

# SECOND PARTY OPINION

## ON THE SUSTAINABILITY OF CRÉDIT AGRICOLE'S "GREEN BONDS"

Octobre 2019

### SCOPE

Vigeo Eiris was commissioned to provide an independent opinion (hereafter "Second Party Opinion" or "SPO" <sup>1</sup>) on the sustainability credentials and management of new "Green Bonds" <sup>2</sup> (the "Bonds") to be issued by Crédit Agricole S.A. (the "Issuer" or the "Group") in compliance with its "Green Bond Framework" ("Framework").

Our opinion is established according to Vigeo Eiris' Environmental, Social and Governance ("ESG") exclusive assessment methodology and to the Green Bond Principles ("GBP") voluntary guidelines edited in June 2018.

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

- 1) **Issuer:** we have assessed the Issuer's ESG performance<sup>3</sup>, its management of potential stakeholders-related ESG controversies and its involvement in controversial activities<sup>4</sup>.
- 2) **Issuance:** we have assessed the Framework, including the coherence between the Framework and the Issuer's environmental commitments, the potential contribution of the Bonds to sustainability and their alignment with the four core components of the GBP 2018.

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

We carried out our due diligence assessment from October 16<sup>th</sup> to November 21<sup>th</sup> 2018, updated in September 2019 on the Issuer assessment and the coherence of the issuance.

We consider we were provided with access to all the appropriate documents and people we solicited. We consider that the information made available enables us to establish our opinion with a reasonable<sup>5</sup> level of assurance on its completeness, precision and reliability.

### VIGEO EIRIS' OPINION

**Vigeo Eiris is of the opinion that the Green Bond Framework of Crédit Agricole S.A. is aligned with the four core components of the Green Bond Principles voluntary guidelines (June 2018).**

**We express a reasonable assurance<sup>5</sup> (our highest level of assurance) on the Issuer's commitments and on the Bonds' contribution to sustainability.**

#### 1) Issuer (see Part I):

- ▶ As of June 2019, Crédit Agricole S.A. displays an overall advanced ESG performance, ranking 5<sup>th</sup> in our "Diversified Banks" sector which covers 31 banks. The Issuer's managerial approach is advanced in the Environmental and Social/Societal pillars, while good in the Governance pillar, all above the sector average. Our assurance that the company's risk factors are adequately managed is reasonable for reputational, operational efficiency, human capital and legal security risks.
- ▶ As of September 26<sup>th</sup> 2019, as commonly observed in the banking sector, the Issuer faces persistent controversies regarding several ESG domains. Their severity range from minor to critical. The Issuer is overall reactive: it reports in details on its position for the majority of cases.
- ▶ The Issuer is not significantly involved in any of the 15 controversial activities screened under our methodology, except for a minor involvement in Alcool (estimated to 0.06% of its total turnover).

<sup>1</sup> This opinion is to be considered as the "Second Party Opinion" described in the GBP voluntary guidelines (June 2018) edited by the International Capital Market Association ([www.icmagroup.org](http://www.icmagroup.org)).

<sup>2</sup> The "Green Bond" is to be considered as the bond to be potentially issued, subject to the Issuer's discretion. The name "Green Bond" has been decided by the Issuer: it does not imply any opinion from Vigeo Eiris.

<sup>3</sup> Crédit Agricole ESG performance was assessed in June 2019 by a complete process of rating and benchmark developed by Vigeo Eiris. All potential evolutions and data published after this date are not included in the rating.

<sup>4</sup> The 15 controversial activities analysed by Vigeo Eiris are: Alcohol, Animal welfare, Chemicals of concern, Civilian firearms, Fossil Fuels industry, Coal, Tar sands and oil shale, Gambling, Genetic engineering, High interest rate lending, Military, Nuclear power, Pornography, Reproductive medicine, and Tobacco.

<sup>5</sup> Definition of Vigeo Eiris' scales of assessment (as detailed in the Methodology section of this document):  
Level of Evaluation: Advanced, Good, Limited, Weak.  
Level of Assurance: Reasonable, Moderate, Weak.

## 2) Issuance (see Part II):

The Issuer has described the main characteristics of its intended Green Bonds within a Green Bond Framework (the last updated version was provided to Vigeo Eiris on November 11<sup>th</sup> 2018). The Issuer has committed to publish its Framework on its website before the issuance<sup>6</sup>, in line with good market practices.

We are of the opinion that the intended Green Bonds are coherent with Crédit Agricole's publicly disclosed strategic sustainability priorities and with its sector issues, and contributes to achieving the Issuer's sustainable development commitments

### Use of Proceed:

- ▶ The net proceeds of the Bonds will exclusively refinance, in full or in part, projects falling under five Eligible Categories ("Eligible Green Assets"), namely : Renewable Energy, Green Buildings, Energy Efficiency, Clean Transportation, and Waste and Water Management assets. The Issuer has decided to finance all the Eligible Categories but the "Sustainable agriculture and forest management" (not to be financed in this issuance). We consider the Eligible Categories are clearly defined.
- ▶ The Eligible Green Assets are intended to contribute to five main sustainability objectives, namely : climate change mitigation and adaptation, pollution prevention and control, natural resources protection and air quality improvement. We consider the objectives are relevant and overall clearly defined.
- ▶ The Eligible Green Assets are expected to provide clear environmental benefits. The Issuer has committed it will assess and, where feasible, quantify most of the expected environmental benefits of the Bonds in its annual Green Bond report.
- ▶ The Issuer has transparently communicated that the refinancing share will be equal to 100%, but has not communicated the accepted maximum lookback period. An area of improvement includes to transparently communicate on the look-back period of the Green Portfolio, and to limit the lookback period to a maximum of 24 months prior to the issuance date, in line with best market practices.

### Process for Projects Evaluation and Selection:

- ▶ The governance and process for the evaluation and selection of the Eligible Green Assets is clearly defined and formalised in the Framework. We consider it's reasonably structured, transparent and relevant.
- ▶ The selection and evaluation process relies on explicit eligibility criteria (selection and exclusion), overall relevant to the environmental objectives defined for the Eligible Categories of assets.
- ▶ The identification and management of the material environmental and social risks associated with the Green Eligible Assets are considered to be good.

### Management of Proceeds:

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

### Reporting

- ▶ The reporting process and commitments appear to be good overall, covering the funds allocation, although partially covering the sustainability benefits of the Green Eligible Assets. An area of improvement consists in reporting on the sustainability benefits associated to all Eligible categories.

The Issuer's has committed that the Green Bonds issuances will be supported by external reviews:

- A pre-issuance consultant review the hereby Second Party Opinion delivered by Vigeo Eiris, covering all the features of the Bonds, based on pre-issuance assessment and commitments, to be made publicly available by the Issuer on Crédit Agricole S.A.'s website at the date of issuance.
- An annual verification: a limited assurance report on the main features of the Green Bond reporting by an external auditor in the context occasion of the Crédit Agricole Group annual report, covering the compliance in all material aspects of (i) the allocation of proceeds to the Green Eligible Assets and their alignment with the eligibility criteria and (ii) the impact reporting, annually and until the full allocation of the proceeds, and in case of any material change.

*This Second Party Opinion is based on the review of the Framework and information provided by the Issuer, according to our exclusive assessment methodology and to the GBP & SBP voluntary guidelines (June 2018)*

Paris, October 2<sup>nd</sup> 2019

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<sup>6</sup> [www.credit-agricole.com/](http://www.credit-agricole.com/)

## DETAILED RESULTS

### Part I. ISSUER

Crédit Agricole S.A. is a French banking group that offers banking and insurance services through a network of regional, local banks and its branches. The bank's principal lines of business include Retail Banking which cover French and International retail banking; Specialized Financial Services which covers asset management and securities, insurance, consumer finance, private banking, leasing & factoring and specialized subsidiaries and activities; and Corporate and Investment Banking which offers a range of products and services in capital markets, brokerage, investment banking, structured finance and commercial banking.

#### Level of ESG performance

The Issuer's ESG performance was assessed through a complete process of rating and benchmark. In addition, a solicited Sustainability Rating was provided on June 2019 to assess the Issuer's ESG performance.

As of June 2019 (last review of its ESG profile), Crédit Agricole S.A. displays an advanced ESG performance, ranking 5<sup>th</sup> in our "Diversified Banks Europe" sector which covers 31 banks. The Issuer's performance is advanced in the Environmental and Social pillars, while good in the Governance pillar, above the sector average overall.

Domain	Comments	Opinion
Environment	<p><b>Crédit Agricole's performance in the Environment pillar is advanced, above the sector's average.</b></p> <p>The Group has made formalized commitments to environmental protection in its corporate social responsibility (CSR) Policy and FReD initiative that address all its responsibilities and cover all its activities. In December 2017, the Group set a climate change mitigation target covering both its direct impacts and portfolio, consisting in reduction of greenhouse gas emissions (GHG) by 15% over the 2016-2020 period, complemented in June 2019 by a new Climate Strategy focussing on reducing business relations with corporations involved in thermal coal sector. Furthermore, Crédit Agricole CIB signed the "Poseidon Principles" supporting the IMO's targets to reduce the GHG emissions in the shipping sector.</p>	Advanced
	<p>The Issuer's commitment to integrate environmental issues in its financing activities is formalized and comprehensive. The Group has set policies on 13 sensitive sectors that are applied Group-wide, including fossil fuels, thermal, hydro and nuclear power; mining, aviation, shipping, automotive, transport infrastructure, real estate and forestry, and palm oil. The Issuer is a co-founder of the Green Bond Principles and a signatory to the Equator Principles III. Amundi, part of the Group, is a signatory of the UN Principles for Responsible Investment. The bank has implemented processes to identify, assess and classify the environmental risks of its transactions and clients. A CSR scoring system covers Crédit Agricole Corporate &amp; Investment Bank (CA CIB) corporate customers. Since June 2019, the Group has committed to set up a EUR 300m envelop to develop environmental transition projects, to apply ESG policy to 100% of its Amundi's actively managed funds and allocate EUR 6 bn for SRI loans by 2022.</p>	Good
	<p>The Group is a signatory of the Montreal Carbon Pledge and has implemented processes to systematically consider climate risks in its financing activities. It monitors and publicly reports on the climate related risks and/or CO<sub>2</sub> emissions associated with its portfolio. Since 2011, Crédit Agricole CIB has used a methodology developed in partnership with Paris Dauphine University and École Polytechnique to estimate the carbon footprint of its portfolio and to undertake sector-based and geographical mapping of the carbon emissions it generates. The percentage of loans to finance the energy transition in France has remained stable over the past three years (amounts to EUR 635m in 2017). Non-governmental organizations point out the involvement of the Bank in the financing fossil fuel projects.</p>	Limited
	<p>The Group is a signatory of the Montreal Carbon Pledge and has implemented processes to systematically consider climate risks in its financing activities. It monitors and publicly reports on the climate related risks and/or CO<sub>2</sub> emissions associated with its portfolio. Since 2011, Crédit Agricole CIB has used a methodology developed in partnership with Paris Dauphine University and École Polytechnique to estimate the carbon footprint of its portfolio and to undertake sector-based and geographical mapping of the carbon emissions it generates. The percentage of loans to finance the energy transition in France has remained stable over the past three years (amounts to EUR 635m in 2017). Non-governmental organizations point out the involvement of the Bank in the financing fossil fuel projects.</p>	Weak
Social	<p><b>The performance in the Social Pilar is advanced, well above the sector's average.</b></p> <p>The Company's performance in the <b>Humans Rights</b> domain is advanced. Human rights considerations are widely embedded in all the relevant banking activities (project finance, lending, and investments). With regard to labour rights, Crédit Agricole has signed an agreement and collaborates with the union representatives. In terms of non-discrimination, the Company has set quantified targets and extensive measures are in place, including measures to reduce salary gaps or to retain senior employees. KPIs overall record a positive trend.</p>	Advanced
	<p>The Company's performance in the <b>Human Resources</b> domain is advanced. Social dialogue is anchored in the Company's culture and a framework agreement was signed with employee representatives on reorganisations. Extensive measures are in place although the company has not been able to avoid layoffs. In terms of career management and training, measures are deployed to support the employment of elder employees; staff is regularly trained on risk and compliance; and KPIs record a positive trend. Extensive measures are in place to cope with stress, including employee participation tools and complementary measures for seniors.</p>	Good
	<p>Crédit Agricole's performance in the <b>Community Involvement</b> domain is advanced. In its Group Project &amp; MTP 2022, the Company reaffirmed its strong commitment and set specific targets with regard to social and economic development, financial inclusion and support to clients in financial distress, investment in food commodities and tax practices. The Bank has measures in place to prevent tax evasion of clients and committed to withdrawing from States classed as non-cooperating by the OECD. Overall, KPIs record a positive trend.</p>	Limited
	<p>Crédit Agricole's performance in the <b>Community Involvement</b> domain is advanced. In its Group Project &amp; MTP 2022, the Company reaffirmed its strong commitment and set specific targets with regard to social and economic development, financial inclusion and support to clients in financial distress, investment in food commodities and tax practices. The Bank has measures in place to prevent tax evasion of clients and committed to withdrawing from States classed as non-cooperating by the OECD. Overall, KPIs record a positive trend.</p>	Weak

Governance	<p><b>The performance in the Governance pillar is good, in line with the sector's average.</b></p> <p>Crédit Agricole's performance in the <b>corporate Governance</b> domain remains good but has decreased since the last review, with a lower independency rate at Board and Committees level due to members' tenure. In addition, the Company recorded a decreased leverage ratio as of december 2018 and the performance in terms of internal control structure is affected by the recurrent and severe controversies faced. Finally, the ratio of CEO compensation vs. average employee salary shows an increasing trend over the past three years. Despite the low independency rate, we note that the Board diversity remains advanced with 44% of female directors and two employee representatives sitting on the Board. CSR issues are clearly integrated at governance level, in terms of Board responsibilities, internal controls and remuneration policies. A confidential reporting system is in place for accounting issues and the Company has adopted measures for the supervision of material risk takers.</p>	Advanced
	<p>Crédit Agricole's performance in the <b>Business Behaviour domain</b> is robust. Through its Group Project &amp; 2022 Medium-Term Plan, the Company confirmed its customer-focused model. CA also announced new measures, such as the creation of a Customer Champion function, to complement the framework already adopted, which includes an information security management system regularly audited by E&amp;Y. The Group's commitment is supported by a decreasing trend in complaints received over the past three years. In terms of business ethics, the bank works to disseminate an internal culture of responsible business conduct. Internal controls are also subject of external audits and permanent measures are in place to prevent money laundering. The Company describes its main lobbying activities and cooperates on the issue with Transparency International France.</p>	Good
		Limited
		Weak

### Management of stakeholder-related ESG controversies

During the last decade, there has been a growing regulation and compliance pressure on financial sectors resulting in misconduct and violations, even if companies have been progressively investing resources and implementing measures. In addition, the banking sector is tied to every market sector through their lending practices and to multisector involvement. These are the main reasons making the sector highly exposed to potential ESG controversies, in particular to those related to compliance (business ethics and internal controls), environmental and human rights issues. Crédit Agricole S.A. is not the exception, as it offers a wide range of services, from day-to-day banking and asset management to corporate and investment banking, covering most economic activities.

As of September 26<sup>th</sup> 2019 (last update), the Issuer is involved in 22 stakeholder-related ESG controversies, linked to all the six domains we analyse:

- Environment, in the criteria of "Green products and SRI" and "Climate change".
- Human Resources, in the criteria of "Social Dialogue" and "Quality of remuneration systems".
- Human Rights, in the criteria of "Fundamental human rights".
- Community Involvement, in the criteria of "Social and economic development".
- Business Behaviour, in the criteria of "Corruption and money laundering", "additional business behaviour analysis" and "Prevention of anti competitive practices", "Responsible customer relations".
- Corporate Governance, in the criteria of "Internal controls & risk management".

**Frequency:** On average, controversies are considered persistent, more frequent than the sector average (frequent).

**Severity:** These events are considered critical overall - more severe than the sector average (high) - ranging from minor to critical, based on the analysis of their impact on both the Issuer and its stakeholders.

**Responsiveness:** The Issuer is overall reactive, in line with the sector average: it reports in a detailed way on its position on most cases, it's remediative by voluntarily taking specific corrective actions on 3 cases of significant severity; and is non-communicative on 1 case of minor severity.

### Involvement in controversial activities

Based on 2018 report, the Issuer has one non-significative involvement in one controversial activity, namely Alcohol. The Crédit Agricole S.A. stated having an estimated 0.06% of total turnover from the distribution and production of alcoholic beverages through its subsidiaries such as Winealley.com or CA Grands Crus.

The Group is not involved in any of the other 14 controversial activities screened under our methodology, namely: Animal welfare, Chemicals of concern, Civilian firearms, Coal, Fossil Fuels industry, Tar sands and oil shale, Gambling, Genetic engineering, High interest rate lending, Military, Nuclear Power, Pornography, Reproductive Medicine and Tobacco.

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

## Part II. ISSUANCE

### Coherence of the issuance

**Contexte note:** As the global economy's largest sector by market capitalization, banks have great potential to support society's transition to a low carbon and sustainable economy. Their action is key in the promotion of effective solutions for the development of sustainable finance products and services, and the minimization of the negative impact of their investments and activities on environment, people and society.

The banking sector can effectively contribute to these challenges by integrating ESG factors in their financing operations and by mobilizing the resources needed to close the financial gap, estimated around USD 1.5 trillion per year<sup>7</sup>, to meet the objective of the Paris Agreement to limit global temperature increase to below 2°C.

**We are of the opinion that the intended Green Bonds are coherent with Crédit Agricole's publically disclosed strategic sustainability priorities and sector issues, and contributes to achieving the Issuer's sustainable development commitments.**

Crédit Agricole S.A. appears to acknowledge its role in providing solutions to this global challenge and has developed develop sustainable finance products and services to minimize its impact on climate change and society.

- The Group was the first French bank to join the United Nations' Equator Principles in 2003, the year of their creation. In 2013, the Group was the only European bank to contribute to the draft of the Green Bond Principles as a co-founder member. The company is also a signatory of UN Global Compact, a member of Paris Finance for Tomorrow; and a member of the European Union Technical Expert Group on Sustainable Finance. Crédit Agricole CIB is a signatory of the Green Bonds Principles and of Equator Principles III. Amundi is a signatory of the UNPRI.
- In 2010 the Group created a Sustainable Banking team to support and advise its main clients on their transactions involving social and environmental considerations and selected six areas as its growth drivers: energy and environmental economics, agriculture and agri-food, housing, and health and aging of the population. The Company also commits to integrating environmental issues in its lending and investment activities in 'FReD', the Group CSR policy rolled out in 15 Group entities, while Crédit Agricole CIB adopted sector policies for the Energy Sector, Mining Sector, Transport Sector, Construction Sector, Agriculture and forestry.
- In 2013, Crédit Agricole joined the Science Based Target Initiative<sup>8</sup>, to which it committed to align its greenhouse gas emissions (GHG) to the Intergovernmental Panel on Climate Change's (IPCC) 2-degree scenario. This initiative was reaffirmed in 2016 with the launch of the Group's corporate social responsibility Medium-Term Plan: "Strategic Ambition 2020", with a set of new greenhouse gas reduction target by 15% over the 2016-2020 period. In June 2019, the Group released a "new Climate Strategy", with strong commitments regarding climate change, in particular to withdraw from business relations with corporations involved in the thermal coal sector (coal-based mining and production) chain of value. The Group set the targets to set up a EUR 300m envelop in order to develop environmental transition projects, bring loans to green companies to help them build the green bonds; double the size of the green loan portfolio to EUR 13bn by 2022 (CACIB); apply ESG policy to 100% of Amundi's actively managed funds. It also committed to double green investment portfolios to EUR 12bn for institutional clients, and triple those for retail clients to EUR 10bn (Amundi), as well as to allocate EUR 6bn for SRI loans in the Group liquidity portfolio by 2022. Crédit Agricole CIB (CACIB) also announced it signed The Poseidon Principles, thus committing to disclose climate alignment of shipping portfolios with International Maritime Organization's strategy to reduce the total annual GHG emissions by at least 50% of 2008 levels by 2050.

By issuing Green Bonds to refinance renewable energy, green buildings, energy efficiency, clean transportation, water and waste management assets (see below), the Issuer coherently aligns with its sustainability strategy and commitments, and addresses the main issues of the sector in terms of environmental responsibility.

<sup>7</sup> According to the United Nations Framework on Climate Change.

<sup>8</sup> The Science Based Targets initiative champions science-based target setting as a way of boosting companies' competitive advantage in the transition to the low-carbon economy. It is a collaboration between CDP, World Resources Institute (WRI), the World Wide Fund for Nature (WWF), and the United Nations Global Compact (UNGC).

### Use of proceeds

The net proceeds of the Bonds will exclusively refinance, in full or in part, projects falling under five Eligible Categories (“Green Eligible Assets”), namely : Renewable Energy, Green Buildings, Energy Efficiency, Clean Transportation, and Waste and Water Management assets. The Issuer has decided to finance all the Eligible Categories but the “Sustainable agriculture and forest management” (not to be financed in this issuance). We consider the Eligible Categories are clearly defined.

The Green Eligible Assets are intended to contribute to five main sustainability objectives, namely : climate change mitigation and adaptation, pollution prevention and control, natural resources protection and air quality improvement (NB: the last 2 objectives are not mentioned in the Framework). We consider the intended objectives are relevant and overall clearly defined.

The Green Eligible Assets are expected to provide clear environmental benefits. The Issuer has committed it will assess and, where feasible, quantify most of the expected environmental benefits of the Bonds in its annual Green Bond reports.

The Issuer has transparently communicated that the refinancing share will be equal to 100%, but has not communicated the accepted maximum lookback period. An area of improvement includes to transparently communicate on the look-back period of the Green Portfolio, and to limit the lookback period to a maximum of 24 months prior to the issuance date, in line with best market practices.



The Issuer has formalized the main characteristics of the Green Eligible Assets categories in its Framework and internal documentation, which have been analysed below:

Crédit Agricole S.A.'s Framework			Vigeo Eiris' Analysis
Eligible Categories	Definition	Objectives and expected benefits	
Renewable Energy	<p><i>Renewable energy generation:</i></p> <p>Loans to finance the equipment, development, manufacturing, construction, operation, distribution and maintenance of the following renewable energy generation sources:</p> <ul style="list-style-type: none"> <li>- Onshore and offshore wind energy</li> <li>- Solar energy</li> <li>- Geothermal energy (with direct emissions <math>\leq 100</math> gCO<sub>2</sub>e/kWh, will meet IFC's Environmental and Social Performance Standards, and will only include the two types of assets accepted by French Label "Transition énergétique et écologique pour le climat" (Label TEEC), namely geothermal electricity and ground source heat pump (GSHP), in line with best market practices)</li> <li>- Biomass energy (with direct emissions <math>\leq 100</math> gCO<sub>2</sub>e/kWh): <ul style="list-style-type: none"> <li>- not originating from fields resulting reconverted carbon sinks (such as forests, marshy areas)</li> <li>- not originating from high diversity fields (such as primary forests)</li> <li>- not suitable for human consumption</li> <li>- and only channelled through sustainable transport means (to avoid indirect GHG emissions)</li> </ul> </li> <li>- Waste-to-energy (only methanation assets and the two types of assets accepted by French Label TEEC, namely incineration with energy capture level R1 according to European Directive 1 or equivalent and waste gasification)</li> </ul>	<p><b>Climate change mitigation</b></p> <p>Reduction of GHG emissions</p>	<p>The definition is clear. The eligible renewable energy generation sources are clearly defined and align with recognized national and/or international standards. Relevant characteristics and eligibility conditions are specified to limit potential negative impacts.</p> <p>The main environmental objective is clearly defined and is relevant</p> <p>The expected environmental benefits of the Renewable Energy category have been defined in the Framework. The Issuer has committed that it will assess and quantify the environmental benefits expected to be achieved by these assets.</p> <p>An area of improvement is to specify -and justify- if the expected benefit is reduction and/or avoidance of GHG emissions</p>

Crédit Agricole S.A.'s Framework			Vigeo Eiris' Analysis
Eligible Categories	Definition	Objectives and expected benefits	
Green Buildings	<p><i>Residential:</i></p> <p>Loans or investments to finance new or existing residential buildings aligned with current environmental regulations and belonging to the top 15% of the most carbon efficient buildings (kg CO<sub>2</sub>/m sq.) in their respective countries</p>	<p><b>Climate change mitigation</b></p> <p>reduction of GHG emissions</p> <p>energy savings</p>	<p>The definition is clear. The characteristics of the Green Buildings assets included in the category are in line with good market practices: the definition of the Residential and Commercial buildings relies on internationally-recognized green buildings standards, which include relevant threshold requirements that demonstrate a good carbon performance compared with local baseline.</p> <p>The main environmental objective is clear and relevant.</p> <p>The expected environmental benefits have been defined in the Framework. The Issuer has committed that it will assess and quantify the environmental benefits expected to be achieved by these assets.</p> <p>An area of improvement is to specify -and justify- if the expected benefit is reduction and/or avoidance of GHG emissions</p>
	<p><i>Commercial:</i></p> <p>Loans to finance new or recently constructed buildings belonging to the top 15% of the most carbon efficient buildings (kg CO<sub>2</sub>/m sq.) in their respective countries or that have obtained the following Green Building certifications (or equivalent):</p> <ul style="list-style-type: none"> <li>- LEED ≥ "Gold"</li> <li>- BREEAM ≥ "Very Good"</li> <li>- HQE ≥ "Very Good"</li> </ul>		



Crédit Agricole S.A.'s Framework			Vigeo Eiris' Analysis
Eligible Categories	Definition	Objectives and expected benefits	
Energy Efficiency	<p><i>Improving building energy efficiency:</i></p> <p>Loans to finance energy efficiency works in residential buildings assets, based on French government eco-loan at zero interest rate (éco-PTZ) and Crédit Agricole's energy saving loans product, <i>i.e.</i>:</p> <ul style="list-style-type: none"> <li>- Central heating systems renovation</li> <li>- Hydraulic pumps and other geothermal energy systems</li> <li>- Highly energy-efficient glazing</li> <li>- Insulation retrofitting</li> <li>- Thermostatic valves</li> <li>- Solar panels</li> <li>- Energy audits</li> </ul> <p>There are several conditions that clients must comply with to receive this type of loans:</p> <ul style="list-style-type: none"> <li>- The energy-saving works must be carried in the client's principal residence, which must be at least 2 years' old.</li> <li>- A professional must conduct a diagnosis of the energy-saving works needed and provide a certificate with specific technical recommendations.</li> <li>- The type of energy-saving works proposed by the professional must fit in the technical criteria provided by French government's energy transition tax Crédit (Crédit d'impôt pour la transition énergétique (CITE))</li> <li>- The energy-saving work must be carried out by a contractor certified by the French public authorities (Label RGE).</li> </ul>	<p><b>climate change mitigation</b></p> <p>reduction of GHG emissions</p> <p>energy savings</p>	<p>The definition is clear. The Energy efficiency assets included in the category are in line with good market practices, relying on internationally and nationally-recognized standard, particularly on French Label TEEC:</p> <p>The intended environmental objective is clearly defined and relevant</p> <p>The expected environmental benefits of the Energy efficiency category have been defined in the Framework. The Issuer has committed that it will assess and quantify the environmental benefits expected to be achieved by these assets.</p>
	<p><i>Electricity consumption optimization:</i></p> <p>Loans to finance the equipment, development, acquisition and maintenance of electrical equipment fleets. These loans will be limited to one loan agreed between CA CIB, GreenFlex<sup>9</sup> and a borrower for the renovation and replacement of electrical equipment fleets (i.e. energy-efficient refrigeration equipment for supermarkets). As part of the loan agreement the reduction in the energy consumption has been estimated to be between 15 and 40% and will be monitored by GreenFlex</p>	<p><b>climate change mitigation</b></p> <p>energy consumption reduction of 15-40%</p>	

<sup>9</sup> GreenFlex is a specialized company that provides support, financing and data intelligence to companies to help them transition to energy-efficient equipment : [www.greenflex.com](http://www.greenflex.com)

	<p><i>Energy efficiency in energy distribution:</i></p> <p>Loans to finance energy distribution assets : the equipment, development, fabrication, construction, operation, distribution and maintenance of energy distribution networks exclusively required to connect and/or support the integration of renewable energy:</p> <ul style="list-style-type: none"> <li>- Smart Grids,</li> <li>- Urban heating networks (geothermal heat pumps, or heating networks with energy capture)</li> <li>- Energy storage systems</li> </ul> <p>The definition of this eligible subcategory relies on French Label TEEC taxonomy, and is restricted to the support and connection of renewable energy integration to the network, in line with good market practices.</p>	<p><b>climate change mitigation</b></p> <p>reduction of GHG emissions</p> <p>energy savings</p>	
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Crédit Agricole S.A.'s Framework			Vigeo Eiris' Analysis
Eligible Categories	Definition	Objectives and expected benefits	
Clean Transportation	<p><i>Clean vehicles:</i></p> <p>Loans to finance the development, construction or acquisition of:</p> <ul style="list-style-type: none"> <li>- vehicles or heavy goods private vehicles: electric, hybrid (with direct emissions <math>\leq 85\text{g CO}_2/\text{pkm}</math>), hydrogen and fuelled by biogas, excluding biofuels (biodiesel and ethanol).</li> <li>- clean maritime transport (electric boats, hybrids, and other types of non-fossil energy, excluding biofuels (biodiesel and ethanol)</li> <li>- Rolling stock (electric locomotives, metro, tram, wagons, except wagons dedicated to the transport of fossil fuels, and excluding biofuels (biodiesel and ethanol)</li> </ul> <p>Hybrid vehicles belong to a technology category where the per passenger-km or per tonne-km Scope 1 emissions of the vehicles are universally estimated to be lower than the appropriate thresholds (IEA 2DS Passenger Activity emissions target through 2050 (gCO<sub>2</sub> per p-km))</p>	<p><b>Climate change mitigation</b></p> <p>reduction of GHG emissions</p> <p><b>Air quality improvement</b></p>	<p>The definition is clear. The assets included in the category are in line with good market practices, relying on internationally and nationally-recognized standard, particularly the French Label TEEC.</p> <p><i>An area of improvement would consist in defining a specific threshold of maximum GHG emissions per km-passenger or km-tonne, for each of the eligible hybrid vehicles subcategory.</i></p> <p>The two main sustainability objectives are relevant but partially clearly defined. An area of improvement would be to include in the Framework the objective "Air Quality improvement".</p> <p>The expected environmental benefits of the Clean Transportation category have been partially defined in the Framework : they are defined regarding "climate change" while not defined for "air quality improvement". The Issuer has committed that it will assess and quantify the environmental benefit expected to be achieved by these assets.</p> <p>Areas of improvement would be (i) to specify if the expected benefit is reduction and/or avoidance of GHG emissions ; (ii) to define in the Framework what are the expected environmental benefits regarding the objective "air quality improvement".</p>
	<p><i>Public transportation:</i></p> <p>Loans to finance public transport operators in the design, development, construction, acquisition, operation and maintenance of public transport equipment, infrastructure and the transport network,</p> <p>Public transport assets include namely trains, metro, tram, bus, etc.</p>		
	<p><i>Transport infrastructures:</i></p> <p>Loans to finance the design, development, construction and maintenance of infrastructure dedicated to low-carbon transport, in line with the French Label TEEC recommendations:</p> <ul style="list-style-type: none"> <li>- electrical charging infrastructure for electric vehicles</li> <li>- extension of railway lines (except for lines dedicated to the transport of fossil fuels)</li> <li>- infrastructures dedicated to low-carbon land transport (i.e. updating IT infrastructures, signalling, means of communication)</li> </ul>		

Crédit Agricole S.A.'s Framework			Vigeo Eiris' Analysis
Eligible Categories	Definition	Objectives and expected benefits	
Waste and Water Management	<p><i>Waste and water management:</i></p> <p>Loans to finance the equipment, development, fabrication, operation and maintenance of diverse water and waste management projects, <i>i.e.</i>:</p> <ul style="list-style-type: none"> <li>- Water recycling and wastewater treatment facilities</li> <li>- Water distribution systems with improved efficiency/quality</li> <li>- Urban drainage systems</li> <li>- Flood mitigation infrastructure (such as anti-filtration infrastructure)</li> <li>- Water storage facilities</li> </ul>	<p><b>Climate change adaptation</b> Floods prevention</p> <p><b>Climate change mitigation</b> reduction of GHG emissions</p> <p><b>pollution prevention and control</b> securitization of the access to water</p> <p><b>Natural resources protection</b> Water resource quality preservation</p>	<p>The definition is clear. The assets included in the category are in line with market practices, relying on nationally recognized standards (French Label TEEC).</p> <p><i>An area for improvement would consist in specifying GHG emissions reduction threshold, and adaptation selection criteria for this category.</i></p> <p>The intended environmental objectives are relevant and overall clearly defined.</p> <p><i>An area for improvement would be to add the objectives "climate change mitigation" and "natural resources protection" in the Framework</i></p> <p>The expected environmental benefits have been partially defined in the Framework : they are defined for all the claimed objectives except for "natural resource protection". The Issuer has committed that it will assess and quantify the environmental benefits expected to be achieved by these assets.</p> <p>Areas of improvement would be (i) to specify if - justify if- the expected benefit is reduction and/or avoidance of GHG emissions ; (ii) to define in the Framework what are the expected environmental benefits regarding the objective "natural resources protection".</p>

An area of improvement would be to extend the scope of the Eligible projects in order to encompass the financing of decommissioning and end-of-life management of the equipment and infrastructures.

In addition, the Green Eligible Assets are likely to contribute to seven of the United Nations' Sustainable Development Goals ("SDG"), namely : Goal 3. Good Health and Well-being, Goal 6. Clean Water and sanitation, Goal 7. Affordable and Clean energy, Goal 9. Industry, Innovation and Infrastructure, Goal 11. Sustainable Cities and Communities, Goal 12. Responsible Consumption and Production and Goal 13. Climate Action.

Green Eligible Assets	UN SDGs identified	UN SDGs targets
Renewable Energy	SDG 7. Affordable and Clean Energy	7.2, 7.3
	SDG 13. Climate Action	N/A
Green Buildings	SDG 7. Affordable and Clean Energy	7.3
	SDG 13. Climate Action	N/A
Energy Efficiency	SDG 7. Affordable and Clean Energy	7.3
	SDG 9. Industry, Innovation and Infrastructure	9.4
	SDG 13. Climate Action	N/A
Clean Transportation	SDG 3. Good Health and Well-being	3.9
	SDG 9. Industry, Innovation and Infrastructure	9.4
	SDG 11. Sustainable Cities and Communities	11.2, 11.6
	SDG 13. Climate Action	N/A
Waste and Water Management	SDG 6. Clean Water and Sanitation	6.2, 6.3
	SDG 11. Sustainable Cities and Communities	11.6
	SDG 12. Responsible Consumption and Production	12.2, 12.4
	SDG 13. Climate Action	N/A



UN SDG 3 consists ensuring healthy lives and promote well-being for all at all ages. More precisely, SDG 3 targets by 2030 include:

- 3.9 Substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination



UN SDG 6 consists in ensuring availability and sustainable management of water and sanitation for all. More precisely, SDG 6 targets by 2030 include:

- 6.2 Achieve access to adequate and equitable sanitation and hygiene for all and end open defecation
- 6.3 Improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally



UN SDG 7 consists in ensuring access to affordable, reliable, sustainable and modern energy for all, SDG 7 targets by 2030 include:

- 7.2 Increase substantially the share of renewable energy in the global energy mix
- 7.3 Double the global rate of improvement in energy efficiency



UN SDG 9 consists in building resilient infrastructure, promoting sustainable industrialization and fostering innovation. More precisely, SDG 9 targets by 2030 include:

- 9.4 Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities



UN SDG 11 consists in making cities inclusive, safe, resilient and sustainable. More precisely, SDG 11 targets by 2030 include:

- 11.2 Provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
- 11.6 Reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management



UN SDG 12 consists in ensuring sustainable consumption and production patterns. More precisely, SDG 12 targets by 2030 include:

- 12.2 Achieve the sustainable management and efficient use of natural resources
- 12.4 Achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment



UN SDG 13 consists in taking urgent action to combat climate change and its impacts. The financial sector can contribute to this goal by investing in the transition to net-zero carbon energy, energy efficiency and the reduction of GHG emissions from transport operations with abatement levers such as modal shift to lower carbon modalities.

### Process for evaluation and selection

**The governance and the process for the evaluation and selection of the Green Eligible Assets is clearly defined and formalised in the Framework. We consider it's reasonably structured, transparent and relevant.**

The evaluation and selection of Green Eligible Assets is clearly defined and reasonably structured, based on relevant internal expertise, with well-defined roles and responsibilities:

Business-as-usual procedure:

- The account managers are responsible for responding to the financing requests of all type of transactions and clients, negotiating lending terms and conducting the due diligence processes.
- Experts from Economic and Sustainable Departments and/or independent environmental and social experts are responsible for providing support to account managers or for carrying out *ad hoc* analyses respectively.
- The Risk Department is responsible for reviewing and issuing a recommendation about the transaction and/or client's risk management and their alignment with the Group's policies.
- The directors of the Regional Banks or the Credit committees are responsible for reviewing and granting the final transaction or client loan approval.

Bond procedure:

- The different entities of the Group conduct a pre-selection of potential Green Eligible Assets, which is presented to the Green Bond Committee.
- A Green Project Group composed of representatives of the teams in charge of identifying and monitoring the Green Eligible Assets of each entity, will be responsible for advising the Group entities on the implementation and development of internal systems for the identification and selection of Green Eligible Assets.
- The Green Bond Committee is comprised of the Head of the Group CSR, the Head of the Group Treasury and Medium/Long Term Funding, a Senior Manager from Regional Banks and a Senior Manager from each entity contributing to the Green Portfolio. The Committee is responsible for reviewing the compliance of the pre-selected potential Green Eligible Assets with the eligibility criteria set out in the Framework and the Group CSR Policy, and for selecting and validating the Green Portfolio to be financed by the Bonds.

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

- The Green Bond Committee will meet every quarter to verify that the Green Portfolio financed by the Bonds continues to comply with the eligibility criteria, and minutes of each meeting will be created to ensure decision traceability.
- An independent external reviewer will verify the compliance of the Green Portfolio with the eligibility criteria.



**The selection and evaluation process relies on explicit eligibility criteria (selection and exclusion), overall relevant to the environmental objectives defined for the Eligible Categories of assets.**

- The eligibility requirements are based on the definitions of the Green Eligible Assets.
- The Issuer is committed to exclude any asset or activity related to nuclear energy, weapons and fossil fuels, which are considered relevant to the environmental objectives of the Bonds.
- The Sustainable Development teams of each entity of the Group monitor and analyse the potential ESG controversies associated to the Green Eligible Assets. Reports will be presented to the Green Bond Committee, who will be responsible for analysing the controversy and for deciding on exclusion or retention of the concerned asset in the Green Portfolio.

An area of improvement includes to specify “energy efficiency” and/or “GHG emissions” thresholds allowing to select only projects with clear environmental benefits, for the Eligible subcategories such as “district heating system” (Energy Efficiency) and “hybrid” maritime transport vehicles” (Clean transportation).

**The identification and management of the material environmental and social risks associated with the Green Eligible Assets are considered to be good.**

The Issuer has committed that all Green Eligible Assets shall comply with Crédit Agricole standard credit process including compliance with the Group’s CSR policy and dedicated sector policies, as well as to any applicable regulatory environmental and social requirements.

The Issuer has established a structured process to ensure the appropriate identification, assessment and classification of the environmental and social risks of all its transactions and clients, including Regional Banks:

- Account managers are responsible for conducting the environmental and social risks evaluation, relying on formalised procedures according to the type of financing; and for reviewing the compliance with the Group sector policies.
- An internal industry and sector research is carried out by engineers from the Economic Department who are specialized in industrial sectors and are responsible for providing understanding and skills on technical and environmental issues. Their role is to provide opinions, which are of utmost importance for high risk and sensitive transactions.
- The Risk Department is responsible for reviewing the environmental and social risk evaluation conducted by the account managers and for providing its own conclusions.
- Since 2005, the Group has an *ad hoc* Environmental and Social Risk Evaluation Committee (CERES, for its initials in French) responsible for the review and evaluation of Category A transactions, i.e. transactions or clients considered sensitive by the public opinion or in which there is a doubt of their compliance to sector policies. CERES provides specific recommendations prior to credit decisions and monitors the category A and sensitive transactions or clients every six months.
- Risks internal monitoring and control systems are good. Internal evaluation tools guarantee the exhaustive coverage of environmental and social risk identification, and promote the empowerment of account managers in the process of risk evaluation. Second levels of control are ensured by the Risk Department and CERES respectively.

In addition, particularities apply to the type of financing:

- Project Financing: The Group’s Project Financing Environmental and Social Risks Management System is well-structured in three pillars, ensuring project risk identification and management:
  - The implementation of the Equator Principles (EPs): The EPs apply to the Issuer’s entire project finance business line, without a required threshold. Moreover, since 1 January 2014 the EPs have been extended to the four areas of banking: project finance advisory services, project finance, project-related corporate loans and bridge loans.
  - The application of the EPs is supported by internal environmental and social impact evaluation tool developed by the Issuer in 2008. Environmental and social requirements are included in the loan contracts to ensure that the projects are developed in compliance with the IFC Performance Standards.
  - The application of the Group’s 13 CSR sector policies: Sector policies were constructed based on international standards and conventions. They set the conditions for investment and define the criteria for analysis and screening in all transactions involving the sectors concerned and apply to all the entities of the Issuer.
  - The assessment of the environmental and social sensitivity of transactions: it applies to all transactions and it is implemented when the management of environmental or social impacts is

considered critical (i.e. the existence of controversies related to the transaction or the client). The assessment is conducted using an internal tool.

- Corporate & Investment Bank: The Issuer has a client CSR scoring system in place since 2013 that covers corporate customers of CA CIB. This scoring system is clearly defined and transparent. It is designed to supplement the environmental and social risk assessment system for transactions. Customers are scored each year on a scale composed of three levels (advanced, compliant or sensitive). Regular communications and exchange of information is done with the clients scored as “sensitive”. The CSR scoring system is reportedly being improved in 2018 using three levels of due diligence: reduced, standard and higher. The scoring system focuses on four issues, covering most of the relevant CSR issues: physical risk, energy transition, biodiversity and human rights.
- Regional Banks and the local LCL network: Regional Banks mainly provide financing to small and medium enterprises, which are systematically subject to an economic due diligence (i.e. analysis of the business plan). Regional Banks do not conduct a formalized ESG analysis, though account managers analyse some risks related to human rights, environment and governance at corporate level and improvement processes in this regard are reportedly initiated. For instance, some ESG criteria are now integrated in the economic analysis part of the Analysis of Company Commitments File. Since 2017, five Regional Banks have implemented a questionnaire and tools to raise the awareness of relationship managers. This process is expected to be deployed in the rest of the Regional Banks in 2018 and 2019

### **Management of proceeds**

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

The allocation and tracking processes are clearly defined.

- The total amount of the net proceeds of the Bonds will be allocated at the settlement date.
- The net proceeds of the Bonds will be credited, managed and monitored on a portfolio and nominal equivalence basis by the Treasury and the Medium/Long-term Funding Department. The Issuer has committed to maintain a Green Portfolio at least 30% greater than the total amount of proceeds raised by the Bond until its maturity date.
- The Issuer has put in place an internal accounting system to ensure the appropriate earmarking of the Green Portfolio and the tracking of proceeds until the Bond’s maturity date.
- If 100% of proceeds of the Bonds were not allocated at the settlement date or a shortfall of Green Eligible Assets, the Issuer has committed to keep unallocated proceeds in the form of money market products or to invest them in Green Bonds, in line with good market practices.
- In case of asset postponement, maturity or if an asset fails to comply with the eligibility criteria, Crédit Agricole has committed to make its best effort to replace this asset with another Green Eligible Asset respecting the eligibility criteria.

Traceability and verification are ensured throughout the process.

- The Green Bond Committee will quarterly verify that the net proceeds match the Green Portfolio until the Bond’s maturity date.
- In addition, an independent party will verify the allocation of funds once all Bond’s proceeds will be allocated.

An area of improvement would be to specify the “best effort” to replace an asset with another Eligible asset”, through a formalized maximum accepted duration.

### **Monitoring & Reporting**

**The reporting process and commitments appear to be good overall, covering the funds allocation, although partially covering the sustainability benefits of the Green Eligible Assets.** An area of improvement consists in reporting on the sustainability benefits associated to each Eligible categories.

The process for monitoring, data collection, consolidation, validation and reporting is clearly defined by the Issuer in internal documentation although not formalized in the Framework. It is based on relevant internal expertise:

- The Assets Allocation teams will be responsible for monitoring the Green Eligible Assets and responsible for the creation of the Bond’s post-issuance reports.
- The Green Bond Committee will review the Bond’s post-issuance reports.

The Issuer has committed to publish annual Green Bond reports until the maturity of the Bond, to be made available on the Group's website and publically accessible. The reporting will be at category level and by Group's entity (in line with confidentiality practices).

The Issuer has committed to transparently communicate on the Bonds:

- **Allocation of proceeds:** the selected reporting indicators are considered relevant.

Reporting indicators
- Total amount issued at Group level and each relevant entity
- Total amount of net proceeds allocated to the Green Portfolio
- An analysis of the Green Portfolio by Eligible Category and by Group's entity (breakdown of Green Eligible Assets by category, Group's entity and geographic location)
- Potential amount of unallocated proceeds, if any

Areas of improvement include (i) to report the list of projects to which the proceeds has been allocated with a brief description and the amount allocated, (ii) to commit to communicate, at least to the investors, what are the type of temporary placement of the unallocated funds, if any.

- **Environmental benefits:** the selected reporting indicators are considered relevant overall, with partially relevant/exhaustive indicators for the Clean transportation and waste and water management categories.

Green Eligible Assets categories	Environmental benefits	
	Results Indicators	Impact Indicators
<b>Renewable Energy</b>	<ul style="list-style-type: none"> <li>- Energy capacity installed (MW)</li> <li>- Expected renewable energy generation (MWh/year)</li> </ul>	Annual avoided GHG emissions (tCO <sub>2</sub> e/year)
<b>Green Buildings</b>	<ul style="list-style-type: none"> <li>- Commercial real estate assets by certification type (%) and year of certification</li> <li>- Average energy performance level of the dwellings financed (kWh/m<sup>2</sup>/year)</li> </ul>	Annual avoided GHG emissions (tCO <sub>2</sub> e/year)
<b>Energy Efficiency</b>	<ul style="list-style-type: none"> <li>- Expected energy savings (MWh/year)</li> <li>- Storage capacity (MWh)</li> </ul>	Annual avoided GHG emissions (tCO <sub>2</sub> e/year)
<b>Clean Transportation</b>	<ul style="list-style-type: none"> <li>- Number of passengers transported annually</li> <li>- Tons of goods transported annually</li> <li>- Number of electric vehicles financed annually</li> <li>- Kilometers of infrastructure constructed or renovated</li> </ul>	Annual avoided GHG emissions (tCO <sub>2</sub> e/year) (Scope 1)
<b>Waste and Water Management</b>	<ul style="list-style-type: none"> <li>- Waste and water management technology type (%)</li> <li>- Volume of water treated (m<sup>3</sup>/year)</li> <li>- Volume of waste treated (m<sup>3</sup>/year)</li> </ul>	

The calculation methodologies and assumptions that will be used to calculate the impact of Green Eligible Assets will be publicly disclosed by the Issuer in the Bond reports.

Regarding the indicators, areas of improvement include :

- To report on both the expected and the actual measured benefits
- To ensure the reporting indicators cover all the sustainability benefits and all the Green Eligible Assets, at least for all the claimed environmental objectives and expected benefits.
- Beyond the Impact Reporting Metrics suggested by the GBP Impact Reporting Working Group, to identify and select reporting indicators measuring the outcomes and impacts of the "Waste and Water Management" category (in terms of climate change adaptation and mitigation, pollution prevention and natural resources protection), on the "Clean Transportation" category (in terms of air quality), and on the "Green Building" category (in terms of energy consumption and savings in comparison to a local baseline)

- To specify in the Framework what are the baselines and assumptions considered to measure avoidance, saving, improvement, etc.

The Issuer also commits to include in the reporting any substantial evolution of the Green Portfolio composition, on ad-hoc basis. The Issuer also commit to report, at least to the investors, in case of material event and/or of material ESG controversy relating to the Green Eligible Assets.

## METHODOLOGY

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

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

Our research and rating procedures are subject to internal quality control at three levels (analysts, heads of cluster sectors, and internal review by the audit department for second party opinions) complemented by a final review and validation by the Direction of Methods. Our SPO are also subject to internal quality control at three levels (consultants in charge of the mission, Production Manager, and final review and validation by the Direction of Sustainable Finance and/or the Direction of Methods. A right of complaint and recourse is guaranteed to all companies under our review, following three levels: first, the team linked to the company, then the Direction of Methods, and finally Vigeo Eiris' Scientific Council.

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

### Part I. ISSUER

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

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

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

- Leadership: relevance of the commitments (content, visibility and ownership).
- Implementation: coherence of the implementation (process, means, control/reporting).
- Results: indicators, stakeholders' feedbacks and controversies.

#### Management of potential stakeholder-related ESG controversies

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

Vigeo Eiris reviewed information provided by the Issuer, press content providers and stakeholders (partnership with Factiva Dow Jones: access to the content of 28,500 publications worldwide from reference financial newspapers to sector-focused magazines, local publications or Non-Government Organizations). Information gathered from these sources is considered as long as they are public, documented and traceable.

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

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

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

#### Involvement in controversial activities

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

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

## Part II. ISSUANCE

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

### Use of proceeds

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

### Process for evaluation and selection

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

### Management of proceeds

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

### Reporting

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

## VIGEO EIRIS' ASSESSMENT SCALES

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





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

Vigeo Eiris offers a wide range of services:

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

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

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

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

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

#### Disclaimer

**Transparency on the relation between Vigeo Eiris and the Issuer:** Vigeo Eiris has executed 5 audit missions for Crédit Agricole and 3 consultancy missions over the past 5 years. No established relationship (financial or other) exists between Vigeo Eiris and Crédit Agricole. Of note, Le Crédit Lyonnais (LCL) is a subsidiary of Crédit Agricole and is a shareholder of Vigeo Eiris (holding 0.05% of its share capital).

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

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