line with changes in the business lines and the banking model

Drawing on its Business Observatory and based on expected changes in jobs and skills, the Group strives to enhance its employees' value on the job market. This commitment to a responsible HR development policy is also reflected in the Group's training programs, which support employees throughout their careers, in particular:

- during the integration of new employees;
- for each new regulatory or fiscal development;

- to raise awareness among managers and employees about change management associated with changes in the businesses and about the need for ongoing training throughout their careers;
- when adapting to changes in their business line or in preparation for career advancement;
- through employee professional development initiatives leading to certification.

Initiatives to support the Group's digital transformation gathered pace in 2016. The networks continued to implement programs to adapt advisors' skills to the target omnichannel banking relations model. The MOOC (massive open online course) "Digit'All" designed to raise employee awareness of digital development challenges, which was created and organized collectively in 2015, was renewed independently by 13 companies in 2016.

To obtain an overview of employees' digital culture at an individual and collective level and to fine-tune their training plans, several Group companies designed and developed a solution to assess their employees' digital profile. Four companies have already adopted the solution, which will be rolled out across the board in 2017.

In addition, to ensure all employees have a minimum level of digital skills, the Group enhanced its training offer with new content:

- *Netexplo Academy*, a series of 165 freely-available videos that provide a shared culture, foster the development of digital projects in-house, and enhance employees' skills;
- *Voltaire* and *iBellule Mail* – two new services developed in response to the need to improve employees' spelling and writing skills for e-mail in omnichannel banking relationships where they are required to write more often;
- *Vodeclic*, a library of 350 tutorials and exercises to improve knowledge of office tools, social media, web browsers, and data sharing and management systems.

At the same time, in the interest of attracting new inflows at a time when customers are becoming increasingly demanding, Groupe BPCE continued to develop its advisors' expertise in the savings, private banking and tax fields.

Moreover, the increasingly sophisticated regulatory environment also calls for continuous training efforts for all employees.

Managing collective performance and individual plans

Because management is at the center of Groupe BPCE's strategic plan, the training programs implemented by its companies provide practical support to help managers meet the Group's transformation challenges while ensuring the cohesion and solidarity of their teams in their collective action.

In addition to local initiatives, the Group also developed innovative training schemes tailored to management positions. The co-development workshops that were set up in 2015 continued in 2016. Also, an innovative and fun serious game called "M for Managers" was created to enhance the networks' training offer for managers. It facilitates the integration of good management practice with six educational modules that allow managers to learn – either individually or in groups – without the fear of being wrong or being judged.

Alongside training initiatives in local management, the Group offers a full range of courses and programs for mid-level managers as well as potential and current executive managers. The aim is to engage managers with the Group's strategic goals and to prepare for the succession of top management teams.

Innovative training for greater efficiency in HR investments

The Group's training catalog boasts a range of educational tools, including virtual classes, e-learning, serious games, MOOCs and simulators which, in combination with classroom learning courses, ensure maximum efficiency in the Group's HR investments, at an individual and collective level.

For example, in 2016 in the training scope under review, 37,740 of Groupe BPCE's staff took part in a virtual class, and nearly 304,000 hours of training were provided in e-learning modules.

The Group's companies have a broad nationwide range of 462 e-learning modules, which are regularly updated, plus a catalog of some 60 virtual classes.

These innovative solutions contribute directly to the achievement of the training challenge, namely to train more people, more effectively and at a lower cost. The Return On Expectations (ROE) project that was rolled out in 2015 is already producing encouraging results. For a comparable number of employees trained, the number of training hours increased by 16%, while the average cost per employee trained fell by 2%.

PROMOTING DYNAMIC CAREER MANAGEMENT AND CAREER PATHS FOR EMPLOYEES

At the end of the second year of the Occupation and Skills Forecasting agreement signed on January 20, 2015, the goal of the Human Resources divisions in the Group's companies to anticipate and support the career goals of their employees continues to apply, and is reflected in tangible initiatives taken by the Group's companies' HR teams on a daily basis.

With the aim of enhancing individual prospects and providing more career development opportunities, the companies reinforced the existing dynamic when this agreement was signed, underpinned by a body of common rules designed to encourage mobility within the Group. These rules facilitate this mobility in the best possible conditions through a simplified hiring process, support measures, mobility programs, and the organization of coordination meetings between human resources directors in the local regions.

This led to the organization of the second national Mobiliday on January 26, 2016, during which 35 companies discussed cross-entity matters such as motivation, the creation of talent pools, and the professional mobility market. The main task was to process nearly 90 individual mobility plans.

In addition, the Recruitment, Careers & Mobility departments of the Group Human Resources division jointly organized a two-day meeting on September 22-23, 2016, attended by around forty HR managers from across the Group. They discussed ongoing projects and forthcoming highlights, including the Challenge for universities and business schools and an employee referral program.

It was also the opportunity to test a new format for the forthcoming third Mobiliday event, involving an interactive solution that will enable participants to record and share in real time all the comments made by the different companies regarding each candidate.

The contributions made by each company and the active involvement of career managers in the twelve mobility committees across France boosted the impact of this proactive approach. In 2016, nearly 700 employees transferred to new Group companies – an increase of nearly 15% in relation to the previous year – and more than 10,500 functional transfers were made.

Alongside these proactive initiatives taken by the human resources directors, all Group employees have access to the Group's job website, where they can apply directly for positions available in the mobility program, which average around 700 each month.

DIVERSITY POLICY

True to its cooperative values, Groupe BPCE is a full-service bank that is open to all and close to its customers on a local level.

Each of its companies must therefore ensure it acts fairly, reducing inequalities and developing an environment that respects the differences arising from each individual's social identity (age, gender, origin, ethnic group, etc.), without prejudice.

Since its creation, the Group has set targets and taken concrete steps to promote diversity.

The Group Human Resources division has included a Head of Diversity since 2015. A Diversity assessment was carried out at Group level in order to enhance the action plan for 2016-2017.

Groupe BPCE continued working towards its objectives in four priority areas: intergenerational diversity, gender equality, employment of persons with disabilities, and equal opportunities.

INTERGENERATIONAL DIVERSITY

Under its intergenerational agreement, the Group is committed to recruiting young people and retaining older staff.

To achieve this goal, it has undertaken initiatives in various areas:

- working conditions: reorganized duties, reduced working hours or commute time, awareness of occupational health issues, etc. are considered and implemented as appropriate;
- career development: all employees aged 45 or older can request an interview with human resources to discuss the next stage in their career, access to a skills assessment, etc.;
- skills development: the number of employees aged 55 or older who received training is at least equal to their proportion of the total headcount, while employees aged 45 or older are given priority access to professional training schemes;
- end-of-career adjustments: in some cases, employees aged 58 or older may request a career review interview, receive guidance on preparing for retirement, opt for part-time hours, or take part in skills sponsorship activities.

OBJECTIVES FOR GENDER EQUALITY IN THE WORKPLACE

With women representing nearly 56% of its permanent staff, Groupe BPCE is now aiming for a more equitable gender balance among the various business lines and levels of management.

An assessment designed to rebalance the number of men and women in technician-level positions began in the last quarter of 2016.

In 2016, 34 Groupe BPCE companies undertook a diversity certification process. By the last quarter of the year, 18 companies were certified and 16 were awaiting validation of their certification.

In addition to the agreements and action plans set up in each of the Group's companies, an agreement on professional equality and gender equality was renewed as part of the Occupation and Skills Forecasting agreement for 2015-2017.

In 2016:

- women accounted for 41.7% of managers, compared with 40.9% in 2015, and the figure is moving towards the target of 43% set in the Group agreement for the end of 2017;
- women accounted for 23.7% of executive management, an improvement against 2015, and this figure is also moving towards the target of 25% set in the Group agreement for the end of 2017.

To accelerate progress in terms of gender equality, and with the aim of achieving parity at all levels in the main business lines, commitments have been made and initiatives taken in the following areas: recruitment, training, promotions, pay, the work-life balance and awareness raising. Women's networks also help enhance professional equality.

Recruitment

Each company strives to review at least one application from each gender in the final recruitment phase. Recruitment processes are based entirely on skills (contracts with recruitment firms integrate this criterion).

Creation of women's networks

Created in 2012, the women's network of Groupe BPCE ("Les Elles de BPCE", or "The Women of BPCE") currently has a membership of 384 women and 31 local networks. In line with the HR policy promoting gender equality, these networks are valuable forums for discussion and mutual assistance.

In 2016, the Group continued the mentoring sessions organized by "Les Elles de BPCE", during which women can meet with a representative of the Group Executive Management Committee and speak with the company Directors Management team.

The creation of the "Elles de BPCE" blog in 2016 brought the networks together in a shared platform, while promoting the network's actions and sharing internal and external expertise. More than 9,000 visits have been logged since the blog's creation.

In 2016, the Group continued to train and identify women directors. Training will continue in 2017, and the creation of a website for directors' vacancies will be considered.

A STRONG COMMITMENT TO PEOPLE WITH DISABILITIES

In 2016, Groupe BPCE continued to support the employment of persons with disabilities in accordance with the agreements signed with the Banque Populaire, Caisse d'Epargne and Natixis professional employee representative networks, which were renewed for the period 2014-2016. It is the leading bank in terms of its overall rate of employment of persons with disabilities.

Accordingly, negotiations with a view to the new labor agreements for 2017-2019 began in June 2016, leading to the signing of agreements with both the Banque Populaire and Caisse d'Epargne professional networks in November.

This year, Groupe BPCE notably developed initiatives designed to encourage direct and indirect employment, with for example:

- sourcing initiatives to help companies with their recruitment (participation in the TalentHandicap and Handi2days recruitment fairs in March and October respectively, presence on professional social networks like Talentéo and handicap.fr);
- the involvement of all business functions with the organization of two regional PHARE (responsible purchasing and disabilities) symposia to identify and select regional service providers that can meet the companies' requirements. The first was held in Auvergne-Rhône-Alpes in April 2016 and the second in the Centre-Ouest region in December. A directory of EAs (companies promoting the professional integration of disabled persons) and ESATs (establishments where persons with disabilities can work in special conditions) specialized in these functions was drawn up to mark the event and distributed to the Group's companies. Group purchases from companies working with disabled persons exceeded 11 million as of the end of 2015.

EQUAL OPPORTUNITIES

Since 2010, the Group has worked with the Our Neighborhoods Have Talent (Nos Quartiers ont des Talents) non-profit to promote the employment of young graduates under the age of 30 who have at least four years' higher education but come from priority neighborhoods or disadvantaged social backgrounds. The Group takes various initiatives in this area, such as participating in the non-profit's Board of Directors, gradually rolling out mentorship programs among companies in the local regions, and holding internal events to encourage new mentors to get involved.

Since 2011, a total of 235 mentors and sponsors have assisted 1,251 young people, more than 544 of whom have now found a job.

LABOR RELATIONS

Organization of labor dialog at the Groupe BPCE level

Labor dialog continued throughout 2016 at the Groupe BPCE level via the Group Works Council and the Strategic Planning Committee.

The Group Works Council, a body for information, discussion and dialog, met four times in 2016, including an extraordinary meeting in March to discuss the digital transformation.

The topics addressed included the economic situation and the financial and social audit of the Group's accounts, prepared in advance by the economic and employment/training committees.

As stipulated by the Occupation and Skills Forecasting agreement of January 20, 2015, the strategic planning committee met in October 2016 to follow up on the current strategic plan (2014-2017).

Collective bargaining agreements

Signing of an agreement on the career paths of employee representatives

At Group level, the negotiations that began in 2015 on the career paths of employee representatives led to the signing of an agreement on January 28, 2016.

The agreement was signed by the labor unions CFDT, CFE-CGC and UNSA (representing 60% of employee representatives at Group level). It sets out the terms for supporting the careers of employee representatives in order to facilitate the transition between their term in office and their professional activity. The terms of the agreement cover three key periods: the start of their term as employee representative, during their term, and at the end of the term, before resuming their activity.

The agreement establishes an "academic program" and the organization of an annual economic and social forum.

Highlights of 2016 included the signing of an agreement on working conditions for both networks (Banque Populaire and Caisses d'Epargne).

The Banque Populaire professional agreement was signed by four labor unions (CFDT, CFTC, SNB-CFE/CGC and UNSA, representing 77% of employees) on July 6, 2016.

The Caisse d'Epargne professional agreement was signed by three labor unions (CFDT, SNE/CGC and UNSA, representing 58% of employees) on November 25, 2016.

The two agreements are very similar, thereby contributing to furthering the Group's construction. They aim to support the initiatives taken by the companies to improve employees' working environment, focused on four major themes (supporting change and anticipating impacts on working conditions, the working environment and the work-life balance, the organization of work, and management and workplace relations). The agreements notably provide for the following: the introduction of a right to disconnect after hours, the signing of the charter of 15 commitments for a fair work-life balance and the creation of an Observatory in each network.

The Banque Populaire professional network signed three additional agreements:

- an agreement on branch staff security was signed by CFDT and UNSA on July 22, 2016 for a five-year period. Its main changes concern the definition of a bank branch and branch types, focused on access to cash;
- an agreement on the employment of persons with disabilities, signed on November 14, 2016, which sets the goal of an overall employment rate of 4.7%, an indirect employment rate of 0.7%, and 150 recruitments, 30% of which with permanent contracts. This agreement was signed by CFDT, CFTC, FO, SNB-CFE/CGC and UNSA, representing over 88% of employees;
- an agreement on the inter-company works council signed on November 14, 2016. The inter-company works council manages part of its member committees' social activities. This agreement was signed by CFDT, CFTC, CGT, SNB-CFE/CGC and UNSA, representing over 89% of employees;

Renewal of the Caisse d'Epargne network classification system

For the Caisse d'Epargne network, negotiations on the renewal of the employment classification system began in March and were completed in September with the signing of two amendments, one covering the employment classification agreement and the other on employee careers. The agreements were signed by CFDT, CFTC, FO, SNE-CGC and UNSA, representing more than 71% of employees.

The agreement provides for a new classification system for 39,000 employees under the Caisse d'Epargne professional network. The new system is closer to others in place within Groupe BPCE and the banking industry as a whole. It took effect on January 1, 2017.

Signing of agreements on the working environment

Highlights of 2016 included the signing of agreements on working conditions. The Banque Populaire professional network signed an agreement on working conditions in July 2016, Natixis signed an agreement on quality of life in the workplace in August 2016 and the Caisse d'Epargne professional network signed an agreement on working conditions in November 2016. The network-wide agreements notably provide for the appointment of workplace quality-of-life correspondents by the Group Human Resources division.

An agreement on the employment of persons with disabilities, which follows on from a previous agreement and sets an objective of an overall employment rate of 5.3%, an indirect employment rate of 0.7%, and 150 recruitments, 30% of which with permanent contracts was signed on November 25, 2016 by CFDT, CFTC, SNE/CGC and UNSA, representing over 63% of employees.

For the Group's companies, the agreements signed in 2016 cover the following main topics: employee savings, mandatory annual negotiations, employee representative bodies/trade union law.

OCCUPATIONAL HEALTH AND SAFETY

Improving quality of life in the workplace

Several years ago, all Group companies set up systems for managing psychosocial risks.

These systems address voluntary treatment of psychosocial risks (PSR): measuring risks (questionnaires, surveys), identifying vulnerable populations (monitoring and alert system), raising awareness among managers, and support for persons experiencing difficulty (counseling and psychological support group).

Groupe BPCE is committed to developing a workplace quality-of-life policy to move beyond simple risk prevention and promote long-term employee engagement.

In addition, the occupational quality-of-life approach recommended within the Group is aimed at strengthening the appeal of the Group's businesses and increasing the commitment, motivation, and loyalty of all employees, while also reducing stress at work and lowering absenteeism.

Groupe BPCE's Human Resources division works with all of the Group's companies to constantly improve the quality of working life within the Group by coordinating and sharing best practices, supporting change by measuring the human impact, and *via* a dedicated website for the human resources functions.

Occupational Health and Safety

Within the Group, policies and budgets relating to health and safety conditions fall within the remit of each of the entities and the CHSCT committees established with employee representatives.

In addition to expenditure on specific programs to improve occupational health and safety, Group companies implement more traditional monitoring and prevention programs.

For several years, a large number of meetings have been held with the CHSCT committees of companies covered under the scope, demonstrating the desire to build a lasting, constructive social dialog with the help of these committees.

Workplace accidents

Consolidated 2016 data are not yet available; however, the number and frequency of workplace accidents (including while commuting) has declined over the past three years (frequency 5.69% in 2015, compared with 5.75% in 2014 and 6.29% in 2013).

Given the nature of the Group's businesses and the fact that the majority of the accidents take place during home-work commutes, the Group has not established specific mechanisms for monitoring the average rate of severity.

However, all Group companies have a committee that oversees occupational health, safety and working conditions, which is primarily responsible for protecting the health and safety of employees. Each of these committees oversees the improvement of safety and workplace conditions as well as compliance with applicable legal and regulatory provisions.

ABSENTEEISM

The most recent evaluation of overall absenteeism within the Group (including parental leave, illness and other reasons) is close to 7%.

Absenteeism is higher among women than men, mainly due to maternity leave. This difference has a considerable impact on the Group, as it employs more women than men.

The Group is not able to differentiate absences related specifically to occupational illness, which is very rare in the banking sector.

Absenteeism is a real concern for the Group and its companies. To better identify absenteeism and more accurately distinguish its causes in order to take more targeted action, the Group provides its companies with a structured system for identifying, analyzing, taking action and preventing absenteeism. The companies are also offered solutions to analyze and measure absenteeism.

EMPLOYMENT AND HR OPERATIONS

Acceleration in the digital policy and ongoing improvements in all areas of the Group Human Resources information systems

Once again, regulatory requirements had a major impact on Groupe BPCE's HR information systems. Teams in charge of payroll systems were the most affected, with the intensification of nationwide projects to roll out the electronic employee-related data reporting (DSN) system and the implementation of the simplified payslip. HR training and oversight systems teams were also impacted by regulatory changes in certain business lines, which require approved training courses.

The functional coverage of the Group's HR IS solutions expanded, and applications continued to be more widely rolled out across the Group's companies in order to meet the goal of pooling and standardizing HR data and practices.

HR tools were all upgraded in 2016 to integrate the latest functionalities and to provide new, more user-friendly graphics interfaces.

User training in the Group's HR solutions was provided by the Group's HR Operations division in virtual classes or day-long sessions that took a "user club" format. These events provide the opportunity to train users, share best practices and identify users' requirements and satisfaction level.

The digital conversion of the HR function was ramped up in 2016 as, alongside the ongoing deployment of digital employee onboarding and electronic signature solutions, Groupe BPCE worked with a specialist software editor to co-develop a new service with considerable added value: the Cockpit RH.

This solution will provide HR teams and managers with all the HR information they need in a simple, mobile, intuitive application.

Groupe BPCE's Cockpit RH project won the best initiative award in the digital HR category at the fifth HR IS awards organized by the association of HR managers Le Cercle SIRH.

Career Observatory

Because it operates under a system of multiple labor agreements and multiple professional networks, Groupe BPCE has instituted a method of predictive employment analysis based on reliable, consistent criteria, for the Banque Populaire and Caisse d'Epargne networks and in close cooperation with the French trade associations for banking (AFB) and insurance.

To this end, as a complement to the quantitative reports, two qualitative studies were carried out in 2016 under the auspices of the National Labor Relations Commission (CPNE) for the Banque Populaire and Caisse d'Epargne professional networks. One covered the identification and recognition of skills acquired within and outside the company for the Banque Populaire CPNE, and the second addressed the issue of career-long skills development, maintenance and sharing against the backdrop of changing customer relations for the Caisse d'Epargne CPNE. In parallel, work carried out under the purview of the Group Career Observatory, instituted under the Group's occupation and skills forecasting agreement, which was signed in 2011 and renewed in 2014, identifies and analyzes "sensitive" job types, which are characterized by a substantial change in the number of staff and/or skills required. This information has helped steer employment policies in a forward-thinking direction by seeking to specifically prioritize whichever forms of assistance are deemed necessary, while sharing and encouraging discussion with management and labor representatives regarding the future of our business lines, skills and qualifications.

INTERNATIONAL LABOR ORGANIZATION

Groupe BPCE's growth is pursued in accordance with fundamental human and social rights wherever it does business.

Freedom of association and the right to collective bargaining

Each entity monitors compliance with rules on freedom of association and working conditions in respect of its international activities.

Elimination of forced labor and abolition of child labor

In accordance with the Group's adherence to the Global Compact, each entity abstains from using forced or compulsory labor or child labor, pursuant to the International Labor Organization conventions, even if local laws authorize such practices.

Elimination of discrimination in employment

In its procurement policy, Groupe BPCE refers to its sustainable development policy, its adherence to the Global Compact and its commitments, and to the founding texts of the Universal Declaration of Human Rights and the international conventions of the International Labor Organization.

Suppliers undertake to respect these agreements in their countries of operation by signing contracts containing specific clauses in this respect.

One of the commitments of the Global Compact concerns respect for Human Rights.

QUANTITATIVE HUMAN RESOURCES INDICATORS FOR GROUPE BPCE

Employment

Total Group headcount

Groupe BPCE's total headcount as of December 31, 2016 was 108,177 employees, 90% of whom work in France.

The Banque Populaire banks accounted for 29% of the Group headcount, while the Caisse d'Epargne banks accounted for 33%.

The total headcount fell 0.2% compared with 2015.

Total headcount	2016	2015	2014	Change
Banque Populaire banks	31,582	31,331	31,155	0.8%
Caisses d'Epargne	36,102	36,280	36,402	(0.5%)
Subsidiaries and other banks	9,972	10,320	10,790	(3.4%)
Natixis	22,905	22,793	22,503	0.5%
Real estate	1,898	1,943	1,990	(2.3%)
Central institution	1,552	1,520	1,574	2.1%
IT and other operations	4,166	4,169	4,151	(0.1%)
GROUP TOTAL	108,177	108,356	108,565	(0.2%)

Permanent and fixed-term staff at December 31 (excl. those on work-study contracts).

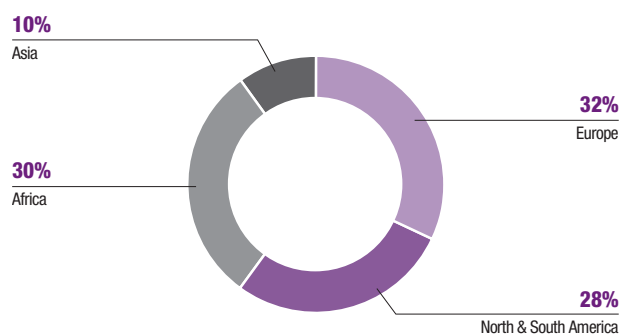
Geographic breakdown of headcount

10% of Groupe BPCE staff work outside of France.

HEADCOUNT OUTSIDE OF FRANCE

	Natixis	Other subsidiaries	Real estate	Total	
	Number	Number	Number	Number	%
Europe	3,165	267	155	3,587	32%
North & South America	3,133	-	-	3,133	28%
Africa	1,322	2,122	-	3,444	31%
Asia	1,037	59	1	1,097	10%
GROUP TOTAL	8,657	2,448	156	11,261	100%

Permanent and fixed-term staff at 12/31/2016 (excl. those on work-study contracts).



Scope of HR data

The scope reviewed below represents 90% of Groupe BPCE's total headcount in France.

It includes the Banque Populaire banks, the Caisses d'Epargne, Banque de Savoie, Banque Dupuy, de Parseval, Banque Marze, the Caisses du Crédit Maritime,

the subsidiaries of Crédit Coopératif, SBE, PRIAM, the i-BP, IT-CE and BPCE IT organizations, BPCE International, as well as the BPCE SA group central institution and Natixis SA, Natixis Lease, Natixis Factor, Natixis Interépargne, Banque Privée 1818, Natixis Financement, Natixis Payment Solutions (see section 6.5.2).

Breakdown of headcount by contract type, status and gender

	2016		2015		2014	
	Number	%	Number	%	Number	%
Permanent + fixed-term staff						
Permanent staff incl. work-study contracts	80,832	93.2%	80,715	93.6%	81,401	94.0%
Fixed-term staff incl. work-study contracts	5,930	6.8%	5,531	6.4%	5,186	6.0%
TOTAL	86,762	100%	86,246	100%	86,587	100%

Permanent and fixed-term staff present at December 31. 2015 and 2014 data pro forma.

	2016		2015		2014	
	Number	%	Number	%	Number	%
Non-management/management staff						
Permanent staff, non-management	46,715	57.8%	47,289	58.6%	48,342	59.4%
Permanent staff, management	34,117	42.2%	33,426	41.4%	33,059	40.6%
TOTAL	80,832	100%	80,715	100%	81,401	100%

Permanent staff incl. work-study contracts present at December 31. 2015 and 2014 data pro forma.

	2016		2015		2014	
	Number	%	Number	%	Number	%
Headcount by gender						
Permanent staff, women	45,184	55.9%	44,779	55.5%	44,868	55.1%
Permanent staff, men	35,648	44.1%	35,936	44.5%	36,533	44.9%
TOTAL	80,832	100%	80,715	100%	81,401	100%

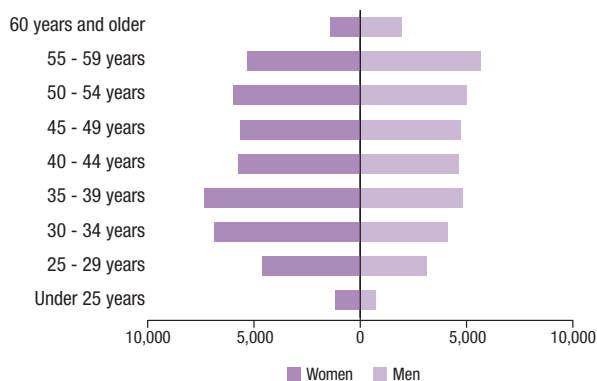
Permanent staff incl. work-study contracts present at December 31. 2015 and 2014 data pro forma.

Over 93% of staff hold permanent contracts. Women remain in the majority, representing nearly 56% of staff on permanent contracts. The proportion of managers is over 42%, a figure that is steadily increasing each year.

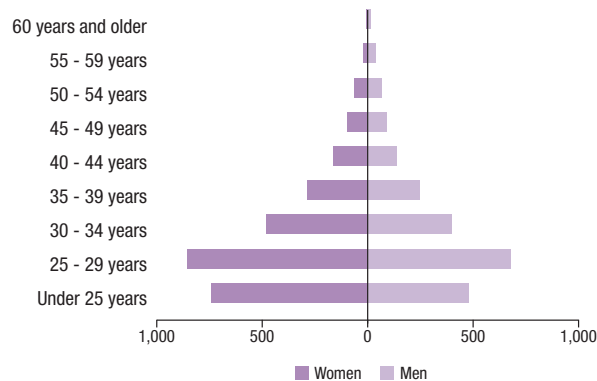
Headcount and recruitment by age group

There is a high proportion of employees under 35, accounting for 26% of permanent staff. This helps balance the overall age pyramid by paving the way for the gradual replacement of employees over 55 (18% of permanent staff) who are due to retire over the next few years.

2016 AGE PYRAMID: STAFF (PERMANENT CONTRACTS)



2016 AGE PYRAMID: HIRES (PERMANENT CONTRACTS)



Breakdown of hires by contract, status and gender

	2016		2015		2014	
	Number	%	Number	%	Number	%
Permanent + fixed-term hires						
Permanent staff incl. work-study contracts	4,860	34.6%	4,565	33.0%	3,694	32.8%
Fixed-term staff incl. work-study contracts	9,182	65.4%	9,275	67.0%	7,568	67.2%
TOTAL	14,042	100%	13,840	100%	11,262	100%

2015 and 2014 data pro forma. The creation of BPCE IT was neutralized in 2015.

	2016		2015		2014	
	Number	%	Number	%	Number	%
Non-management/management hires						
Permanent staff, non-management	3,348	68.9%	3,349	73.4%	2,599	70.4%
Permanent staff, management	1,512	31.1%	1,216	26.6%	1,095	29.6%
TOTAL	4,860	100%	4,565	100%	3,694	100%

Permanent staff incl. work-study contracts. 2015 and 2014 data pro forma. The creation of BPCE IT was neutralized in 2015.

	2016		2015		2014	
	Number	%	Number	%	Number	%
Hires by gender						
Women	2,704	55.6%	2,477	54.3%	1,961	53.1%
Men	2,156	44.4%	2,088	45.7%	1,733	46.9%
TOTAL	4,860	100%	4,565	100%	3,536	100%

Permanent staff incl. work-study contracts. 2015 and 2014 data pro forma. The creation of BPCE IT was neutralized in 2015.

Departures of employees on permanent contracts by reason and gender

Employee dismissals in 2016 represented 11% of all departures of employees on permanent contracts. This figure was up 3 points compared with 2015. Retirement accounted for 2% of 2015 permanent staff.

	2016				2015		2014	
	Women		Men		Total		Total	
	Number	%	Number	%	Number	%	Number	%
Departures, permanent staff								
Resignation	802	27.6%	714	22.7%	1,298	22.7%	1,111	24.3%
Dismissal	264	11.1%	348	8.5%	485	8.5%	550	12.0%
Transfer	318	10.8%	276	9.7%	555	9.7%	504	11.0%
Retirement	778	29.0%	814	27.3%	1,560	27.3%	1,429	31.2%
Mutually-agreed termination	231	7.8%	198	7.6%	435	7.6%	337	7.4%
Departure during a trial period	185	6.4%	168	5.9%	336	5.9%	266	5.8%
Other reasons	203	7.3%	198	18.4%	1,051	18.4%	379	8.3%
TOTAL	2,781	100%	2,716	100%	5,720	100%	4,576	100%

Permanent staff incl. work-study contracts. 2015 and 2014 data pro forma.

Remuneration

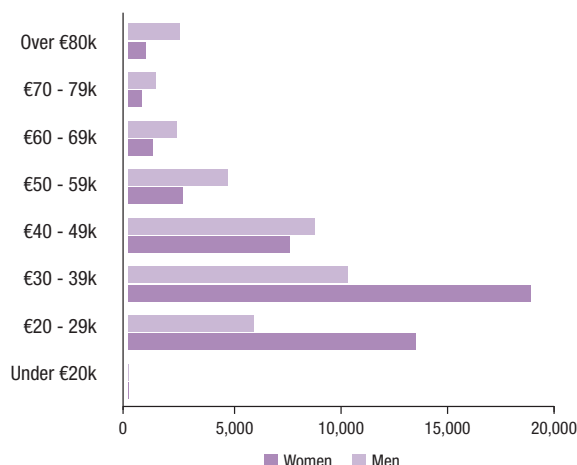
Every year, each Group company analyzes and revises individual pay levels in keeping with performance targets shared with the employees.

➔ MEDIAN BASE SALARY OF PERMANENT STAFF BY GENDER AND STATUS

Median base salary	2016	Median		Change	Ratio Men/ Women
		2015	2014		
Women	34,100	33,665	33,427	1.29%	-
Women, non-management	30,874	30,550	30,500	1.06%	-
Women, management	45,949	45,691	45,559	0.56%	-
Men	41,556	41,000	40,910	1.36%	-
Men, non-management	31,854	31,604	31,734	0.79%	-
Men, management	50,607	50,164	50,032	0.88%	-
Non-management	31,170	30,887	30,880	0.92%	3.08%
Management	48,566	48,288	48,228	0.58%	9.20%
TOTAL	36,855	36,373	36,223	1.33%	17.94%

Permanent staff excl. work-study contracts present at December 31. Pro forma 2014 data.

➔ BREAKDOWN OF PERMANENT STAFF (EXCL. PERMANENT WORK-STUDY) PRESENT AT DECEMBER 31, 2016 BY SALARY BRACKET



Work arrangements, working hours

Within the Group, working hours are governed by agreements specific to each Group company. The average annual number of hours worked per week ranges between 35 and 39 hours, with compensatory measures such as additional days off awarded to employees.

Generally, employees working on a collectively bargained work schedule may choose to work on a part-time basis.

In 2016, nearly 12% of permanent staff worked part-time, and 91% of those working part-time were women.

➔ PERMANENT STAFF WORKING PART-TIME BY GENDER AND STATUS

Part time	2016			2015			2014		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Non-management	6,526	526	7,052	6,691	484	7,175	6,869	497	7,366
Management	2,034	326	2,360	1,962	306	2,268	1,889	265	2,154
TOTAL	8,560	852	9,412	8,653	790	9,443	8,758	762	9,520

Permanent staff incl. work-study contracts present at December 31. 2015 and 2014 data pro forma.

➔ BREAKDOWN OF PART-TIME PERMANENT STAFF BY WORKING HOURS

Part time	2016			2015			2014		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Less than 50%	275	51	326	246	37	283	258	39	297
50%	348	78	426	374	74	448	404	63	467
Between 50% and 80%	2,551	269	2,820	2,665	243	2,908	2,685	256	2,941
80%	2,529	208	2,737	2,598	203	2,801	2,684	184	2,868
More than 80%	2,857	246	3,103	2,770	233	3,003	2,727	220	2,947
TOTAL	8,560	852	9,412	8,653	790	9,443	8,758	762	9,520

Permanent staff incl. work-study contracts present at December 31. 2015 and 2014 data pro forma.

Training

The scope reviewed below represents 87% of permanent staff (including work-study contracts) covered by human resources data.

It includes the Banque Populaire banks and the Caisses d'Epargne as well as their IT subsidiaries i-BP, IT-CE, and BPCE IT, and the BPCE central institution.

➡ TRAINING OF PERMANENT STAFF BY GENDER AND STATUS

The total number of training hours in 2016 – more than 2,270,000 – is testament to the efforts of all the Group's companies to train their employees to operate in a demanding and ever-changing banking industry.

In the scope under review, the volume of employees trained was relatively stable against the previous year.

80% of training initiatives are devoted to job skills and maintaining employee value on the job market.

Employees trained	2016			2015			2014		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Non-management	26,975	13,974	40,949	27,301	14,577	41,878	26,318	14,274	40,592
Management	10,053	14,624	24,677	9,617	14,795	24,412	8,863	14,198	23,061
TOTAL	37,028	28,598	65,626	36,918	29,372	66,290	35,181	28,472	63,653

Permanent staff incl. work-study contracts. 2015 and 2014 data pro forma.

➡ BREAKDOWN OF TRAINING HOURS BY GENDER AND STATUS

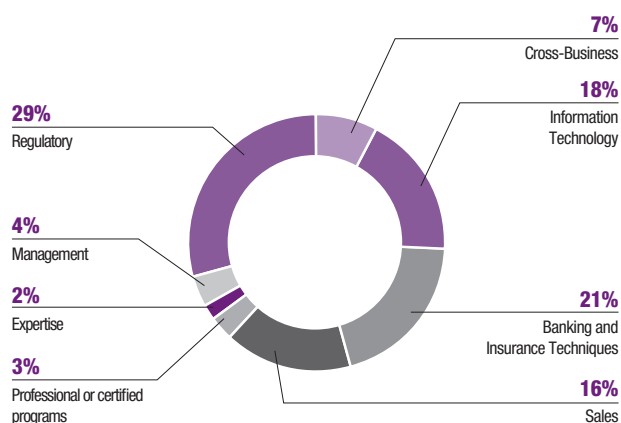
Hours of training	2016			2015			2014		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Non-management	929,593	579,871	1,509,464	799,067	522,445	1,321,512	711,741	470,808	1,182,549
Management	317,623	443,364	760,987	313,679	459,132	772,811	290,654	442,052	732,706
TOTAL	1,247,216	1,023,235	2,270,451	1,112,746	981,577	2,094,324	1,002,395	912,860	1,915,255

Permanent staff incl. work-study contracts. 2015 and 2014 data pro forma.

➡ BREAKDOWN OF PERMANENT STAFF TRAINED BY AREA OF TRAINING

In today's increasingly regulated banking industry, training initiatives focus predominantly on regulatory issues.

Next come areas relating to technology and banking and insurance techniques.



6.3.2 Reducing our direct environmental footprint

Reducing the environmental impact of the Group's operations is a key focus of its CSR policy. To this end, three projects bringing together the regional banks' sustainable development officers and business experts were set up in 2016, covering:

- paper;
- mobility;
- waste electrical and electronic equipment (WEEE).

As with other projects under the CSR policy, the working groups are tasked with setting targets for each project and tangible measures to be taken in the short, medium and long term to reduce our direct environmental footprint.

CLIMATE CHANGE

Since 2013, the Group's Sustainable Development division has been reinforcing its tool for documenting the Group's industry-specific carbon footprint. This tool is used to assess greenhouse gas (GHG) emissions using a method compatible with that of ADEME, the ISO 14064 standard, and the Greenhouse Gas Protocol.

The tool is used to estimate the GHG emissions from the bank's branch and head office operations each year. Direct emissions caused by bank products and services are, however, excluded from the analysis.

After five years spent collecting carbon data using a stable benchmark shared by all of the Group's companies, the tool is able to provide:

- an estimate of each company's greenhouse gas emissions;

- a map of GHG emissions:

- by source: energy, procurement of goods and services, business travel, property, plant and equipment, and other,
- by scope⁽¹⁾.

Each year, this tool tells the sustainable development officers the level of these emissions and how it has changed, and gives them a reliable benchmark so they can create a local plan for reducing greenhouse gas emissions. It also allows the Group Sustainable Development division to organize nationwide reduction initiatives.

Every year, the Group's Sustainable Development division places a special focus on training the sustainable development function by holding sessions:

- to raise awareness of CSR, energy and climate issues; in 2016, four sessions were organized for Group employees in different business lines;
- to provide training in the Group tools used to calculate the Group's greenhouse gas emissions. Two such training sessions were held in October and November (one for beginners, one for advanced users) for all the sustainable development officers from the Group's companies and a panel of officers from the Logistics division. Attendees were given a starter kit at the end of each session.

This investment produced positive results in terms of both the number of officers trained in the Group carbon review system and the number of entities having conducted a carbon review (which covers 89% of the Group's permanent employees).

➔ RESULTS OF GROUPE BPCE'S CONSOLIDATED CARBON REVIEW EXCLUDING KYOTO BY SCOPE (EMISSIONS IN TCO₂EQ)

Indicator	2016	2015	2014	Change 2015/2016
Direct greenhouse gas emissions – Scope 1	41,050	41,974	40,977	(2.2%)
Indirect greenhouse gas emissions – Scope 2	36,311	37,953	38,562	(4.3%)
Indirect greenhouse gas emissions – Scope 3	598,152	588,896	600,844	1.5%
Greenhouse gas emissions excl. Kyoto	3.5	141	549	(97.5%)
TOTAL	675,516⁽¹⁾	668,964	680,932	1%

(1) The new entities included in the scope for 2016 (in relation to 2015) are: Banque de Nouvelle-Calédonie and BPCE IT.

Thanks to a national policy on energy, procurement optimization and carbon reduction plans within the entities, between 2015 and 2016 the Group maintained its carbon footprint at the same level, with a slight overall increase due to the expansion of the scope covered. The carbon footprint increased from 675,516 tCO₂eq in 2015 to 675,348 tCO₂eq in 2016.

For 2016, the three biggest causes of carbon emissions, in descending order, were:

- 1: travel, accounting for 30% of CO₂ emissions in 2016, compared with 32% in 2015;

- 2: procurement, accounting for 27% of CO₂ emissions in 2016, compared with 26% in 2015;
- 3: property, plant and equipment (manufacturing of vehicles, IT hardware, buildings, ATMs) accounted for 20% of consolidated carbon emissions, compared with 19% in 2015.

Best practices for reducing emissions include:

- for "business travel": Crédit Coopératif and Caisse d'Epargne Normandie are among the first businesses in France to pay their employees a per-kilometer

(1) The GHG Protocol divides an entity's (or organization's) GHG emissions into the following scopes:

- scope 1: direct emissions caused by fossil fuel combustion (oil, gas, coal, etc.) and liquid refrigerant leaks from resources owned or operated by the company;
- scope 2: indirect emissions caused by purchasing or producing electricity, steam, heating and cooling;
- scope 3: sum of all other indirect emissions (from the supply chain, expanded to include freight and human transportation).

Note that the regulatory requirements under Article 75 of the Grenelle environmental framework cover Scope 1 and Scope 2.

bonus for commuting by bike. Following the review of the Group's travel policy carried out by BPCE Procurement, a guide to best practices was published for business travel. This guide suggests alternatives for travel by train rather than airplane for trips within France, emphasizing the financial savings as well as the lower carbon emissions to allow the companies to adjust their travel policy; several companies have also implemented company travel plans, car-pooling and car-sharing systems, and/or efforts to optimize the use of their vehicle fleet; and several Group companies are testing or have already introduced home-working, which reduces CO₂ emissions caused by employee commutes;

- for "liquid refrigerants": the regulatory requirement under Article R. 543-82 of the French Environmental Code, which requires service providers in charge of maintaining air conditioning systems to report on liquid refrigerant refills. This provides accurate quantitative data and reflects changes in how air conditioning systems are refilled;
- for "energy": energy emissions fell due to better management of energy use, in particular with the installation of automated controllers in branches and

energy audits carried out on all buildings; since 2016, the Group's companies have been offered a predictive modelling solution to help them save energy. The 9 companies that adopted this solution, representing 1,713 sites, achieved average energy savings of 23%; the use of heating oil and gas is also on the decline across the networks.

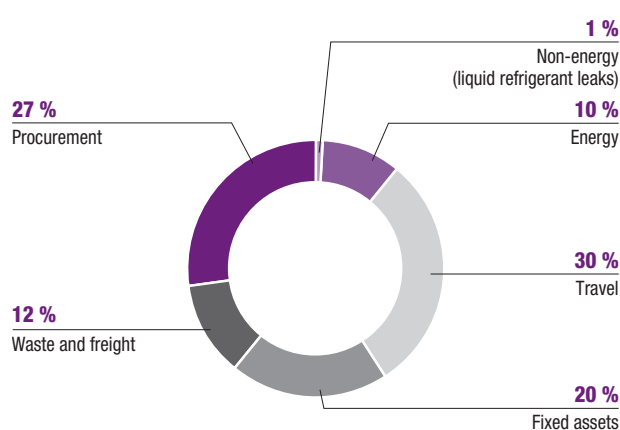
An increasing number of entities are using renewable energy sources for their electricity. With the end of regulated electricity prices in France, the Group-wide consultation carried out by BPCE Procurement in 2015 enabled 18 companies to opt for electricity produced solely from renewable energy sources, representing 260 GWh in 2,799 locations. This generated significant avoided emissions for the Group;

- for "property, plant and equipment": more efforts are being made to apply the total cost of ownership approach (one of the key aims of the responsible procurement policy, AgiR), to ensure that all economic and environmental (CO₂ emissions) criteria are fully taken into account when selecting company vehicles.

➡ RESULTS OF GROUPE BPCE'S CONSOLIDATED CARBON REVIEW EXCLUDING KYOTO BY ITEM (EMISSIONS IN TCO₂EQ)

Indicator	2016	Share of total	2015	2014	Change 2015/2016
Energy	65,378	10%	68,358	70,902	(4%)
Liquid refrigerants	6,981	1%	7,468	7,180	(6.5%)
Procurement	182,625	27%	175,451	182,727	4%
Business travel	54,614	8%	52,493	50,671	4%
Daily work commute	97,988	14%	97,156	95,571	1%
Customer and visitor travel	52,272	8%	58,544	51,500	(11%)
Property, plant and equipment and intangible assets	134,772	20%	129,013	141,454	4%
Other sources: freight and waste	80,881	12%	80,481	80,927	0%
TOTAL	675,514		668,964	680,932	1%

➡ BREAKDOWN OF CARBON REVIEW EMISSIONS EXCLUDING KYOTO 2016 – BY ITEM



THE CIRCULAR ECONOMY

The circular economy aims to limit the use and waste of commodities, water, and energy when producing goods and services.

For Groupe BPCE, this involves:

- optimizing its energy use and the measures taken to improve energy efficiency and the use of renewable energy sources;
- preventing and managing waste;
- the sustainable use of resources (water, commodities, etc.).

➡ ENERGY SPENDING

Indicator	2016	2015	2014	Change 2015/2016
Total spending on electricity (in € tax inclusive)	59,503,226	66,820,297	58,505,398	(11%)
Total spending on natural gas (in € tax inclusive)	3,241,506	4,679,938	3,956,027	(31%)
Total spending on heating oil (in € tax inclusive)	334,350	806,639	624,706	(59%)
Total spending on energy from other sources (in € tax inclusive)	6,085,068	7,238,231	20,077,210	(16%)

Total energy consumption for 2016 is estimated at 547,977,132 kWh (down 5% on 2015), broken down as follows:

➡ ENERGY CONSUMPTION

Indicator	2016	2015	2014	Change 2015/2016
Total final energy consumption (in kWh) ⁽¹⁾	547,977,132	593,264,938	684,481,849	(5%)
Share of renewable energy in total final energy consumption (in kWh)	123,369,266	38,316,150	34,700,704	222% ⁽²⁾
Total energy consumption per m² (in kWh/m²)	180	186	213	0.2%
Total heating oil consumption (purchases made) (in liters)	1,153,703	1,122,748	737,017	3%
Total electricity consumption (in kWh)	449,379,812	478,240,908	560,184,322	(4%)
Total gas consumption (in kWh HHV Higher Heating Value)	66,454,704	67,285,416	81,873,720	(3%)
Total consumption of heating systems (in kWh)	27,186,409	25,437,285	25,219,833	7%
Total consumption of cooling systems (in kWh)	19,527,389	17,898,958	18,050,603	9%

(1) Sum of lines: kWh of electricity + kWh HHV of gas/1.11 + liters of heating oil x 9.86 + kWh of steam + kWh of cooling.

(2) With the end of regulated electricity prices in France, the Group-wide consultation carried out by BPCE Procurement in 2015 enabled 18 companies to opt for electricity produced solely from renewable energy sources.

➡ MEASURES TAKEN TO REDUCE TRAVEL-RELATED ENERGY CONSUMPTION

Indicator	2016	2015	2014	Change 2015/2016
Fuel consumption (gas and diesel oil) of company cars, fleet cars and the motor pool (in liters)	7,656,275	7,800,282	7,249,321	(2%)
Business travel in private cars (in km)	73,941,573	74,673,564	73,845,475	(1%)
Total fuel consumption for business travel by car⁽¹⁾ (in liters)	13,571,600	13,774,167	13,156,959	(1%)
Average gram _s of CO ₂ per km (as stated by manufacturer) for company cars and fleet cars (grams of CO ₂ /km)	100	105	125	(5%)
Business travel by train (in km)	61,384,466	75,183,552	72,546,255	(18%)
Business travel by air, short-haul ⁽²⁾ (in km)	19,279,260	19,272,667	18,339,364	0%
Business travel by air, medium- and long-haul (in km)	50,679,692	50,734,652	46,041,547	0%

(1) Sum of indicators: GASOLINE consumption by company and fleet cars + DIESEL consumption by company and fleet cars + business travel in private cars; km-to-liter conversion for the private car indicator with the ratio from the carbon review user guide: 0.08 liter/km.

(2) Journeys under 1,000 km.

To improve energy consumption related to business travel, 18 companies set up company travel plans in 2016 covering 823 locations and 25,110 employees.

They encourage their employees to take more environmentally friendly means of transportation, or to carpool for commuting to and from work and for business travel. Additionally, some cars in the fleet have been replaced by vehicles that emit less CO₂.

Finally, to limit travel, conference rooms have been fitted with videoconferencing and teleconferencing equipment.

Groupe BPCE implements measures to avoid all forms of pollution and damage to natural resources caused by its operations. It is committed to reducing and

streamlining the consumption of raw materials and seeks to maximize the efficiency of its waste management system in order to produce less waste.

PREVENTING AND MANAGING WASTE

Groupe BPCE respects recycling regulations and ensures that its sub-contractors observe regulations governing the prevention, recycling, reuse and elimination of waste paper, metals, plastic, glass and wood as well as waste electrical and electronic equipment (WEEE).

➔ BANKING-RELATED WASTE

Indicator	2016	2015	2014	Change 2015-2016
Total spending on waste management services (in € excl. VAT)	4,152,291	5,008,039	4,766,833	(17%)
Volume of waste ⁽¹⁾ produced by FTE (in metric tons per FTE)	0.1	0.2	N/A	(61%)
Amount of recycled ink and toner cartridges (number)	172,304	175,211	155,558	(2%)

(1) Non-hazardous industrial waste, fluorescent/neon tubes and compact fluorescent light bulbs, waste electrical and electronic equipment (WEEE).

SUSTAINABLE USE OF RESOURCES

The Group's companies increasingly recycle their paper, which explains the reversal in the trend between the use of virgin paper and recycled paper since 2015.

➔ PAPER CONSUMPTION

Indicator	2016	2015	2014	Change 2015-2016
Virgin paper (A4) (in kg/FTE) ⁽¹⁾	30.7	39.1	20.7	(21%)
Recycled paper (A4) and/or FSC- or PEFC-certified paper (in kg/FTE) ⁽¹⁾	28.7	29.4	42.6	(2.3%)
Virgin publishing materials (in metric tons) ⁽²⁾	865.1	710.68	N/A	22%
Recycled and/or FSC- or PEFC-certified publishing materials (in metric tons) ⁽²⁾	914.9	233	N/A	293% ⁽⁴⁾
Other virgin paper (in metric tons) ⁽³⁾	1,007.14	1,176.12	N/A	(14%)
Other recycled paper and/or FSC- or PEFC-certified paper (in metric tons) ⁽³⁾	364.68	992.93	N/A	(63%)

(1) Reams of A4 paper purchased during the year.

(2) Includes publications managed by each company internally and external publishing (managed by a local provider outside the Group), but not publishing managed by i-BP/IT-CE. This mainly concerns account statements.

(3) Includes specific documents, thermal paper for ATM receipts, office supplies, marketing materials, large-volume documents, reams of paper other than A4, prospectuses, forms, envelopes, headed paper, mailings.

(4) This sharp increase can be attributed to a higher number of businesses meeting this indicator.

The bank does not have a significant impact on water consumption and wastewater besides personal use in its offices and branches. However, several initiatives are in place to reduce water consumption (raising employee awareness).

➔ WATER CONSUMPTION

Indicator	2016	2015	2014	Change 2015-2016
Total spending on water (in € tax inclusive)	2,831,718	2,997,207	2,706,677	(6%)
Total water consumption (in m ³)	917,864	1,131,569	979,296	(19%)

POLLUTION

As Groupe BPCE is a service-based group, it is not concerned by issues relative to noise pollution and ground use. Its offices and commercial premises often cover several floors so its ground occupancy is much smaller than that of an industrial activity spread over a single level.

The same is true for water, air and soil pollution, in view of the nature of the Group's activities (with respect to greenhouse gas emissions, refer to 6.3.2 "Reducing the carbon footprint" under "Climate change").

With respect to light pollution, Groupe BPCE refers to the regulation in force since July 1, 2013 limiting light pollution, energy consumption and nighttime lighting for non-residential buildings such as shops and offices⁽¹⁾.

BIODIVERSITY MANAGEMENT

Biodiversity is an important component of Groupe BPCE's environmental stance, in the same way as other aspects (reducing the carbon footprint, developing green banking products, etc.).

A number of major initiatives have been pursued by the Group companies in this regard:

- partnerships and patronage:
 - support for three non-profits working on projects involving bee-keeping, biodiversity and nature protection awareness,
 - the Banque Populaire du Sud Corporate Foundation financed 5 charitable biodiversity preservation projects, for a total of €11,000,
 - Banque Populaire Val de France supports Indre Nature (biodiversity guide book), Fermes d'avenir (micro-farms practicing permaculture) and Sologne Nature Environnement (bat protection),
 - financing of biodiversity projects via donations made by the Caisse d'Epargne Normandie fund for solidarity-based initiatives,
 - a donation of €12,000 by Caisse d'Epargne d'Auvergne et du Limousin to associations supporting biodiversity and involvement in Solidarity Week (70 participants),

- a donation of €2,648 by Caisse d'Epargne Côte d'Azur to Apis Campus to finance a comparative study of a commercial beehive and two biodiversity beehives, using a smart solution,
- Banque Populaire Occitane donated €1,000 to the Comité de Spéléologie Régional Midi-Pyrénées (Midi-Pyrénées Regional Caving Association) to monitor potential sources of pollution in a karst sinkhole (a site polluted by an estimated 300 m³ of waste);
- installation of beehives:
 - Banque Populaire du Nord installed three beehives to protect biodiversity, in partnership with Beecity,
 - Banque Populaire Rives de Paris installed three additional rooftop beehives in 2016 taking the total to six;
 - Banque Populaire Rhône Alpes installed a rooftop apiary with five beehives on the head office building in Corenc,
 - Caisse d'Epargne Bourgogne Franche Comté installed three beehives near the head office in Dijon,
 - Caisse d'Epargne Ile de France installed four rooftop beehives at its head office,
 - Caisse d'Epargne Loire Centre installed beehives at the Montespan administrative site in Saint Jean de la Ruelle;
- forest management:
 - Caisse d'Epargne Aquitaine Poitou-Charentes manages 745 hectares of PEFC-certified forests (Landes de Gascogne nature park). In 2016, the bank replanted 5 hectares of this forest,
 - Caisse d'Epargne d'Auvergne et du Limousin owns 63 hectares of forest in the Creuse département, which is managed by the Office national des forêts;
- Crédit Coopératif's support for biodiversity preservation efforts through donations to 24 projects in 2016 (donations stemming from shared-return products benefiting non-profits, partnerships and investments in solidarity-based UCITS linked to organizations managing sensitive natural areas).

⁽¹⁾ Decree of January 25, 2013 establishing guidelines for non-residential lighting from offices, shops, storefronts and display windows. Source: <http://www.legifrance.gouv.fr/>

6.4 Sustainable and responsible value creation

6.4.1 Contribution to regional economic development

FINANCING THE ECONOMY: LOCAL ROOTS – A KEY ASSET

The 15 Banque Populaire banks and the 17 Caisses d'Epargne embody Groupe BPCE's close ties with the regional economy, sharing the values of social cohesion and support for local employment:

- in 2016, Groupe BPCE should remain the leading provider of personal microloans with support for individual customers, with 7,262 loans and a total of €19 million in financing, up slightly against 2015, which should confirm its leadership position (43.49% market share at year-end 2015). The Group also remains the leading provider of professional microloans (33% market share at year-end 2016);
- in 2016, donations by the Banque Populaire banks and Caisses d'Epargne to general interest projects in local areas amounted to €32.8 million (versus €31.2 million in 2015):
 - €11.4 million was earmarked by the Banque Populaire banks for three uses: patronage by the Banque Populaire banks in their local regions, either directly or *via* their regional foundations, the Banque Populaire Corporate Foundation, and the charity fund of the Fédération Nationale des Banques Populaires,
 - €21.5 million was earmarked by the Caisses d'Epargne for four uses: direct support of local solidarity-based and cultural initiatives, the Caisse d'Epargne network's charity fund, the Fondation Caisse d'Epargne pour la solidarité (now named the Fondation Partage et Vie) and the Fondation Belem;
- in 2016, 87% of the Group's suppliers⁽¹⁾ were SMEs⁽²⁾. 37% of purchases⁽³⁾ were made from SMEs and 29% from ISEs⁽⁴⁾. The Group's companies give preference to local suppliers: 70.78% of suppliers have a local presence in their respective regions⁽⁵⁾. These companies contribute to local employment and economic development through their sub-contracting chain;
- although historically located in the cities, the Banque Populaire banks and the Caisses d'Epargne play a role in the development of rural areas: 415 branches are located in rural areas⁽⁶⁾;
- *via* their branches, the Banque Populaire banks and the Caisses d'Epargne are also present in 34.7% of priority neighborhoods as identified by municipal policy⁽⁷⁾, with 452 branches.

The BPCE International network supports VSEs and SMEs

BTK, BPCE International's subsidiary in Tunisia, teamed up with the International Finance Corporation (IFC, World Bank Group) to develop financing for small and medium-sized enterprises in Tunisia.

Nearly 30% of micro, small and medium-sized enterprises in Tunisia have no access to bank financing. This weighs on growth in this country, which wants to continue its development and create jobs. With this €25 million loan, BTK will be able to extend its loan portfolio to a larger number of SME customers.

Groupe BPCE also continued to use the CICE⁽⁸⁾ for various investments in real estate, the digital conversion of documents, technological innovations, IT investments, training and recruitment. Details are provided in Chapter 5.

FINANCING OF LOCAL PUBLIC STAKEHOLDERS AND THE SOCIAL AND SOLIDARITY-BASED ECONOMY

The Banque Populaire banks and Caisses d'Epargne are major players in financing local authorities, social housing and organizations in the social and solidarity-based economy. The legal framework governing this sector was reinforced by the French law of July 31, 2014.

As cooperative banks, the two networks are also part of the social and solidarity-based economy, which accounts for 10.5% of salaried employment⁽⁹⁾ in France, consisting of organizations and companies with the status of non-profits (78%), cooperatives (13%), mutual companies (5.7%) and foundations (3.3%). In France, 30%⁽¹⁰⁾ of all banking, financial, and insurance jobs are with cooperatives and mutual companies.

(1) From a sample of 31,031 suppliers with a Codex 2015 SIREN number and approved by INSEE.

(2) Small and medium-sized enterprises (2016 definition): fewer than 250 employees and revenues below €50,000 K.

(3) From the sample of purchases taken from the Codex 2015 database on suppliers with a SIREN number and approved by INSEE; this amount represents 87% of total purchases.

(4) Intermediate-sized enterprises (definition used since 2014): 250 to 5,000 employees and revenues greater than or equal to €50,000 K and less than €1,500,000 K.

(5) Average calculated based on entity reports according to the Group's regional breakdown.

(6) Definition: INSEE, French "communes" (municipalities) that do not fall under definitions of urban units, i.e. "communes" without zones of continuous development inhabited by 2,000 residents and "communes" in which less than half of the municipal population resides in a continuous development zone. Calculated based on the 2009 population census.

(7) Neighborhoods identified as being a priority in municipal policy are defined by French law number 2014-73 of February 21, 2014 on urban planning and cohesion. The areas concerned are determined using the single criteria of population revenue; 1,300 such neighborhoods have been identified. The list is established in decrees 2014-1750 and 2014-1751 of December 30, 2014, for mainland France and the overseas territories respectively. The boundaries of each area can be viewed at geoportail.gouv.fr.

(8) The CICE (competitiveness and employment tax credit) is aimed at improving the competitiveness of French businesses through efforts in investment, research, innovation, training, recruitment, development of new markets, the eco and energy transition, and the restoration of WCR.

(9) Source: Panorama of the social and solidarity-based economy in France, 2015 edition published by the CNRES: <http://www.cncres.org/upload/gedit/12/file/observatoire/Panorama%20de%20l'ESS%202015-CNCRES.pdf>

(10) Source: French Observatory for the Social and Solidarity-Based Economy (Observatoire national de l'économie sociale et solidaire).

➔ FINANCING FOR THE REGIONAL PUBLIC SECTOR, THE SOCIAL ECONOMY AND SOCIAL HOUSING BY GROUPE BPCE

Indicator (in thousands of euros)	2016	2015	Change 2015/2016
Total annual new regional public sector loans	5,313,101	4,809,439	10%
Total annual new social housing loans	2,616,762	2,551,212	3%
Total annual new social economy loans	2,681,586	2,497,782	7%

Groupe BPCE is aware of the major role it plays in financing local players and it has a specialized subsidiary devoted to social housing and committed to CSR in the local regions. Habitat en Région was set up in 2010 to allow the Caisses d'Epargne and their subsidiaries to join forces to promote their nationwide ambition to further social housing. The aim is to help its members address urban and social change more effectively.

RESPONSIBLE PURCHASING POLICY: THE AGIR PROJECT

Incorporating CSR into the procurement policy

In September 2012, BPCE Procurement launched "Agir ensemble pour des achats responsables" (Working Together for Responsible Procurement). This responsible procurement approach ("AgIR") is part of an overall goal to achieve comprehensive, sustainable performance involving Group companies and suppliers. The approach builds on the commitments made by Groupe BPCE when it signed the Responsible Supplier Relations Charter in December 2010.

In Phase 1, Group companies were evaluated for their level of responsible procurement and the Group's CSR risks and opportunities were identified by procurement category. A panel of suppliers was also surveyed and asked to adopt a stance on Corporate Social Responsibility.

Based on this preliminary assessment phase, a responsible procurement policy was developed by a working group formed by the Real Estate & Services, Sustainable Development and Human Resources divisions of Groupe BPCE and the Advisory and Member Services, Real Estate Procurement & Logistics and Legal Services departments of BPCE Procurement.

Engaging stakeholders with the responsible procurement policy

This policy defines the Group's responsible procurement approach and the commitments of the procurement function, business divisions and suppliers of Groupe BPCE. It was ratified in April 2013 after ordinary consultation of the companies affiliated with BPCE Procurement.

BPCE Procurement released this policy to its entire procurement function and business lines within the Group. National suppliers used by BPCE Procurement

were informed of Groupe BPCE's expectations in terms of CSR commitments and performance and these criteria are included in new calls for tenders.

Applying the responsible procurement policy in daily procurement activities

The Group's procurement managers were instructed to apply and circulate this policy within their companies and among their supplier panels with respect to the following areas:

- procurement process: the application of the responsible procurement policy was formalized in the various procurement processing tools through the adaptation or creation of new documentation (tender documentation, specifications, supplier questionnaire with CSR self-assessment tool, bid response grid, price grid, bid selection and evaluation grid);
- procurement performance plan: the implementation of the responsible procurement policy is transposed into national and local procurement action plans ("Procurement Performance Plan") and is based on four drivers:
 - updating the statement of needs and its environmental impact,
 - guaranteeing optimal total cost,
 - expanding cooperation with suppliers,
 - working with stakeholders in the social and solidarity-based economy.

The objective is to integrate these drivers with initiatives on the national, regional and local levels based on the procurement performance plans developed by the procurement function (BPCE Procurement buyers and Group companies);

- supplier relations: BPCE Procurement evaluates its suppliers on their CSR performance using national listings. New suppliers are required to outline their CSR commitments using a self-assessment questionnaire accompanying their tender documentation. National suppliers that are already listed are required to complete the self-evaluation questionnaire and add it to the regulatory documentation database managed by BPCE Procurement. Procurement managers from the Group's companies are instructed to distribute this questionnaire among their own supplier panel.

A working group formed of procurement and CSR managers carried out an in-depth review to find a reliable and quantifiable way of assessing suppliers' CSR performance. The objective is to identify CSR risks and opportunities and to factor their performance into the overall supplier assessment. A trial conducted in late 2016 validated the methodology and identified the resources required.

➔ PROCUREMENT POLICY

Indicator	2016	2015	2014
Level of integration of the responsible procurement policy in the procurement category strategy in terms of contract amount (as a %) ⁽¹⁾	30%	37%	27%
Level of integration (national level) of the responsible procurement policy in the procurement performance plan (as a %) ⁽²⁾	75%	70%	76%
National procurement initiatives implemented with a Total Cost of Ownership approach in the procurement performance plan (as a %) ⁽³⁾	65%	79%	N/A
Average payment terms to suppliers (in days) ⁽⁴⁾	28	25	32.40
Control of dependency with national suppliers (as a %) ⁽⁵⁾	87%	93%	N/A

(1) Amount of purchases by procurement sub-categories that have established a written Responsible Procurement strategy (methodology summaries/Amount of purchases covered by procurement (source Codex 2014).

(2) Number of national initiatives under the Procurement Performance Plan (PPP) that include at least one "AgIR" component/Total number of national PPP initiatives.

(3) Number of national initiatives under the Procurement Performance Plan (PPP) that include the "Guarantee optimal total cost" AgIR component/Total number of national PPP initiatives.

(4) Average payment time from the invoice date. (5) Amount of purchases made from suppliers managed by BPCE Procurement having a dependency rate below 30%/Amount of purchases made from suppliers managed by BPCE Procurement.

(5) Amount of purchases made from Group suppliers having a dependency rate below 30%/Amount of purchases made from Group suppliers.

Integration of the responsible procurement policy in the strategy for each procurement category

Sector-specific methodology summaries were developed with the aim of defining the responsible procurement strategy for procurement sub-categories and sharing this strategy with the entire procurement function and relevant divisions. These summaries provide ample information on each sub-category:

the main CSR issues, "AgIR" priorities, statements of needs, total cost of ownership calculation variables for the full life cycle of the product or service, CSR performance monitoring indicators, proposals to incorporate CSR issues in procurement, the market's CSR maturity level, and feedback from both within and outside the Group.

Promoting a lasting, balanced relationship with suppliers

In 2016, the Responsible Supplier Relations label was awarded to three Groupe BPCE entities, in partnership with BPCE Procurement: Banque Populaire Rives de Paris, Caisse d'Epargne Ile-de-France and Caisse d'Epargne Midi-Pyrénées.

In line with the Responsible Supplier Relations Charter, the Responsible Supplier Relations label is awarded by the company mediator (under the auspices of the French Ministry for the Economy) and the CDAF (French association of purchasing managers). It aims to single out French companies that have established lasting, balanced relations with their suppliers.

The label is awarded for a period of three years and an annual audit is performed to verify that best practices in responsible supplier relations (respect for supplier interests, integration of environmental and social criteria in procurement procedures, quality of supplier relations, etc.) are constantly applied by the entities that received the label.

As part of this continuous improvement policy, the companies that received the label in 2015, namely Banque Populaire Atlantique, Caisse d'Epargne Bretagne Pays de Loire, Caisse d'Epargne Lorraine Champagne-Ardenne and BPCE all received a positive rating in their first audit.

The label, which has now been awarded to seven Groupe BPCE companies, reflects the responsible procurement strategy coordinated by BPCE Procurement and the integration of sustainable development at the center of the procurement function and in relations with suppliers.

Initiatives for SMEs

In December 2013, Groupe BPCE joined Pacte PME, a non-profit association with the goal of helping its major corporate members build, implement, and evaluate actions aimed at strengthening their relations with small and medium enterprises (SMEs). An action plan to assist SMEs was presented to the Pacte PME joint oversight committee (formed of a group of SMEs, major corporates, and qualified individuals), which gave a positive assessment. New initiatives were taken to promote best practices in supplier relations, including the launch of a newsletter for suppliers with a special first edition focused on SMEs and the organization of the first Suppliers Convention, which brought together around a hundred of the most remarkable suppliers selected by Group companies.

Raising awareness of responsible procurement

Since 2013, 16 analysis and training/action workshops on procurement-related CSR issues have been set up and coordinated by procurement and CSR experts.

These initiatives have helped raise awareness of new CSR issues among BPCE Procurement purchasers and representatives of the business divisions.

Since 2015, a targeted information program (procurement morning meetings, program for new hires) has been in place to present all the tools for applying responsible procurement to a wide audience (procurement function, business lines, disability officers, innovation and sustainable development officers).

Outlook

The Group's goal is to continue to roll out the responsible procurement policy in the procurement strategies for the various categories and to implement the policy under the procurement performance plans. The appropriation of the responsible procurement policy will continue with the dissemination of best practices, the implementation of the supplier CSR assessment shared by procurement and CSR managers, and the awarding of the Responsible Supplier Relations label to new Group companies.

SUB-CONTRACTING POLICY

Sub-contracting and compliance with the International Labor Organization's fundamental conventions

In accordance with the responsible procurement policy, the Group's suppliers are required to comply with current CSR rules and regulations and to encourage their own suppliers and sub-contractors to do the same.

Responsible purchasing and disabilities policy ("PHARE")

Since July 2010, the procurement function has contributed to Groupe BPCE's societal responsibility goals by implementing the responsible procurement and disabilities policy ("PHARE"). Supported by the procurement and human resources functions, this policy contributes to the professional and social inclusion of persons with disabilities by sub-contracting some operations to companies working with disabled persons.

In 2016, Groupe BPCE bolstered this commitment by spending nearly €14.9 million including tax⁽¹⁾ on companies working with disabled persons, representing a fivefold increase in the amount spent in this area since the policy was launched. Purchases by Groupe BPCE from companies working with disabled persons contributed to the professional inclusion of persons with disabilities, equivalent to 513 full-time equivalent (FTE) positions.

Cooperation with this sector has expanded and diversified, while initiatives already in place are still going strong. Groupe BPCE works with over 300 suppliers in this sector, purchasing traditional services such as landscaping and WEEE⁽²⁾ management, as well as services related to its banking operations such as the cleaning and recycling of ATMs, outgoing calls to customers and check video-encoding. New services are being introduced throughout the Group, such as the management of medical check-ups, the scanning of HR files and the use of remanufactured printer ink cartridges.

By working with stakeholders in the social and solidarity-based economy, the "PHARE" policy has become a priority of the "AgiR" project in its own right, taking on new dimensions as an integral part of a more comprehensive responsible procurement policy.

With this approach, the Group has undertaken to continue expanding its cooperation with EAs (*entreprises adaptées*), which are companies that promote the professional integration of disabled persons, and with ESATs (*établissement et service d'aide par le travail*), which are establishments where persons with disabilities can work in special conditions, thus increasing the Group's indirect employment of such individuals.

The PHARE symposium aims to facilitate meetings between companies working with disabled persons and Group companies in order to encourage them to work more often with EAs and ESATs. This annual event, sponsored by the human resources and procurement functions, also provides the opportunity to share best practices and thus facilitate the implementation of new initiatives.

In 2016, the symposium adopted a new regional format in order to facilitate meetings between EAs and ESATs and the Group's companies in local regions. The first regional symposium was hosted by Banque Populaire Loire et Lyonnais in Lyon, bringing together managers from the procurement, HR, business line and CSR functions of six Group companies in the Auvergne-Rhône-Alpes region. The second was held in Nantes by Banque Populaire Atlantique, with six companies from the Centre-Ouest region. These symposia provided the opportunity to share the Group's CSR commitments with staff and suppliers and to raise participants' awareness of responsible procurement.

► PURCHASES FROM COMPANIES WORKING WITH DISABLED PERSONS

Indicator	2016	2015	2014
Number of full-time equivalent positions created in companies working with disabled persons (2016 estimate)	513	518*	433*
Purchases from companies working with disabled persons (2016 estimate) (in €k incl. tax)	14,900	14,900*	12,400*

* The estimated 2014 and 2015 figures published in the 2014 and 2015 registration documents have been updated with the actual 2014 and 2015 figures.

6.4.2 A clear contribution to the transformations impacting society

PARTICIPATION IN THE CONSTRUCTION OF NEW INTERNATIONAL FINANCIAL STANDARDS ON CLIMATE CHANGE

Groupe BPCE is actively involved in banking sector initiatives in France, Europe and internationally.

Since 2009, the ambitions set out in international climate change negotiations and European and French policies on the energy transition have found an effective lever in growing investments in renewable energies and energy efficiency. New international financial standards are currently being drafted to facilitate and accelerate financing for green growth.

BPCE is actively involved in sector initiatives to ensure that banks and the regional markets play a full role in future developments:

- at an international level, via the European Savings Bank Group (ESBG) and the World Savings Banks Institute (WSBI), BPCE has contributed to defending the interests of local banks, and in particular cooperative banks, and their customers before the G20 and the Financial Stability Board (FSB);
- at a European level, the European Association of Cooperative Banks (EACB) and the ESBG mandated BPCE to represent them in the Energy Efficiency Finance Initiative Group (EEFIG), jointly organized by the European Commission and the United Nations;
- at a national level, pursuant to Article 173 of the French law of August 17, 2015 on the energy transition for green growth, the Group contributed to a government-sponsored project to establish climate stress tests as advocated by the G20;
- finally, within Groupe BPCE, Mirova coordinated the Paris Europlace report entitled "Green and Sustainable Finance Initiative", which made fifteen recommendations to support climate finance.

(1) Estimates.

(2) Waste electrical and electronic equipment.

6.4.3 Fair practices

COMPLIANCE OF PRACTICES

In accordance with internal control measures and the Group's Legal Compliance Charter, Groupe BPCE's Compliance, Security and Operational Risk division has set up several controls under its financial security and ethics and compliance frameworks.

➔ TRAINING IN ANTI-MONEY LAUNDERING POLICIES AND PROCEDURES

Indicator	2016	2015
Percentage of employees trained in their entity's anti-money laundering policies and procedures ⁽¹⁾ (based on reports from the entities)	88% ⁽²⁾	98%

(1) Number of employees (on permanent, fixed-term, or work-study contracts) who have received anti-money laundering training in the last two years.

(2) Percentage calculated based on two years of training activity and for the average number of permanent full-time staff. Excluding BPCE SA group and CFF.

In 2016, Groupe BPCE was not sanctioned for any anti-competitive, anti-trust or monopolistic behavior.

PREVENTION OF CORRUPTION

Preventing corruption is part of the Group's financial security system, reflecting its commitment as a member of the United Nations Global Compact.

The map of existing procedures and applications that fully or partially fall under the heading of preventing corruption, and the source documents formalizing them, notably covers financial security (anti-money laundering, management of embargoes, lists of politically-exposed persons), fraud, conflicts of interests, gifts, perks and invitations, funding of political parties or public figures, donations, patronage and sponsorship, lobbying, supervision of intermediaries and business providers, confidentiality and professional secrecy, employee training and awareness, whistleblowing procedures and the corresponding controls, monitoring and reporting.

Employees are expected to be particularly diligent in terms of the solicitations and pressure that may be placed on them, or situations that reveal abnormally high or excessive fees, as well as informal and private meetings with public companies.

At an international level, Natixis ensures that local regulations are strictly observed, for example the UK Bribery Act or the US Foreign Corrupt Practices Act.

Additionally, as part of the internal control system and in keeping with the Group Compliance Charter, in 2014 the Group Compliance and Security division instituted a framework procedure and corresponding instructions for preventing and handling internal fraud. To this end, the necessary authorization was obtained from the CNIL (French Data Protection Commission).

IT system security

Groupe BPCE has drawn up an IT security policy (PSSI-G) to protect itself from internal and external attacks. This policy comprises a governance charter and 430 rules covering different themes. The themes include: customer authentication for online banking transactions and payments; internet access

security, e-mail security, logical access control, IT network security, combating malicious code attacks, telephone system security, workstation security, IT development security, management of cookies, awareness and training in HR ISS (information system security), system and hardware security, outsourced service security, management of backups, archives and removable media, IT operation and production security, wireless network security, mobile IT security, confidential electronic data security, IT room security.

The Group policy was approved by the Group Executive Management Committee, then circulated and adapted operationally by each Groupe BPCE entity.

Over and above these policies, human vigilance is essential. Groupe BPCE has therefore set up a shared approach to raising employee awareness of information system security, based on nearly 20 training modules (e-learning, serious games). It also includes several films, in particular those produced for the Hack Academy public awareness campaign by CIGREF, an IT club for large French corporations.

Alongside this approach, in 2014 the Group established a cybersecurity alert system named VIGIE. VIGIE shares security events and incidents reported throughout the Group and the banking industry, to prevent them from spreading. The Group has a Computer Emergency Response Team (CERT) that is a member of the French and European inter-CERT community.

It also has a Security Operations Center (SOC) backed by a Security Information and Events Management (SIEM) system, which detects abnormal behavior and data flows within the Group information systems or their use.

Groupe BPCE has a Head of IT System Security (RSSI). Each entity has its own RSSI who reports functionally to the Group RSSI. The Group RSSI reports directly to the Chief Executive Officer in charge of Transformation and Operational Excellence (member of the Executive Management Committee) and functionally to the Group Risk, Compliance and Permanent Control division.

Detailed information on IT security is provided in Chapter 2.

RESPONSIBLE MARKETING

CSR analysis of new products and services

In September 2010, Groupe BPCE introduced an approval procedure for new banking and financial products and services aimed at customers of both networks. This procedure primarily aims to ensure that the risks associated with marketing products and services to customers are adequately managed. It does this by ensuring that all relevant regulatory requirements, in particular those intended to protect customers' interests, are taken into account in a product's design, promotional literature and terms of sale.

The procedure draws on BPCE's various areas of expertise (including in particular legal, finance, risk, information systems, compliance and taxation). Contributions from experts in these areas are presented to the Review and Validation Committee for New Groupe BPCE Products (CEVANOP), and each product must be approved before it can be brought to market.

A similar procedure applies to the sales process, and in particular the remote selling process, as well as sales materials used to promote products and services to the Group's customers on a regular basis.

The Group has not implemented a systematic CSR labeling scheme across all of its banking products. Products with a significant CSR component (environmental products, social and solidarity-based products) form part of a specific range to enable customers to easily identify them (see 6.2.1 "Responsible investment").

The new product approval procedure (CEVANOP procedure) meets the criteria laid out in Article L. 225 of the Grenelle 2 Act on measures taken in favor of consumers' health and safety. Banking products for individual customers are not directly concerned by these issues, and banking regulations are particularly strict in terms of consumer protection.

QUALITY ASSURANCE

The Group has put customer satisfaction at the heart of its strategy. To enable it to deliver on this commitment, each network has put in place mechanisms to measure the quality of customer relationships in a way that is aligned with its identity and distinctive characteristics.

Quality is also included as a priority in Group projects impacting customer and employee satisfaction.

National systems for customer feedback have been set up in all regional banks. Each network conducts a national customer satisfaction survey of individual and professional customers from across the banks every two months. A survey of 1,000 customers is conducted for each institution, which receives a report of its findings. Satisfaction surveys are also carried out among corporate and private banking customers.

Both networks' customers are also routinely surveyed at "key moments" in their relationship with the bank, such as when they sign up as customers, apply for home loans, change advisors or make a complaint. In addition, mystery shoppers and calls are regularly used to evaluate the quality of service offered to customers. Since 2015, these surveys have focused on advisors' customer relations skills.

Since 2015, this approach has been ramped up with the implementation of the "High-Definition Quality" program in which the banks' customers are routinely surveyed after each meeting with their advisor in order to learn how satisfied they are with the advisor's availability, friendliness, quality of advice, and how their requests were handled. The results are reported to the branches each month.

These measures are supported at a regional level: each regional bank is provided with the resources it needs to undertake its own surveys, which serve in particular to break down customer satisfaction by branch. Nearly 12 million customers were surveyed to provide each of the branches with customer satisfaction benchmarks.

All these actions are used to build improvement plans. To aid this, Groupe BPCE rolled out a tool to help the regional banks build their own quality management processes. Projects are being led by Groupe BPCE's Quality division and rolled out across the networks. Quality of Service best practices are shared. Finally, this approach, which is already in place in French overseas departments (Reunion, the French Antilles and Guiana), began to be implemented internationally with quality surveys among customers in Cameroon and Madagascar.

BPCE launched a campaign entitled "The service-minded approach: aiming for the ideal business..." in response to growing customer demands in a fast-changing digital and competitive environment. This campaign aims to pool and implement all projects and practices promoting better handling of customer requests, while supporting employees in this changing environment.

The Group has a customer service department that coordinates complaints management for the banks. This approach allows for the sharing of best practices for handling complaints and achieving the best possible outcome in both sales and legal terms, while monitoring image risk. This department also replies to customers who post messages on social media.

To involve all members of the Group in the continuous improvement policy, 20,000 employees of the Caisses d'Epargne and the Banque Populaire banks are asked each year about the quality of the range of products and services produced by its subsidiaries and partners. Each entity uses the results of the assessment to produce an action plan to improve employee satisfaction and thereby enhance customer satisfaction.

CUSTOMER DISABILITY POLICY

The Banque Populaire banks and the Caisses d'Epargne have taken various steps to facilitate access to banking services for persons with disabilities:

- they provide visually-impaired customers with free account statements in Braille and some are issued specially-designed guides and checkbooks. They also endeavor to make their services accessible by installing ATMs with Braille and voice guidance features as well as specially-designed online tools. In 2016, the networks provided special training in serving disabled customers (sign language, serving persons with disabilities, etc.). They directly encouraged the employment of persons with disabilities by raising awareness, advising local companies and offering practice job interviews to jobseekers with disabilities;
- BPCE Assurances has established an accessibility system for customers who are deaf or hard of hearing. Policyholders can now directly access contract management, assistance, claim and compensation services via the website of their Caisse d'Epargne. In addition, emergency assistance is provided by

SMS 24/7 in the event of a claim or vehicle breakdown. This tool allows customers who are deaf or hard of hearing to get in touch with an insurance representative using instant transcription or remote video interpreting services. This allows them to make contact independently, without the need for a third party, as is often the case;

- several banks also use advisors trained in sign language. They have also developed products that are specially designed for persons with disabilities, for example financing solutions to help them equip and adapt their home.

Indicator	2016	2015	2014
Number of buildings with environmental or other certification	32	26	22
Surface area of buildings with environmental or other certification (in m ²)	219,149	124,565	50,413
Number of accessible branches (Disability Act of 2005)	4,706	4,967	3,831
Percentage of accessible branches (Disability Act of 2005) (as a %)	59%	54.5%	45%

SPONSORSHIP ACTIVITIES BY THE BANQUE POPULAIRE BANKS

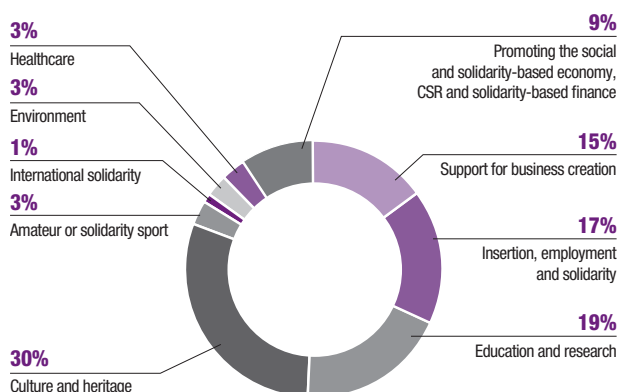
Local patronage and partnerships

The Banque Populaire banks are involved in initiatives in support of civil society in various areas. They are highly involved in supporting business creation (through microloans in particular), integration and solidarity, and actively support education and research. In order to take effective action in the local public interest and to structure their patronage, 10 Banque Populaire banks have their own foundation or charity fund.

Action taken by Crédit Coopératif and its foundation is mainly focused on supporting and promoting the social and solidarity-based economy, while the CASDEN Banque Populaire banks naturally focus on education and research.

In 2016, patronage activities by the Banque Populaire network represented nearly €11.4 million.

➔ DONATION AMOUNTS BY CATEGORY



National partnerships

In line with the Banque Populaire network's local initiatives, the FNBP maintains a patronage partnership policy whose priorities for action are microfinance, education, and professional inclusion. At the request of the Banque Populaire banks, the FNBP has created a donation fund to finance projects eligible for patronage as part of the patronage and partnerships policy it carries out for the Banque Populaire banks. The main partners involved in 2016 were ADIE, the Banque Populaire Financial Vulnerability and Microloan Research Chair at the Audencia business school, the Banque Populaire Microloan Research Chair at ESC Dijon business school and Entreprendre pour Apprendre ("Learn Through Business"), which aims to develop the entrepreneurial spirit among 8-25 year olds. Since 2015, the FNBP has stepped up its support for research with the creation of a "Management and Governance of Financial Cooperatives" research chair in partnership with the FNCE, BPCE and the IAE Paris graduate business school. It is also a partner of the annual thesis contest organized by Institut Universitaire Varenne (an association that promotes the sharing of knowledge) in the "Private law on economic activities and financial cooperatives" category. The FNBP federation is a member of the European Microfinance Network (EMN) and Finances Et Pédagogie.

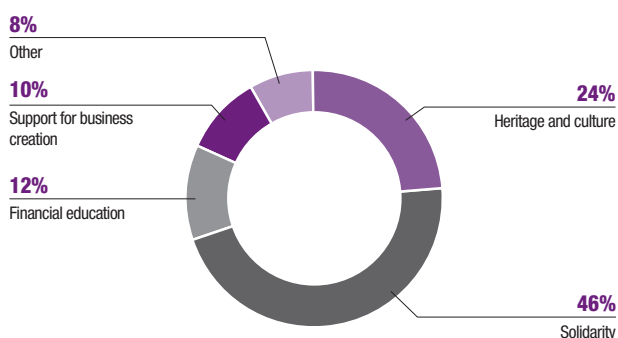
Banque Populaire Corporate Foundation

The Banque Populaire Corporate Foundation is the patronage vehicle of the 15 Banque Populaire banks. As part of the Fédération Nationale des Banques Populaires (FNBP), its purpose is to support the plans of young classical musicians, persons with disabilities and young artists. Expert panels select candidates in the three categories and refer the winners to the Foundation's Board of Directors, which decides on how to allocate the financial support. The Board of Directors is composed of Banque Populaire bank Chairmen and Chief Executive Officers, an employee representative and panel Chairmen. The Foundation demonstrates its long-term commitment by supporting its winning candidates for between one and three years. For nearly 25 years, these actions have illustrated the values that embody the history and strength of the Banque Populaire banks: solidarity, the entrepreneurial spirit and encouraging innovation. In 2016, the Banque Populaire Corporate Foundation funded 38 winning candidates in music, 30 winners from the disability category and 14 winners from the artists category.

SPONSORSHIP ACTIVITIES BY THE CAISSES D'EPARGNE

A commitment to philanthropic activity lies at the heart of the history, identity and values of the Caisses d'Epargne. As a result of this historic commitment, the Caisses d'Epargne are among the leading patrons in France. In 2016, patronage activities represented €21.5 million. Over 1,300 local projects – primarily solidarity-based – were financed.

→ DONATION AMOUNTS BY CATEGORY



In line with its identity as a cooperative bank with strong local ties, each of the Caisses d'Epargne draws up its own philanthropic strategy according to local needs. To implement this strategy, the Caisses d'Epargne can either operate directly or *via* dedicated regional structures.

The Caisses d'Epargne share a commitment to following a structured and local approach, focusing on initiatives that have a significant social impact. They are supported by a network of 17 philanthropy managers, who build a common approach through the sharing of tools and best practices. This is illustrated by the partnership with Le Rameau, an advisory and research laboratory, with which the Caisses d'Epargne and their Federation carried out an in-depth analysis of alliances between companies and associations with the goal of co-building innovative solutions to local requirements. This partnership produced guidelines and a website for associations seeking to build new social solutions with companies.

Besides initiatives decided upon regionally, the Caisses d'Epargne also support the Caisse d'Epargne network charity fund, and the Fondation Belem.

The Caisse d'Epargne network charity fund promotes and supports public interest initiatives aimed at fighting exclusion and financial hardship as well as initiatives and programs providing humanitarian, educational, health care, social and cultural assistance. The charity fund supports the Finances & Pédagogie association.

The Fondation Belem was set up by the Caisses d'Epargne in March 1980 following the purchase of the Belem three-master, to enable the ship to continue sailing (www.fondationbelem.com). Recognized as being in the general public interest, its purpose is to promote France's maritime history and to keep the last-remaining major 19th-century French sail ship among the nation's cultural assets. The ship has been listed as a historic monument since 1984. In 2016, Belem spent seven months sailing in the Atlantic, the English Channel, the North Sea, and the Mediterranean, hosting 1,112 experienced sailors and novices over 167 days at sea, and 46,000 visitors during 40 days open to the public. In 2016, it took part in the Rouen Armada in April, the French Naval Academy's "Grand Prix de l'Ecole Navale" in May, festivities to mark the ship's 120th anniversary in Nantes and at the Bordeaux Wine Festival in June, as well as participating in the Brest 2016 maritime festival and the Brest/Douarnenez parade in July, the Tall Ships Race between Lisbon and Cadiz in July, and the Grand Maritime Parade in Marseille in September.

The Caisses d'Epargne also support music (Esprit Musique: espritmusique.fr) and sports (basketball, handball and skiing: espritbasket.fr, esprithandball.fr and espritglisse.fr) through patronage and sponsorship activities.

SPONSORSHIP ACTIVITIES BY NATIXIS

Natixis supports many solidarity-based patronage initiatives, with two major longstanding partnerships.

Cancer research

Natixis has supported the Gustave Roussy Foundation in cancer research since 2011. After sponsoring three teams researching the personalization of cancer treatments, Natixis renewed its support in 2016 by funding three new research teams working on precision medicine and fundamental research. Gustave Roussy has always strongly associated care with fundamental and clinical research, earning it world-renowned expertise in therapeutic innovation in cancer research.

In 2016, Natixis partnered Gustave Roussy's digital campaigns to mark "Blue March", a nationwide colon cancer awareness initiative, and "Pink October", for international breast cancer awareness. It also organized three awareness events among staff throughout the year.

Solidarity-based patronage

In 2010, Natixis AM entered into an exclusive partnership with Mie de Pain, a charity working in the 13th arrondissement of Paris where it provides emergency shelter and helps with the reintegration of persons in extreme financial hardship. This local social patronage is part of Natixis AM's CSR policy and encourages the company and its employees to get involved by providing financial, technical, material and human support to the people helped by the association.

6.4.4 A comprehensive risk management and control policy

Groupe BPCE is active in a changing ecosystem (tightening regulations, changing businesses in an environment of low interest rates, the digital transformation, climate change, etc.) and is facing major challenges (in finance and insurance). It is exposed to various risks, which it has identified so it can manage them, in particular through its strategic plan. These risks are presented in Chapter 3. The management of non-financial risks is an integral part of the Group's overall risk management and control policy.

PREVENTING AND MANAGING CLIMATE CHANGE RISK

Pursuant to Article 173 of the French law on the energy transition, BPCE has begun to ramp up its efforts to reduce its impact on climate change.

Financial risks relating to climate change and mitigating measures

Groupe BPCE is aware of its role in encouraging a low-carbon economy, and as such takes committed actions to account for climate change risk and deploy measures aimed at reducing this risk.

In terms of the recognition of the financial risks relating to the effects of climate change, 2016 saw the integration of climate change in the Group's general credit risk policy as a theme causing a major change in risk, the integration of environmental risk – including climate change risk – in the Group companies' macro risk map, and the Group's active involvement in industry-wide initiatives in France, Europe and around the world. These items are set out in detail in Chapter 2.6 in the Chairman's report on internal risk control and risk management procedures.

Impact of the Group's business activity and the use of products and services on climate change

In 2016, Groupe BPCE performed a gap analysis to identify and weight its direct and indirect impacts on climate change and to ensure it takes appropriate action to mitigate this impact, with:

- the mapping of its main goods and services and activities that have a positive or negative impact on climate change, *i.e.* those generating greenhouse gas emissions;
- an inventory of the actions taken or that remain to be taken.

The analysis was performed by an external organization and covered five main products and services and six activities (their weighting based on their impact on climate change is shown in brackets, ranging from a limited impact (*) to a strong impact (***)):

- products and services:
 - distribution of financial products to retail customers (*),
 - project financing (***),
 - real estate project financing (***),
 - insurance (*),
 - funding, investment and asset management (**);
- activities:
 - energy consumption (***),
 - real estate portfolio (**),

- property, plant and equipment (IT equipment and vehicles) (*),
- business travel (**),
- use of suppliers and sub-contractors (*),
- waste management (*).

The analysis did not show any major shortcomings in high-impact products, services and activities that would call into question Groupe BPCE's existing priorities and action. However, it did identify improvements that can be made to better account for its commitment, which will be added to existing action plans.

Integration of climate change in stress tests

The Group took part in an industry-wide project to prepare scenarios for climate change stress tests overseen by the French Treasury and the ACPR (French prudential supervisory authority for the banking and insurance sector), further to paragraph V of Article 173 of the French law of August 17, 2015 on the energy transition for green growth. This project provided the opportunity to review the Group's exposure to business sectors incurring climate change risk from two different perspectives: physical risk and transition risk. The conclusions showed that the Group has a very low exposure to sectors that are highly vulnerable to climate change risk.

Mandatory disclosures by institutional investors on their management of climate change risks

BPCE organized meetings between Group members impacted by this new regulation, in order to:

- ensure the new regulatory reporting requirement on climate change is correctly understood and taken into account;
- foster the exchange of best practices in this area.

For 2016, Groupe BPCE recorded no provisions or guarantees to cover environmental risks in its financial statements.

INTEGRATION OF ESG CRITERIA IN PRIVATE EQUITY ACTIVITIES

With six investment management companies, Natixis is able to offer a full range of expertise covering the entire private equity business around the world. Three companies specialize in direct investments in unlisted firms: Naxicap Partners, Alliance Entreprendre (growth capital and business transfers in France and Europe) and Seventure Partners (venture capital in France). Three companies offer advisory and management services: Euro-Private Equity in Europe, Caspian Private Equity in the United States and Eagle Asia Management in Asia.

Euro Private Equity and Naxicap Partners have been signatories of the UN Principles for Responsible Investment (PRI) since 2015.

Euro Private Equity formalized its responsible investment policy covering its commitments as an asset management company as well as its commitments during fund due diligence (investment philosophy), in the post-investment stage (active investor) and in terms of reporting (transparency). Euro-PE works with Mirova, Natixis Asset Management's responsible investment subsidiary, which assisted it with the integration of ESG criteria in its investment policy. Mirova advised Euro-PE on the drafting of its ESG charter and on the creation of an ESG analysis chart used to assess the ESG commitment of the fund managers

6 SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION Sustainable and responsible value creation

it analyzes. The ESG analysis chart has been part of the due diligence and investment scoring process since 2015. Fund managers are rated according to several criteria. Each year, Mirova verifies that the ESG process and the analysis chart set up by Euro-PE are applied.

Naxicap Partners has also adopted an ambitious ESG policy and charter. Since 2015, its teams identify the main ESG risks and opportunities before making any investment, and ESG audits are systematically performed by specialist auditors. After investing, Naxicap Partners supports and advises companies in their ESG initiatives. A questionnaire sent to companies that receive the biggest investments enables the team to steer its action plans. The asset management company also undertakes to actively fulfill its role as a member of the companies' Supervisory Boards.

Incorporating environmental and social (E&S) criteria into financing activities

E&S (environmental and social) criteria are integrated in Natixis CIB's financing activities by the Environmental and Social Responsibility team. This team tracks the quality of E&S assessments and risk monitoring applied to transactions, analyses the reputational risk of the different parties to the transaction, and sets up CSR policies for at-risk sectors.

ASSESSMENT AND MONITORING OF E&S RISKS AND MANAGEMENT SYSTEMS **Equator Principles**

As a signatory of the Equator Principles since December 2010, Natixis applies an industry-wide methodology recognized by 89 member banks and financial institutions, aimed at evaluating the E&S risks of the projects it finances and assessing the quality of the management systems used by its customers to manage, minimize, and remedy their impacts as best they can.

This methodology applies to the financing of investments in new projects or the extension of existing projects. For Natixis it mainly concerns the infrastructure, energy (oil, gas), electricity and renewable energy, mining and metals sectors around the world.

Natixis has set up an organization in which the business lines and the ESR team are jointly involved in assessing and managing transactions. The process includes an assessment of the quality of existing E&S documentation prepared by the customer (or providing advice if such documentation has not yet been drafted), measurement and classification of the potential E&S impacts and risks, and, if necessary, consultation of external specialists. It also provides for the drafting of an action plan for impact mitigation and correction measures, which is included in the financial documentation and compliance with which is monitored over the life of the financing facility.

A summary of key issues used to assess a project is part of Natixis' credit approval process.

Details of the analysis and decision-making process, the resources used and full information on transactions audited in this way are available in the annual Equator Principles report (published before July 31 each year and available on the Natixis website at https://www.natixis.com/natixis/jcms/ala_5415/fr/gestion-des-risques-environnementaux-et-sociaux).

Assessments performed beyond the scope of the Equator Principles

Natixis is aware that it provides a wide range of transactions and financing solutions to its clients, and applies the same level of diligence to the E&S risks underlying certain types of transaction that fall outside the scope of the Equator Principles.

This includes certain acquisition finance transactions not related to investment programs, multi-purpose financing, asset portfolios that are too broad to allow a bespoke assessment, and certain types of assets.

In each of these cases, the quality of governance and the management of E&S risks inherent to the type of industry are assessed based on best practices and the latest international standards, with the assistance of external consultants where necessary.

Analysis of reputational risk of the parties to transactions

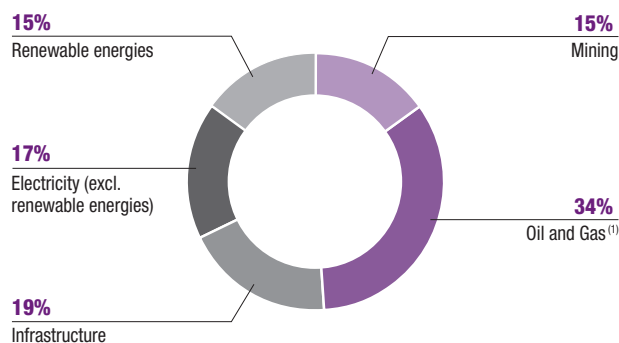
For all the financing transactions referred to above, and also when deemed necessary for any other transaction, an analysis is performed to determine whether the borrowing company, its operator or main shareholder has a history of poor management in its operations, from an environmental, social or health and safety standpoint.

In the interest of establishing lasting relations with its customers, the objective is to raise awareness among the business lines – before a credit decision is made – of all the situations that can give rise to reputational risk, and where necessary to consider appropriate measures.

Review of financing transactions performed in the past three years

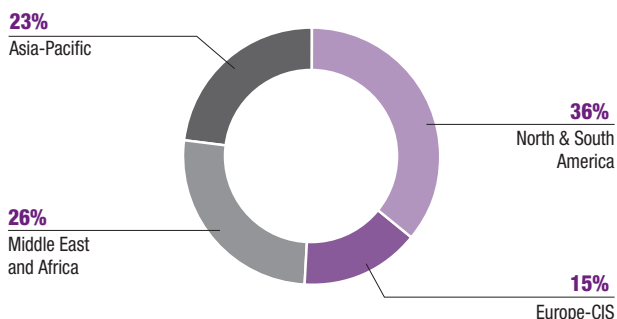
The E&S risk assessment and monitoring and/or reputational risk analysis covered 189 transactions over the past three years. The breakdown of these transactions is shown below:

NUMBER OF TRANSACTIONS BY GEOGRAPHICAL REGION AND SECTOR:



⁽¹⁾ including special vessels and offshore platforms

➔ **BREAKDOWN OF PROJECTS CONSIDERED BY SECTOR (NUMBER) – SINCE 2014**



CSR policies for at-risk sectors

Internal CSR policies have been drawn up and included in the risk policies of the business lines working with the most at-risk sectors.

To date, CSR policies have been set up for financing activities in the following sectors, based on the guidelines set out below:

- **Defense:** very specific criteria apply to each transaction, setting out rules for the types of equipment accepted and the eligibility conditions of import and export countries. These criteria complement Natixis' exclusion policy (see below);

- **Nuclear:** compliance with the strictest international security rules (IAEA, etc.), reliability of technologies, demonstration by the host country and the operator of their capacity to control and operate their nuclear industry, based on specific criteria;
- **Oil, gas and mining industries:** selection of operators with proven capacity to manage the environmental, social, health and safety aspect of their activities, in compliance with current regulations, international standards (IFC, World Bank) and recommendations and best practices for the sector;
- **Mobile assets for offshore oil and gas production:** compliance with maritime and sector regulations; selection of assets based on the quality of their operator, their country of incorporation (flag), and their certification body, based on well-established recognized rankings;
- **Palm oil:** traceability and compliance with best practices and applicable standards.

Exclusion policies

Exclusion policies are used in the controversial weapons sector.

Since March 2009, Natixis has excluded the financing, investment and offer of services to companies involved in manufacturing, storing or trading anti-personnel mines and cluster bombs.

This exclusion policy notably applies to proprietary and third-party investments managed by Natixis Asset Management, which has set up a program to raise customer awareness.

Cessation of financing for the coal industry

On October 15, 2015, Natixis undertook to no longer finance coal-fired power plants or thermal coal mines anywhere in the world, given the current state of technologies, or to accept new advisory or arrangement mandates relating to such financing. Natixis will also no longer provide general purpose corporate financing to companies for which coal-fired power plants or thermal coal mines account for over 50% of their activity.

This commitment was set out in a sector policy published on Natixis' website in July 2016 at the following address: https://www.natixis.com/natixis/upload/docs/application/pdf/2016-07/160708_coal_policy_fr.pdf

The amount of Natixis' exposure to coal-industry financing has fallen steadily since the undertaking made in October 2015. It now has no exposure to thermal coal mine financing and only a residual exposure to coal-fired power plants.

In May 2015, Natixis also decided not to finance coal mines using the Mountain Top Removal (MTR) technique, and to no longer provide general purpose corporate financing or invest* in companies for which the MTR technique accounts for over 25% of their activity.

* Natixis Asset Management.

6.5 CSR reporting methodology

This section aims to explain the methodology applied by Groupe BPCE in its CSR reporting.

6.5.1 CSR reporting structure

Sustainable development indicators based on the guidelines of the GRI (Global Reporting Initiative) are used with respect to the 43 themes covered by the Decree of April 24, 2012 on Corporate Social Responsibility transparency requirements. These were supplemented by indicators specific to the banking sector, adjusted based on the fourth generation of GRI standards released in 2013, and the financial services sector supplement, and integrated with Groupe BPCE's indicator guidelines. The indicator guidelines were also updated to incorporate the 2016 regulatory changes, feedback from sustainable development officers in charge of reporting, and the recommendations of the independent third party for fiscal year 2015.

Groupe BPCE also drew on the IIRC (International Integrated Reporting Council) reference framework to make its non-financial communication more transparent and to demonstrate its contribution to value creation over the short, medium and long term. This is one of the goals of the summary presentation of its business model and impacts and the governance diagram included in Chapter 2. The implementation of a Group CSR policy, with priority projects also meets this goal.

ENVIRONMENTAL INDICATORS

For fiscal year 2016, internal environmental indicators were collected from the entities' sustainable development officers in collaboration with their logistics officers via the SPIDER data entry tool.

For the carbon review, the methodology used is that defined in ISO 14064. Data are collected annually by each entity's sustainable development officers, and are reported in the COGNOS tool, which was rolled out in 2015.

Most of the emissions factors are based on ADEME's emissions factors and are updated annually. In accordance with the general principles of carbon accounting, the integration of emission factors specific to Groupe BPCE is encouraged in the following cases:

- to compensate for a lack of appropriate factors; and
- to replace ADEME's emissions factors (or factors from any other public or semi-public source) when they are not relevant or sufficiently detailed.

Green growth indicators are business indicators (eco-loans) collected from centralized databases for both networks.

HUMAN RESOURCES INDICATORS

No major changes were made to the human resources indicators so as to ensure stability and to allow for comparison. In view of the expansion of the scope of consolidation in 2015, and to improve readability over the two-year period, the

2014 human resources data were readjusted pro forma and consequently differ from the data presented in the report for the previous fiscal year.

Human resources data (excluding training) are extracted from two centralized information systems managed by Group Human Resources Operations, namely the "Services" data center for companies in the Caisse d'Epargne network and the "Perse" info center for all other entities.

The data extracted from the two information systems are verified following a regular control process at Group level according to the human resources indicators defined for the registration document.

Permanent contracts include work-study contracts with an indefinite term. Fixed-term contracts include fixed-term work-study contracts (professionalization contracts and apprenticeships). Employees included in the headcount at December 31 of each year include those departing on that date and those whose contract has been suspended.

New Hires data refer to new hires on permanent and fixed-term contracts signed between January 1, and December 31, including work-study contracts (professionalization and apprenticeships). Departures data include staff on permanent contracts leaving between December 31 of the previous year and December 30 of the current year for the following reasons (broken down quantitatively): dismissal, resignation, departure during a trial period, mutually-agreed termination, transfer within the Group and retirement.

Transfers between different Group companies are taken into account in the new hires and departures figures.

The rate of absenteeism is a projection estimated using data available in the third quarter of the current year and finalized data for the previous year. This estimate is used because data for the reference year were unavailable on the publication date of the registration document.

Indicators related to training are extracted from the "SI Apogée Formation" tool, which was rolled out in 2013. These data cover all of the training sessions assigned under the plan for a given year and approved by the training departments of the companies within the scope reviewed at the date the data were extracted.

SOCIETAL INDICATORS

Societal indicators are mainly business indicators such as socially responsible investments and loans to local authorities and to social housing operators and the social and solidarity-based economy. Data are extracted from centralized databases. Their accuracy is regularly verified at Group level. Indicators related to patronage, microloans and cooperative identity are provided by the two networks' federations and by the Group's outside partners (ADIE, France Active, Initiative France). Procurement indicators are provided by BPCE Procurement.

Reporting structure

CSR reporting is organized by the Group's Sustainable Development division, which coordinates the necessary work each year (updating the guidelines, indicators and user guides, advising the banks in the drafting of their own CSR annual report, etc.).

A project is also being carried out with the Group's operational divisions (IT, Human Resources, Real Estate & Logistics, Procurement, etc.) and federations (FNBP, FNCE) aimed at making better use of centralized databases.

Finally, various initiatives were taken in 2016 in collaboration with all of the stakeholders of the CSR chapter aimed at encouraging Group entities to incorporate CSR reporting processes into their operations. These included:

- a review of the 2015 reporting campaign and a presentation of the results to the entire sustainable development function;
- Group-wide distribution of a memorandum going over regulations and detailing the reporting process for the businesses;
- organization of a one-day conference for all sustainable development officers from every entity to inform them about the importance of CSR reporting and answer their questions about the data collection process;
- awareness-raising among the Group's business functions about CSR reporting issues through visits by the sustainable development team (Real Estate & Logistics Conference, national procurement meeting, etc.);
- two carbon review training sessions ("beginners" and "advanced" levels);
- organization of two conference calls attended by nearly all of the sustainable development officers to provide advice and answer questions about the collection of CSR data.

Exclusions

Given the nature of Groupe BPCE's activities, some themes covered by the Decree of April 24, 2012 were not deemed to be relevant:

- **measures to prevent, reduce and remedy air⁽¹⁾, water, and soil pollution seriously affecting the environment:** these issues are largely irrelevant to the Group's activities; however, they are taken into account in financing activities, particularly where the Equator Principles apply;
- **noise and other pollution and ground use:** as Groupe BPCE is a service-based group, it is not concerned by issues relative to noise pollution and ground use. Its offices and commercial premises often cover several floors so its ground occupancy is much smaller than that of an industrial activity spread over a single level;
- **food waste**, in view of our activity as a services company.

Purpose of the user guide

The user guide, addressed to all contributors to the Group's CSR reporting processes, was updated for 2016. It specifies the following with respect to the Group's registration document (but also for each entity; i.e. annual management report or registration document):

- the regulatory environment;
- the timeline;

- the reporting process (scope, extrapolation rules for incomplete data, consolidation rules and the information control process);
- a glossary.

This guide also relies on a CSR reporting standard that specifies all of the indicators published, their definitions, their units, the corresponding GRI reference, their sources, how they are calculated and collected, and examples of controls to carry out.

A Group carbon review user guide was also brought up to date in 2016. The guide is intended to promote the carbon review system. The purpose of this guide is to:

- present the general principles of the method developed by the Group;
- review the system's history and the most recent changes to the system;
- offer a uniform presentation of the reporting rules for Groupe BPCE's greenhouse gas emissions reviews (reporting period, scope, extrapolation rules, etc.);
- enable departments to establish carbon reduction action plans while meeting the requirements of Article 75 of the Grenelle 2 Act, which concerns greenhouse gas emissions reviews and the Local Climate-Energy Plan ("PCET") plan.

Reporting period

The published data cover the period from January 1, 2016 to December 31, 2016. Where physical data are not exhaustive for the period, the contributors made approximate calculations to estimate the value of the missing data from average ratios provided by Groupe BPCE (user guides) based on FTEs and/or the occupied surface area. The contributors reviewed the estimates used and sent their comments along with the information provided and approved by the Group.

For 2016, these comments concerned the change in the source of electricity use data owing to a change of supplier for 36 Groupe BPCE companies. The data provided were unreliable (incomplete, unclear, etc.), so estimates were made based on the recommendations provided in the user guide:

- by extrapolating data for missing months/surface areas pro-rata to existing data;
- by using the default ratio recommended by Carbone 4 in the carbon review methodological guide;
- by completing missing data using information for the same period of the previous year.

Comparability

This year, Groupe BPCE chose only to report figures for a single year for some indicators, namely those that have undergone a major change in definition since 2015 and some that were newly introduced in 2016.

Controls

The "non-financial information quality control framework" covers the organization of controls of non-financial information in Groupe BPCE, and describes the main policies in place in this area. It applies to all Groupe BPCE entities in the consolidated scope: the central institution, its direct and indirect subsidiaries, all BPCE affiliates and their subsidiaries.

(1) Greenhouse gas emissions are covered in the "Climate change" section.

Each entity is responsible for the accuracy of its CSR data. The same applies to Groupe BPCE's operational divisions.

At Group level, all data collected are verified and subject to a careful review of units and data consistency. Contributors are asked for an explanation where figures appear unjustified.

The third level of control is the Internal Audit, which performs checks on entities' CSR reporting as part of its multi-annual audit plan (from 2017).

If any data published in the management report for the previous year prove inaccurate, a correction is made with an accompanying explanation on the bottom of the same page.

6.5.2 Reporting scope for 2016

Groupe BPCE's long-term objective is to meet the regulatory requirement of consolidating CSR reporting on a statutory scope of consolidation (the same as used for the publication of the Group's consolidated financial statements). The scope established for 2016 was defined as reasonably as possible under the circumstances. This scope varies depending on the type of indicator. The scope will tend to expand every year, with the aim of covering the entire statutory scope of consolidation.

HUMAN RESOURCES INDICATORS – REPORTING SCOPE

In 2016, the reporting scope reviewed for human resources indicators (excluding training) included the following:

- the Banque Populaire banks;
- the Caisses d'Epargne;
- Banque de Savoie, Banque Dupuy, de Parseval, Banque Marze;
- the Caisses du Crédit Maritime;
- the subsidiaries of Crédit Coopératif;
- SBE, PRIAM;
- the i-BP, IT-CE and BPCE-IT organizations;
- BPCE, Natixis SA and BPCE International.

This year, the scope was expanded to incorporate human resources data from Natixis SA, Natixis Interépargne and Natixis Factor. The human resources reporting scope covers 90% of the Group's headcount in France.

With respect to training data, the scope is limited to the Banque Populaire banks, the Caisses d'Epargne, BPCE, and the IT subsidiaries of Groupe BPCE. It

represents 87% of permanent staff (incl. work-study contracts) covered by the human resources data.

ENVIRONMENTAL AND SOCIETAL INDICATORS – REPORTING SCOPE

In 2016, the reporting scope covers 89% of Groupe BPCE's permanent headcount. It includes the following entities (barring specifically-mentioned exceptions):

- the companies of the Banque Populaire network, composed of the Banque Populaire banks and their subsidiaries in France;
- the companies of the Caisse d'Epargne network and their subsidiaries in France;
- BPCE, BPCE IT, i-BP, IT-CE, Natixis SA and its subsidiaries in France, Banque Palatine and its subsidiaries in France, Crédit Foncier and its subsidiaries CFI and SOCFIM;
- the subsidiaries of BPCE International for a selection of environmental and societal indicators.

The methodologies and scopes related to Banque Palatine, BRED Banque Populaire, Crédit Coopératif, Crédit Foncier and Natixis are outlined in their respective management reports.

DIFFICULTIES AND LIMITS

It is difficult to analyze and interpret the data owing to the large number of information systems in use within Groupe BPCE. The reporting scopes vary according to the type of data (human resources, environmental, societal or business data).

6.6 Report by one of the Statutory Auditors, appointed as independent third party, on the consolidated human resources, environmental and social information included in the management report

This is a free English translation of the Statutory Auditors' report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

For the year ended December 31, 2016

To the Shareholders,

In our capacity as Statutory Auditor of BPCE SA, (the "company"), appointed as independent third party and certified by COFRAC under number(s) 3-1048⁽¹⁾, we hereby report to you on the consolidated human resources, environmental and social information for the year ended December 31, 2016 included in the management report (hereinafter named "CSR Information"), pursuant to Article L. 225-102-1 of the French Commercial Code (*Code de commerce*).

Company's responsibility

The Supervisory Board is responsible for preparing a company's management report including the CSR Information required by Article R. 225-105-1 of the French Commercial Code in accordance with the indicator guidelines used by the company (hereinafter the "Guidelines"), summarised in the management report.

Independence and quality control

Our independence is defined by regulatory texts, the French Code of ethics (*Code de déontologie*) of our profession and the requirements of Article L. 822-11 of the French Commercial Code. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional standards and applicable legal and regulatory requirements.

Statutory Auditors' responsibility

On the basis of our work, our responsibility is to:

- attest that the required CSR Information is included in the management report or, in the event of non-disclosure of a part or all of the CSR Information, that an explanation is provided in accordance with the third paragraph of Article R. 225-105 of the French Commercial Code (Attestation regarding the completeness of CSR Information);
- express a limited assurance conclusion that the CSR Information taken as a whole is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of CSR Information).

Our work involved nine persons and was conducted between December and February 2017 during a six week period. We were assisted in our work by our sustainability experts.

We performed our work in accordance with the order dated May 13, 2013 defining the conditions under which the independent third party performs its engagement and the professional guidance issued by the French Institute of Statutory Auditors (Compagnie nationale des commissaires aux comptes) relating to this engagement.

Attestation regarding the completeness of CSR Information

NATURE AND SCOPE OF OUR WORK

On the basis of interviews with the individuals in charge of the relevant departments, we obtained an understanding of the company's sustainability strategy regarding human resources and environmental impacts of its activities and its social commitments and, where applicable, any actions or programmes arising from them.

We compared the CSR Information presented in the management report with the list provided in Article R. 225-105-1 of the French Commercial Code.

For any consolidated information that is not disclosed, we verified that explanations were provided in accordance with Article R. 225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covers the scope of consolidation, i.e., the company, its subsidiaries as defined by Article L. 233-1 and the controlled entities as defined by Article L. 233-3 of the French Commercial Code within the limitations set out in the CSR reporting methodology section of the management report.

(1) Whose scope is available at www.cofrac.fr

Conclusion

Based on the work performed and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report. As mentioned in the methodology section, disclosed CSR information are related to Groupe BPCE (and not BPCE SA group), the company considering that such disclosure is more appropriate to provide a better information.

Conclusion on the fairness of CSR Information

Nature and scope of our work

We conducted approximately fifteen interviews with the persons responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate;
- verify the implementation of data-collection, compilation, processing and control process to reach completeness and consistency of the CSR Information and obtain an understanding of the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and procedures based on the nature and importance of the CSR Information with respect to the characteristics of the company, the human resources and environmental challenges of its activities, its sustainability strategy and industry best practices.

Regarding the CSR Information that we considered to be the most important⁽¹⁾:

- at parent entity level, we referred to documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions), performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in agreement with the other information in the management report;
- at the level of a representative sample of entities selected by us⁽²⁾ on the basis of their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify that procedures are properly applied and to identify potential undisclosed data, and we performed tests of details, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents. The selected sample represents 16% of headcount, between 15% and 21% of quantitative environmental data disclosed, and between 75% and 100% of the quantitative societal data disclosed.

For the remaining consolidated CSR Information, we assessed its consistency based on our understanding of the company.

We also assessed the relevance of explanations provided for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes we have used, based on our professional judgement, are sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures. Due to the use of sampling techniques and other limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the CSR information cannot be totally eliminated.

Conclusion

Based on the work performed, no material misstatement has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

Neuilly-sur-Seine, March 23, 2017

One of the Statutory Auditors

Deloitte & Associés

Jean-Marc Mickeler
Partner

Julien Rivals
Partner, Sustainability Services

(1) HR indicators: total headcount and breakdown by contract type, status and gender; breakdown of hires by contract; departures of employees on permanent contracts by reason and gender; breakdown of permanent staff (excl. permanent work-study) present at December 31, 2016 by salary bracket; breakdown of training hours by gender and status; breakdown of permanent staff trained by area of training.

Environmental indicators: total final energy consumption; recycled paper (A4) and/or FSC- or PEFC-certified paper; BPCE's green growth financing.

Societal indicators: assets under management in open-ended and dedicated SRI and solidarity-based funds and employees savings plans; assets under management in SRI and solidarity-based funds as a share of total assets under management; assets under management in open-ended and dedicated SRI and solidarity-based funds and employee saving plans; distribution of SRI and/or solidarity-based funds by the Banque Populaire banks and the Caisses d'Epargne; summary of microloans with support issued by Groupe BPCE; financing for the regional, public sector, the social economy and social housing by Groupe BPCE; total SRI funds sold by the Banque Populaire banks and the Caisses d'Epargne.

Qualitative HR information: developing skills to support the group's digital transformation and improve customer satisfaction; objectives for gender equality on the workplace.

Qualitative environmental information: prevention and management of climate risk; financing the energy transition and green growth.

Qualitative societal information: implementation of CSR policies for at-risk sectors, inclusion of environmental and social criteria in financing.

(2) Environmental and HR indicators: BPCE SA group, Natixis SA and Crédit Foncier de France SA. Societal indicators: BPCE SA group, BPCE Achats, Natixis Asset Management SA.