

Crédit Agricole

Green Bond Framework



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I. Introduction

A. Corporate Social Responsibility, a factor of sustainable performance of Crédit Agricole Group

Crédit Agricole serves 52 million customers worldwide, with customer focus, accountability and community support, the enduring values that have been its hallmark for 120 years. Led by its 139,000 engaged employees, the bank forges genuine partnerships with its customers.

The Crédit Agricole Group, with its cooperative and mutualist roots and history, possesses a DNA and governance that predispose it to investing in the resilience of the territories it works in, the sustainability of the projects in which it finances, the usefulness for its clients in the long term, and the sharing of the value created, with a particular emphasis on solidarity.

Crédit Agricole's Corporate Social Responsibility ("CSR") policy¹ lies at the heart of its identity. The policy shapes the actions of all business lines and is reflected by products and services. This commitment is a powerful innovation driver and a key factor the bank's overall performance.

The Executive Management has made the development of CSR a strategic priority for Crédit Agricole S.A. The aim is to carry out its banking and insurance activities responsibly and effectively in regards to its stakeholders, and assume its role as the leading financial partner of the French economy and its regions.

CSR has been one of the Group's strategic challenges since the "2010 Group Project". This importance was reaffirmed with the launch of its Medium-Term Plan, Strategic Ambition 2020², in March 2016. The Group's decision-making bodies jointly defined and shared the CSR policy, which was formalised in 2014. It is revised each year on the basis of employee and external stakeholder consultation, so that its key challenges can be updated. The Group thereby ensures that its strategic decisions are in line with the expectations of stakeholders.

In 2017, the Group also mapped several ongoing actions that might contribute towards the United Nations Sustainable Development Goals ("SDGs"). Current discussions on the adaptation of CSR to all the business lines have revealed a need for greater clarity of the CSR strategy by focusing on three main areas: Ethics, Climate and Inclusion.

B. Crédit Agricole: an actor in the energy transition

Crédit Agricole is aware of the role it plays in the energy transition. The Group's leading position, business expertise, economic clout (€30 billion net banking income) and size are all good reasons for playing an active and on-going role in financing the transition to a low-carbon economy.

The Group's local presence, especially in France with the Crédit Agricole Regional banks and LCL, and in Italy with Cariparma, forms the key enforcing arms of its action in the field.

Crédit Agricole energy transition objectives

Crédit Agricole's main goal is to provide economic and financial support suited to all our customers' needs. This strategic goal is the core of the Group's CSR policy and the Regional banks' Cooperative and Territorial Pact³. To fulfil its goal and support its strategy, several objectives must be addressed:

¹ <https://www.credit-agricole.com/en/responsible-and-committed/csr-a-factor-of-sustainable-performance-for-credit-agricole-group>

² <https://www.credit-agricole.com/en/group/strategic-ambition-2020>

³ https://www.creditagricole.info/fnca/ca10_1299815/pacte-cooperatif

- Offer products and services that encourage customers to choose renewable energy, clean transport and lower energy consumption, and ultimately speed the transition to a low-carbon economy;
- Commit to a proactive approach for reducing CO₂ emissions tied to its financing and investments;
- Guide its customers decarbonizing their investment portfolios and savings accounts;
- Be there for all our customers – individuals, farmers, professionals, businesses, public bodies—and be active in all our locations to support the energy transition.

Within the Paris Agreement momentum, the Group has committed itself to 5 targets by 2020:

1. Arrange €100 billion in new green financing via Crédit Agricole CIB
2. Provide €5 billion in financing for energy transition projects through Amundi's joint asset management companies with EDF and Agricultural Bank of China
3. Finance one-third of France's renewable energy and energy efficiency projects in particular with the Regional banks, LCL and Crédit Agricole Leasing & Factoring. With this objective, Crédit Agricole intends to double the level of renewable energy financing in France
4. Reduce direct greenhouse gas emissions by 15% over the 2016-2020 period and fully offset the direct footprint of Crédit Agricole S.A. and its subsidiaries with respect to energy and business travel through 2040
5. Invest €2 billion in cash in green bonds by end-2017 via Crédit Agricole S.A. and Crédit Agricole CIB

Crédit Agricole climate and environment strategy

Crédit Agricole aims to play an active role in advancing the shift to a low-carbon economy, predominantly through financing clean energy sources and low-carbon projects. Crédit Agricole's long-standing commitment to sustainability, as demonstrated by becoming a signatory of the United Nations Global Compact and the Equator Principles in 2003, combined with its teams' expertise, has made the Group a leader in climate finance.

In 2010, Crédit Agricole decided to make the "Energy Sources and Environmental Economics" sector one of its six growth drivers in its 2020 Medium-Term Plan—along with the "Housing", "Agriculture & Agri-food", "Health & Ageing", the "Marine" and "Tourism" sectors.

In 2016, Crédit Agricole joined the "Science Based Target" initiative founded by Carbon Disclosure Project (CDP), United Nations Global Compact, World Resources Institute and WWF. Participating companies agree to set greenhouse-gas emissions reduction targets to keep overall global warming to below 2°C.

Crédit Agricole's Climate Finance Strategy⁴ incorporates environmental criteria into its products and services in order to step up the transition to a low-carbon economy and protect the environment. Leveraging on the expertise of several of its entities, including the Crédit Agricole Regional Banks, LCL, Cariparma, Crédit Agricole CIB, Crédit Agricole Assurances, Amundi, CAMCA Courtage, Crédit Agricole Leasing and Factoring, Unifergie, CAM Energie and Crédit Agricole Immobilier, the Group Climate Finance Strategy is based on the following four axes:

1. Manage the carbon and environmental footprint
2. Develop the group's presence in renewable energies
3. Assist clients in improving their energy and carbon performance
4. Attract responsible savings

⁴ <https://www.credit-agricole.com/en/responsible-and-committed/csr-a-factor-of-sustainable-performance-for-credit-agricole-group/climate-finance>

Within this Climate Finance Strategy, Crédit Agricole is implementing the following actions to address its carbon and environmental footprint:

- **Environment, Social and Governance (“ESG”) risk analysis:**
 - Systematically evaluate ESG risks when financing large companies.
 - Gradually include ESG risks in credit analysis for medium-sized companies and SMEs.
- **Dedicated Sector Policies have been** developed for sectors with the highest potential ESG impacts: weapons, energy (including oil and gas, shale gas, coal-fired power plants hydroelectric and nuclear power), mining and metals, transport (sea, land and air), transport infrastructure, real estate, forestry and palm oil⁵.
- Crédit Agricole is committed to reduce **its direct carbon footprint:**
 - Reduce greenhouse gas emissions by 15% by 2020 from 2016 levels across energy, transportation and waste management.
 - In 92% of Crédit Agricole facilities in metropolitan France, the electricity has been 100% sourced from renewable energies, since 2016.
 - Crédit Agricole annually offsets more than 30,000 tonnes of CO₂ through the Livelihoods Carbon Fund.
- **Indirect carbon footprint:**
 - Measure the carbon footprint of our portfolios and map the indirect carbon emissions related to loans and investments by sector and geographic location.
 - Crédit Agricole’s estimated carbon footprint worldwide is 160 million tonnes of CO₂.

C. Crédit Agricole’s commitment to the Green Bond market

Crédit Agricole is convinced that green finance, Green Bonds in particular, is instrumental to create new channels for the funding of the fight against climate change, as well as the promotion of the energy and environmental transition.

Crédit Agricole Group boasts a leading position in the Green Bond market, as several of its entities play an active role in the Green Bond markets worldwide. Indeed, Crédit Agricole is at the same time:

- **A Green Bond arranger:** in 2010, Crédit Agricole CIB created the Sustainable Banking team with the goal of advising the Bank’s clients on projects integrating social and environmental features. Since then, Crédit Agricole CIB has become one of the top Green, Social and Sustainability Bonds arrangers worldwide. Since the inception of the market, Crédit Agricole CIB has thus lead-managed more than 150 Green, Social and Sustainability Bonds, representing more than €120 billion equivalent (as of October 2018). In 2018, the bank was awarded the *Most impressive Bank for Green / SRI capital markets* by the Global Capital survey for the 5th year in a row.
- **A Green Bond investor :**
 - **Via Crédit Agricole S.A Treasury management**
At the occasion of the COP 21 in Paris in 2015, Crédit Agricole made a strong commitment towards the financing of the energy transition including the target to invest €2 billion of the Crédit Agricole Group’s cash in Green Bonds. This target has been met at the end of 2017.
 - **Via Amundi, the asset manager of Crédit Agricole Group**
Amundi is a leading investor in Green, Social and Sustainability Bonds and a pioneer of the market, having created several dedicated Green Bond funds since 2017. More recently, Amundi and the International Finance Corporation (IFC), a World Bank body, have joined forces to launch a Green Bond fund focusing on issuance by financial institutions in emerging markets.

⁵ Crédit Agricole Sector Policies can be found at: <https://www.credit-agricole.com/en/responsible-and-committed/csr-a-factor-of-sustainable-performance-for-credit-agricole-group/our-sector-policies>

- **A Green Bond issuer:** in 2013, Crédit Agricole CIB developed a programme of “Green Notes” issuance dedicated to funding environmental projects. The Crédit Agricole CIB Green Notes Framework is aligned with the four pillars of the *Green Bond Principles*. Since its creation, Green Notes have financed more than €1.5 billion of green loans.

Crédit Agricole also contributes actively to the Green Bond market promotion and governance:

- **Co-founder of the Green Bond Principles (“GBP”):** along with three other international investment banks, Crédit Agricole CIB led the initiative that resulted in 2014 in the publication of the GBP, a set of voluntary principles aimed at promoting a common approach for issuing Green Bonds issuance. Crédit Agricole CIB remains a member of the GBP Executive Committee in 2018.
- **Member of Paris Finance for Tomorrow:** Crédit Agricole CIB is one of the Group’s member and part of the Green Bond Working Group⁶.
- **Member of the EU Technical Expert Group (TEG):** in June 2018, the European Union launched, the Technical Expert Group to assist the EU in creating a EU taxonomy to define environmentally sustainable economic activities. A Crédit Agricole CIB representative is a member of the TEG, representing the European Association of Co-operative Banks.

In this context, Crédit Agricole is naturally well positioned to establish a Green Bond Framework at the Group level. This Framework will contribute to accelerate the financing of green projects and assets by the relevant Crédit Agricole Group entities.

⁶<https://financefortomorrow.com/>

II. Application of the Green Bond Principles to Crédit Agricole Green Bond Framework

Crédit Agricole Green Bond Framework aligns with the 2018 edition of the *Green Bond Principles* (“GBP”) and follows its four core components:

- A. Use of Proceeds
- B. Process for Project Evaluation and Selection
- C. Management of proceeds
- D. Reporting

This Green Bond Framework serves as the reference document for the Green Bond issues of all Crédit Agricole Group entities: Crédit Agricole S.A., the Crédit Agricole Regional banks, their subsidiaries and refinancing vehicles (together referred as “Crédit Agricole”). In particular, this Green Bond Framework replaces the one published by Crédit Agricole CIB in 2013 and now serves as the reference framework for all new Crédit Agricole CIB Green Notes issues.

The Crédit Agricole Green Bond Framework allows the relevant Crédit Agricole Group entities to issue Green Bonds under different formats, including public or private placements, senior non-preferred bonds, senior preferred unsecured and secured bonds (such as covered bonds, ABS and RMBS).

A. Use of Proceeds

The proceeds of each Crédit Agricole Green Bond will be used exclusively to finance and re-finance, in whole or in part, loans and investments (“Eligible Green Assets”) that provide clear environmental benefit in line with Crédit Agricole’s Climate Finance Strategy and Sector Policies.

Crédit Agricole S.A. will allocate the proceeds of its Green Bonds to Eligible Green Assets booked on its own balance-sheet or on the balance-sheet of any of Crédit Agricole Group entities, as the case may be. Other Crédit Agricole Group issuers will allocate the proceeds of their own Green Bonds solely to Eligible Green Assets booked on their own balance-sheets⁷. For the avoidance of doubt, this also applies to Crédit Agricole CIB.

The combination of all the Eligible Green Assets earmarked by each Crédit Agricole Group entities will compose the Eligible Green Asset portfolio (“Green Portfolio”) and will be consolidated at Group level.

The total amount of outstanding Green Bonds issued by all Crédit Agricole Group entities together with any dedicated third-party Green funding (such as the use of EIB’s thematic Green envelopes)⁸ shall be lower than the amount of the Green Portfolio at all times.

The proceeds of the Green Bond issuance in accordance with Crédit Agricole Green Bond Framework will be earmarked to the following “Eligible Categories”:

- 1. Renewable energy
- 2. Green buildings
- 3. Energy efficiency
- 4. Clean transportation
- 5. Waste and water management
- 6. Sustainable agriculture and forest management

⁷ For the Group’s entities issuing Covered Bonds, the Eligible Green Assets may also be included in the cover pool collateral.

⁸ To the extent that they are financing Eligible Green Assets

Eligible Categories

Eligibility criteria

1. Renewable energy	
<u>Environmental benefits:</u> Climate change mitigation	<u>Main Objectives:</u> GHG emissions reduction
<i>Renewable energy generation</i>	<p>Loans to finance equipment, development, manufacturing, construction, operation, distribution and maintenance of the following renewable energy generation sources:</p> <ul style="list-style-type: none"> Onshore and offshore wind energy Solar energy Geothermal energy (with direct emissions $\leq 100\text{g CO}_2\text{e/kWh}$) Biomass energy (with direct emissions $\leq 100\text{g CO}_2\text{e/kWh}$) <ul style="list-style-type: none"> not originating from fields resulting reconverted carbon sinks (such as forests, marshy areas) not originating from high diversity fields (such as primary forests) not suitable for human consumption and only channelled through sustainable transport means (excessive recourse to fossil fuel transport) Waste-to-energy (such as methanation unit)
2. Green buildings	
<u>Environmental benefits:</u> Climate change mitigation	<u>Main Objectives:</u> GHG emissions reduction Energy savings
<i>Residential</i>	Loans or investments to finance new or existing residential buildings aligned with current environmental regulation and belonging to the top 15% of the most carbon efficient buildings (kg CO ₂ e/m sq.) in their respective countries
<i>Commercial</i>	<p>Loans to finance new or recently constructed buildings belonging to the top 15% of the most carbon efficient buildings (kg CO₂e/m sq.) in their respective countries or that have obtained following Green Building certifications (or equivalent):</p> <ul style="list-style-type: none"> LEED: [\geq "Gold"] BREEAM: [\geq "Very Good"] HQE: [\geq "Very Good"]
3. Energy efficiency	
<u>Environmental benefits:</u> Climate change mitigation	<u>Main Objectives:</u> GHG emissions reduction Energy savings
<i>Improving building energy efficiency</i>	<p>Loans to finance energy efficiency works, i.e.:</p> <ul style="list-style-type: none"> Central heating systems renovation Hydraulic pumps and other geothermal energy systems Highly energy efficient glazing Insulation retrofitting Thermostatic valves Solar panels Energy audits
<i>Electricity consumption optimisation</i>	Loans to finance equipment, development, acquisition and maintenance of electric equipment fleet

<i>Energy efficiency in energy distribution</i>	Loans to finance equipment, development, fabrication, construction, operation and distribution and maintenance of energy distribution networks, exclusively required for connecting or supporting the integration of renewable energy: <ul style="list-style-type: none"> • Smart grids • District heating networks (geothermal heat pumps and district heating networks with energy capture) • Energy storage systems
4. Clean transportation	
<u>Environmental benefits:</u> Climate change mitigation	<u>Main Objectives:</u> GHG emissions reduction
<i>Clean vehicles</i>	Loans to finance the development, construction or acquisition of: <ul style="list-style-type: none"> • Light or heavy private electric vehicles: hybrid (with direct emissions $\leq 85\text{g CO}_2/\text{pkm}$ for light vehicles), hydrogen, biogas and excluding biofuels (biodiesel and bioethanol) • Clean maritime transport vehicles (electric, hybrid and any type of non-fossil fuel boats, exclusion for the transport of fossil fuels) • Rolling stock (electric locomotives, metro, tramways, wagons and excluding rolling stocks dedicated to the transport of fossil fuels)
<i>Public transportation</i>	Loans to finance public transportation conception, development, construction, acquisition and maintenance of transport equipment, infrastructure and network
<i>Transport infrastructures</i>	Loans to finance the conception, development, construction and maintenance of infrastructure dedicated to low carbon transport: <ul style="list-style-type: none"> • Charging infrastructure for electric vehicles • Railway extensions (with the exception of lines dedicated to transport of fossil fuel) • Low-carbon dedicated infrastructure (IT infrastructure updates, signalling, communication tools)
5. Waste and waste management	
<u>Environmental benefits:</u> Climate change mitigation and adaptation Pollution prevention and control	<u>Main Objectives :</u> Flood prevention Resource quality preservation Water access security
<i>Waste and water management</i>	Loans to finance the equipment, development, fabrication, operation and maintenance of diverse water and waste management projects, <i>i.e.</i> : <ul style="list-style-type: none"> • Water recycling and waste water treatment facilities • Water distribution systems with improved efficiency/quality • Urban drainage systems • Flood mitigation infrastructure (such as anti-filtration infrastructure) • Water storage facilities
6. Sustainable agriculture and forest management	
<u>Environmental benefits:</u> Climate change mitigation Biodiversity preservation	<u>Main Objectives:</u> GHG emissions reduction Resource quality preservation
<i>Agriculture, management of forests and lands</i>	Loans to finance sustainable management of natural resources, <i>i.e.</i> : <ul style="list-style-type: none"> • Certified forests (FSC, PEFC or equivalent) • Certified organic agriculture (EU or Bio) • Investment in protected areas (regional natural parks)

B. Process for Project Evaluation and Selection

All Green Eligible Assets comply with Crédit Agricole standard credit process, which includes compliance with the Crédit Agricole Group CSR policy and dedicated Sector Policies, as well as compliance to any applicable regulatory environmental and social requirements.

The dedicated ESG risk analysis is performed at each business entity level, when appropriate in the strength of ESG analysis provided by extra-financial agencies, in connection with the Group's CSR management team.

Crédit Agricole has set-up a dedicated Green Bond Committee ("GBC") to manage the Process for Project Evaluation and Selection which meets at least on a quarterly basis. It includes:

- Head of Crédit Agricole Group CSR
- Head of Crédit Agricole Group Treasurer
- Head of Crédit Agricole Group Medium/Long Term Funding
- A Senior Manager from Crédit Agricole Regional banks
- A Senior Manager from each entity contributing to the Green Portfolio

The GBC composition may evolve to include in particular other entities from Crédit Agricole Group contributing to Eligible Green Assets in accordance with this Framework.

Furthermore, a Green Project Group has been designed, under the supervision of the Green Bond Committee, to be responsible for the analysis and identification process of the potential Eligible Green Assets. The Green Project Group will advise the different entities of Crédit Agricole Group on the implementation of the identification of the Eligible Green Assets in the internal information systems. It will meet on a regular basis or at the request of any relevant entity of the Crédit Agricole Group. The Project Group is composed of representatives from the teams in charge of the identification and monitoring of Eligible Green Assets within Crédit Agricole CIB, Crédit Agricole S.A. and relevant Crédit Agricole Group entities.

The Process for Project Evaluation and Selection proceeds as follows:

- The relevant entities of the Crédit Agricole Group carry out a pre-selection of potential Eligible Green Assets, as detailed in the Use of Proceeds section
- The potential Eligible Green Assets are submitted by the different Crédit Agricole Group entities to the Green Bond Committee. The GBC verifies the alignment of the pre-selected assets with the eligibility criteria and selects the Green Eligible Assets constituting the Green Portfolio.
- Under the supervision of the Green Project Group, the Eligible Green Assets are clearly identified within Crédit Agricole's internal information system.
- The Green Bond Committee has also the responsibility to exclude financing of nuclear activities, weapons and all activities mostly dedicated to fossil fuel.

The on-going analysis and monitoring of ESG controversies are realised by the CSR team of each relevant entity. If a Green Asset becomes subject to an ESG controversy, the CSR team will report it immediately to the Green Bond Committee, which will decide on the exclusion of the Green Eligible Asset in the Green Portfolio at the next Green Bond Committee.

C. Management of Proceeds

Crédit Agricole's Treasury and Medium/Long Term Funding team is in charge of monitoring the allocation of the proceeds to the Eligible Green Assets on a nominal equivalence basis, as well as managing the Green Portfolio.

Crédit Agricole has set up an internal information system enabling the tracking the allocation of the Green Bonds proceeds until their maturity.

On a quarterly basis, the Green Bond Committee ensures that the total amount of funds raised via Green Bonds, together with any dedicated third-party Green funding, is lower than the total amount of Green Eligible

Assets in the Green Portfolio. To ensure the continuous respect of this commitment and taking into account the potential evolution of the Eligible Green Assets, the amount of the Green Portfolio will always exceed the amount of the Green Bonds issued by a factor of 30%. In practice, this implies that amortised or redeemed Eligible Green Assets are replaced by new Eligible Green Assets.

Pending the full allocation of the proceeds or in the unlikely case of insufficient Eligible Green Assets, Crédit Agricole commits to hold the funds in the Group's Treasury in accordance with the Group's internal general policy and to the extent possible, to invest them in Green Bonds.

D. Reporting

Crédit Agricole will publish an annual Green Bond report on Crédit Agricole S.A. website, detailing both the allocation of the net proceeds of the Green Bonds and the environmental impact of the Eligible Green Assets included in the Green Portfolio.

Moreover, Crédit Agricole shall communicate any material evolution of the Green Portfolio composition on ad-hoc basis.

1. Allocation reporting

Crédit Agricole will publish an annual report on the use of the Green Bonds' net proceeds until maturity. This report will detail:

- The total amount of the Green Bonds issued at Crédit Agricole Group level and each relevant entity
- The total amount of Green Bond proceeds allocated to the Green Portfolio
- An analysis of the Green Portfolio by Eligible Categories and by Crédit Agricole Group entity
- The potential amount of unallocated proceeds, if any

Crédit Agricole intends to communicate the average origination timeframe of the Eligible Green Asset for each entity.

In the case of a Green Bond issuance from other Crédit Agricole Group entities than Crédit Agricole S.A, the allocation reporting of such entities will also be integrated in Crédit Agricole S.A allocation reporting.

2. Impact reporting

Crédit Agricole commits to publish an annual report on the environmental impact of its Green Portfolio by using where available the following environmental indicators aggregated by Eligible Category and entity.

Eligible Categories	Output indicators	Impact indicators
Renewable Energy	<ul style="list-style-type: none"> Capacity installed (MW) Expected renewable energy generation (MWh/year) 	<ul style="list-style-type: none"> Annual avoided GHG emissions (in tCO₂e/year)
Green Buildings	<ul style="list-style-type: none"> Commercial real estate assets by certification type (%) and year of certification Average energy performance level of the dwellings financed (kWh/m²/year) 	
Energy Efficiency	<ul style="list-style-type: none"> Expected energy savings (MWh/year) Storage capacity (MWh) 	
Clean Transportation	<ul style="list-style-type: none"> Number of passengers transported annually Tons of goods transported annually Number of electrical vehicles financed annually Kilometers of infrastructure constructed or renovated 	
Waste and Water Management	<ul style="list-style-type: none"> Waste and water management technology type 	<ul style="list-style-type: none"> Volume of treated water (m³/year) Volume of treated waste (m³/year)
Sustainable Agriculture and Forest Management	<ul style="list-style-type: none"> Number of agricultural business financed Total surface financed (ha) 	<ul style="list-style-type: none"> Volume of farming input avoided (t/year)

III. External Verification

A. Second Party Opinion

Crédit Agricole Green Bond Framework Second Party Opinion from Vigeo Eiris is publicly available on Crédit Agricole S.A. website.

B. External audit

Crédit Agricole S.A. will request a limited assurance report on the main features of its Green Bond reporting by an external auditor in the context occasion of the Crédit Agricole Group Annual Report (“Document de Référence”).