

SECOND PARTY OPINION¹

ON CREDIT MUTUEL ALLIANCE FEDERALE'S GREEN SOCIAL AND SUSTAINABILITY BONDS FRAMEWORK

July 2020

SCOPE

Vigeo Eiris was commissioned to provide an independent opinion (thereafter "Second Party Opinion" or "SPO") on the sustainability credentials and management of the Green, Social and Sustainability Bonds² ("Bonds") to be issued by Banque Fédérative du Crédit Mutuel ("BFCM") and / or Crédit Mutuel Home Loan SFH (together referred as the "Issuer") in compliance with the Green, Social and Sustainability Bond Framework (the "Framework") created to govern their issuances.

Our opinion is established according to Vigeo Eiris' Environmental, Social and Governance ("ESG") exclusive assessment methodology, to the ICMA's Green Bond Principles 2018 voluntary guidelines ("GBP") and Social Bond Principles 2020 voluntary guidelines ("SBP") (referred together as the "GBP & SBP").

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

- 1) **Issuer:** we assessed the Issuer's ESG performance,³ its management of potential stakeholder-related ESG controversies and its involvement in controversial activities.⁴
- 2) **Issuance:** we assessed the Framework, including the coherence between the Framework and the Issuer's environmental and social commitments, the Bond's potential contribution to sustainability and its alignment with the four core components of the GBP & SBP 2018.

Our sources of information are multichannel, combining data (i) from public sources, press content providers and stakeholders, (ii) from Vigeo Eiris' exclusive ESG rating database, and (iii) provided by the Issuer, through documents and written exchanges.

We carried out our due diligence assessment from March 9th to July 31st, 2020. We consider that we were provided with access to all the appropriate documents we solicited. To this purpose we used our reasonable efforts to verify such data accuracy.

VIGEO EIRIS' OPINION

Vigeo Eiris is of the opinion that the Green, Social & Sustainability Bond Framework of Crédit Mutuel Alliance Fédérale is aligned with the four core components of the Green and Social Bond Principles.

We express a reasonable assurance⁵ (our highest level of assurance) on the Issuer's commitments and on the contribution of the contemplated Bonds to sustainability.

1) Issuer (see Part I):

- ▶ As of February 2020, Banque Fédérative du Crédit Mutuel, the holding company of Crédit Mutuel Alliance Fédérale, displays an overall advanced ESG performance, ranking 5th in our "Diversified Banks" sector which covers 31 companies.
- ▶ As of today, Banque Fédérative du Crédit Mutuel faces five stakeholder-related ESG controversies, linked to the Environment, Community Involvement, Human Rights and Corporate Governance domains. Controversies are considered frequent, their severity is considered high based on the analysis of their impact on both the company and its stakeholders, and the Issuer is considered reactive.

¹ This opinion is to be considered as the "Second Party Opinion" described in the GBP 2018 & SBP 2020 voluntary guidelines of the International Capital Market Association (www.icmagroup.org).

² The "Green Bond", "Social Bond" and "Sustainability Bond" are to be considered as the bonds to be potentially issued, subject to the discretion of the Issuer. The name "Green Bond" "Social Bond" or "Sustainability Bond" has been decided by the Issuer: it does not imply any opinion from Vigeo Eiris.

³ The Issuer's ESG performance was assessed in February 2020 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.

⁴ The 17 controversial activities screened by Vigeo Eiris are: Alcohol, Animal welfare, Cannabis, Chemicals of concern, Civilian firearms, Fossil Fuels industry, Coal, Gambling, Genetic engineering, High interest rate lending, Human Embryonic Stem Cells, Military, Nuclear power, Pornography, Reproductive medicine, Tar sands and oil shale, and Tobacco.

⁵ Definition of Vigeo Eiris' scales of assessment (as detailed in the Methodology section):

- Level of Evaluation: Advanced, Good, Limited, Weak.
- Level of Assurance: Reasonable, Moderate, Weak.

- ▶ As of today, we found a minor involvement of the Issuer in one of the 17 controversial activities screened under our methodology, namely Alcohol. We did not find an involvement of the Issuer in any of the other 16 controversial activities screened under Vigeo Eiris methodology.

2) Issuances (see Part II):

The Issuer has described the main characteristics of the Bonds within a formalised Green, Social and Sustainability Bond Framework which covers the four core components of the GBP & SBP (the last updated version was provided to Vigeo Eiris on July 31st, 2020). The Issuer has committed to make this document publicly accessible on Banque Fédérative du Crédit Mutuel's website⁶ at the Bonds' issuance date, in line with good market practices.

We are of the opinion that the Green Social and Sustainability Bond Framework is coherent with Crédit Mutuel Alliance Fédérale's main sector sustainability issues, with its publicly disclosed strategic sustainable development priorities, and that it contributes to achieve its sustainable development commitments and targets.

Use of Proceeds

- ▶ The net proceeds of the Bonds will exclusively finance or refinance, in part or in full, loans falling under six Green and Social Loans Categories ("Eligible Categories"), namely: Green Buildings, Renewable Energy, Low Carbon Transport, Local Development through SME financing, Affordable Housing and Access to Essential Services (Healthcare). We consider the Eligible Categories to be clearly defined. For Green Buildings, Renewable Energy, and Low Carbon Transport, the Issuer has aligned its definitions and eligibility criteria to the Technical Screening Criteria outlined in the Technical Annex of the Technical Expert Group final report on the EU Taxonomy published in March 2020.
- ▶ The Eligible Categories are intended to contribute to one main environmental objective (Climate change mitigation) and to three main social objectives (Access to finance and employment generation, Access to affordable housing and Access to healthcare). These objectives are formalised in the Framework and considered clearly defined and relevant.
- ▶ The target populations that will benefit from the three social Eligible Categories have been clearly defined by the Issuer, namely: SMEs located in underperforming economic areas (Local development through SME financing), disadvantaged populations at risk of housing exclusion (Affordable Housing) and French population including the most vulnerables (Access to essential services - Healthcare).
- ▶ The Eligible Categories are considered to provide clear environmental and social benefits. The Issuer has committed to assess and, where feasible, quantify the expected environmental and social benefits of the Bonds and to publicly communicate on them at least annually within the reporting. An area for improvement would be to commit to assess, quantify and communicate on the expected environmental and social benefits at issuance.
- ▶ The Eligible Categories are likely to contribute to seven of the United Nations' Sustainable Development Goals ("SDGs"), namely: Goal 1. No Poverty; Goal 3. Good Health and Well-being, Goal 7. Affordable and Clean energy, Goal 8. Decent work and economic growth, Goal 9. Industry, Innovation and Infrastructure, Goal 11. Sustainable Cities and Communities and Goal 13. Climate Action.
- ▶ The Issuer has transparently communicated on the estimated share of refinancing for its Bond issuances, which will be equal to 100%. Concerning the look-back period, the Issuer has committed that only loans originated within a maximum of three calendar years prior to the year of identification of a portfolio of Eligible Loans in a given category will be financed. An area for improvement consist in setting a look-back period of a maximum of 36 months from the Bond's issuance date, to be in line with market practices. The Issuer has however committed to ensure transparency at issuance and within annual reporting by including a breakdown of the portfolio by origination date.

Process for Projects Evaluation and Selection

- ▶ The governance and process for the evaluation and selection of the Eligible Loans are clearly defined in the Framework. We consider that the process is reasonably structured, transparent and relevant.

⁶ <https://www.bfcm.creditmutuel.fr/>.

- ▶ The process relies on explicit eligibility criteria (selection and exclusion), relevant to the environmental and social objectives of the Eligible Loans.
- ▶ The identification and management of the environmental and social risks associated with the Eligible Loans are considered overall good.

Management of Proceeds

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

Reporting

- ▶ The reporting process and commitments appear to be good, covering both the funds allocation and the environmental and social benefits of the Eligible Loans.
- ▶ The selected reporting indicators for allocation of proceeds and environmental and social benefits of the loans are clear and relevant.

BFCM has committed to support its Bonds issuances with the following 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 on Banque Fédérative du Crédit Mutuel's website,⁷ at the date of issuance.
- An annual verification: an external verification performed by a third-party auditor, annually and until Bonds maturity, of the allocation of the net proceeds of the Bonds in accordance in all material respects with the eligibility criteria set forth in the Use of Proceeds section of the Framework. An external company will be in charge of calculating the environmental benefits associated with the Green Loans Categories. An area for improvement would be to commit to an annual verification of the data used to report on the social benefits associated with the Social Loans Categories.

This Second Party Opinion is based on the review of the information provided by the Issuer, according to our exclusive assessment methodology and to the GBP & SBP voluntary guidelines (June 2018). Crédit Mutuel Alliance Fédérale acknowledges that in case of changes of such standards and market practices and expectations, VIGEO EIRIS shall exclude any liability regarding the use of the concerned Second Party Opinion and its compliance with then-current standards and market practices and expectations.

Paris, July 31st, 2020

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Disclaimer

Transparency on the relation between Vigeo Eiris and the Issuer: Vigeo Eiris has carried out one audit mission for Crédit Mutuel Alliance Fédérale. No established relation (financial or commercial) exists between Vigeo Eiris and the Issuer.

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. 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 deliverables remain the property of Vigeo Eiris. The draft version of the Second Party Opinion by Vigeo Eiris is for information purpose only and shall not be disclosed by the client. Vigeo Eiris grants the Issuer all rights to use the final version of the Second Party Opinion delivered for external use via any media that the Issuer shall determine in a worldwide perimeter. The Issuer has the right to communicate to the outside only the Second Party Opinion complete and without any modification, that is to say without making selection, withdrawal or addition, without altering it in any way, either in substance or in the form and shall only be used in the frame of the contemplated concerned bond(s) issuance. The Issuer acknowledges and agrees that Vigeo Eiris reserves the right to publish the final version of the Second Party Opinion on Vigeo Eiris' website and on Vigeo Eiris' internal and external communication supporting documents.

⁷ <https://www.creditmutuel.com/>.

DETAILED RESULTS

Part I. ISSUER

The Banque Fédérative du Crédit Mutuel (BFCM) is the holding company of Crédit Mutuel Alliance Fédérale. BFCM carries the Group's subsidiaries and coordinates their activities undertaken through its minority and majority holdings in financial establishments. Its capital is held by the local cooperative banks and the Caisse Fédérale de Crédit Mutuel. BFCM is the central funding arm of the whole group and acting as the main issuer of debt securities in the international markets for the whole Group, "Crédit Mutuel Alliance Fédérale"

Level of ESG performance

The Issuer's ESG performance was assessed through a complete process of rating and benchmark.

As of February 2020, Banque Fédérative du Crédit Mutuel displays an overall advanced ESG performance, ranking 5th in our "Diversified Banks" sector which covers 31 companies.

Domain	Comments	Opinion
Environment	The Issuer's performance in the Environment pillar is advanced.	
	Crédit Mutuel Alliance Fédérale has made formalised commitments to environmental protection in its Actions ISR and Code de transparence. Crédit Mutuel Alliance Fédérale, on behalf of which BFCM acts as an holding company, is a signatory of the Global Compact and communicates on this principle. Environmental commitments cover all the Group responsibilities (including impact on climate change and direct environmental impacts) and are backed by quantitative targets: Crédit Mutuel Alliance Fédérale has committed to increase by 30% the financing to projects with a climate impact by 2023 and to decrease by 30% the Group carbon footprint by 2023. Moreover, significant resources have been dedicated to training and monitoring on environmental issues.	Advanced
	Crédit Mutuel Alliance Fédérale has developed policies on sensitive sectors and cross-sectoral environmental policies. Among other measures, the Group has set up exclusionary and positive screening using external data from specialized agencies. Overall, the means dedicated to the development of sustainable investment products apply to a significant part of its investment portfolio..	Good
	Crédit Mutuel Alliance Fédérale has stated that it has developed an internal policy to promote the reduction of environmental impacts linked to the transport of employees, however it appears that this commitment is not backed by quantitative targets. Relevant measures to reduce environmental impacts related to the transport of personnel have been set up, including measures to reduce pollution and improving the rationalisation of transport, and cover at least a minority of its sites. Current disclosed data on the Group's transport mix and related CO2 emissions is insufficient to determine a trend.	Limited
	Concerning minimising environmental impacts from Climate Change, Crédit Mutuel Alliance Fédérale has set up specific sector policies and commitments to support a low carbon economy backed by quantitative targets, and also processes to systematically consider climate risks in its financing activities and dedicated financing channels to support the energy transition. KPIs on financing of renewable projects display increasing trends.	Weak
Social	The Issuer's performance in the Social pillar is advanced.	
	Following local regulation, social dialogue is addressed well with a Group Work Council and several collective agreements related to the quality of the work environment. In terms of career management and training, regular performance interviews are foreseen and training programs in place include risk management and compliance issues. Moreover, Crédit Mutuel Alliance Fédérale has committed to manage reorganisations responsibly through an Employment Mobility programme and re-training opportunities to limit redundancies. As for health and safety issues, adequate policies are adopted including on stress at work, which was subject to a collective agreement. The chief information security officer (CISO) has implemented the security strategy of the Crédit Mutuel Group Alliance Fédérale's information system.	Advanced
	The Group contributes to the promotion of social and economic development through the support given to SMEs, public and community investment and micro-finance providers, and its active collaboration with stakeholders. Crédit Mutuel Alliance Fédérale has put in place a structure that promotes banking inclusion for customers identified as vulnerable. In addition, the bank has adopted a Private Banking Sector Policy aimed at deterring clients from any type of fiscal fraud or tax evasion. The accessibility of products and services is now formalised and enforced through quantitative targets. Crédit Mutuel Alliance Fédérale works to help guaranteeing the access to basic banking products and credit solutions for people in financial difficulty.	Good
		Limited

	<p>Employees' labour rights are well addressed through a collective agreement and their representatives are able to exercise their mandate adequately. Collective agreements are signed on diversity and non-discrimination issues and Crédit Mutuel Alliance Fédérale's 2019-2023 strategy includes diversity targets. Several initiatives are taken to reduce gender salary gaps, and improve the situation of employees at risk, such as disabled and seniors.</p> <p>Crédit Mutuel Alliance Fédérale has disclosed formalised policies and dedicated measures to ensure transparent and fair relations with its customers, including providing clients with detailed information about product risks/benefits and monitoring tools.</p>	Weak
Governance	<p>The Issuer's performance in the Governance pillar is Good.</p> <p>Concerning the Board, more than half of Directors are non-executive. Diversity of the board appears to be partial. The Head of Institutional Relations and CSR Department reports directly to the Board and the Executive Committee. In addition, some relevant CSR issues are discussed at Board level and regular meetings are organised with an average attendance rate of 89%.</p>	Advanced
	<p>Adequate procedures of audit and internal controls seem to be in place. The Audit Committee members appear to have previous financial experience and ESG issues are identified and included in the Issuer's internal controls system: the CSR function is integrated in the Crédit Mutuel Alliance Fédérale Risk and Compliance Department. The Group publishes significant CSR reporting on key material issues, with an independent third-party assessment of the reliability of key performance indicators..</p>	Good
	<p>As for remuneration, the Remuneration Committee is made of five non executive members, including four members that are not directors of BFCM's Board of Directors. Elements of executive remuneration are disclosed, and the ratio between CEO compensation and average employee salary decreased over the past three years.</p>	Limited
	<p>In terms of respecting market laws, BFCM has issued a formalised commitment to prevent corruption and money laundering. The Issuer has set up permanent measures to prevent money laundering, including a confidential reporting system, as well as internal controls to prevent business ethics risks. Nonetheless, BFCM's commitment only addresses part of its responsibilities towards ensuring transparency and integrity of lobbying practices.</p>	Weak

Management of stakeholder-related ESG controversies

As of today, Banque Fédérative du Crédit Mutuel faces five stakeholder-related ESG controversies, linked to four of the six domains we analyse:

- Environment, in the criteria of “Development of green products and services” and “Minimising environmental impacts from Climate Change”
- Community Involvement: in the criterion of “Promotion of social and economic development”.
- Human Rights, in the criterion of “Respect for human rights standards and prevention of violations”.
- Corporate Governance, in the criterion of “Internal controls & risk management”.

Frequency: On average, the controversies are considered frequent, in line with the sector average.

Severity: The severity of their impact on both the company and its stakeholders is considered high (it is high for three controversies, significant for one controversy and minor for one controversy) – in line with the sector average.

Responsiveness: Banque Fédérative du Crédit Mutuel is reactive, in line with the sector average: The Issuer reports in a detailed way on its position on three cases; and is remediative by voluntarily taking specific corrective actions on two cases.

Involvement in controversial activities

As of today, we found an involvement of the Issuer in 1 of the 17 controversial activities screened under Vigeo Eiris methodology, namely:

- A minor involvement in Alcohol: Banque Fédérative du Crédit Mutuel has an estimated turnover from alcoholic beverages which is below 5% of total turnover. This turnover is derived from the sale of alcoholic beverages by three group companies - Le Bischenberg, Les Gâtines and Maubreuil - involved in the organisation of congresses and seminars. The related facilities provide catering services in their restaurants where alcoholic beverages are served. In addition, CM-CIC Investissement group company has acquired in fiscal year 2018 a minority stake in Montaner Pietrini, involved in the sale of beverages including beer, champagne, spirits and wine to restaurants.

We did not find an involvement of the Issuer in any of the other 16 controversial activities screened under Vigeo Eiris methodology, namely: Animal welfare, Cannabis, Chemicals of concern, Civilian firearms, Coal, Fossil Fuels industry, Unconventional oil and gas, Gambling, Genetic engineering, Human embryonic stem cells, High interest rate lending, Military, Nuclear Power, Pornography, Reproductive Medicine and Tobacco.

The controversial activities research provides screening of 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. ISSUANCES

Coherence

Context note: Banks have a great potential to support social and economic development and the 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 minimisation of the negative impact of their investments and activities on the environment, people and society. The banking sector can play a significant role in dealing with these challenges by integrating ESG factors in their financing operations.

By integrating environmental and social risks into the assessment of loans and project financing, as well as into their investment products, banks can influence customer behaviour towards more environmentally friendly activities and support projects with a high social outcome. The banking sector can also effectively contribute to financial inclusion and to the reduction of inequalities by ensuring the accessibility of its products and services to a larger number of customers, including the most vulnerable.

We are of the opinion that the Green Social and Sustainability Bond Framework is coherent with Crédit Mutuel Alliance Fédérale's main sector sustainability issues, with its publicly disclosed strategic sustainable development priorities, and that it contributes to achieve its sustainable development commitments and targets.

Crédit Mutuel Alliance Fédérale appears to acknowledge its role in promoting local social and economic development and in providing solutions to support society's transition to a low carbon and sustainable economy.

Crédit Mutuel Alliance Fédérale's 2019-2023 strategic plan - called "ensemble#nouveau monde" – is based on three pillars: customer relations, employee engagement and technological innovation. This strategic plan has set targets covering, among others, gender equality in management and governance positions and employees trainings.

In order to strengthen its contribution to positive environmental and social outcomes, Crédit Mutuel Group Alliance Fédérale has launched the following initiatives:

- It has committed to increase by 30% the financing to projects with a positive climate impact and to decrease by 30% the Group carbon footprint by 2023.
- It has set up exclusionary and positive screening using external data on environmental issues from specialised agencies.
- It has committed to systematically consider climate risks in its financing activities and has set up dedicated financing channels to support the energy transition.
- It has launched the Facil'Accès programme in 2009, which gives people banned from issuing checks access to banking through payment and cash withdrawal cards with systematic authorisation.
- It has put in place a structure that promotes banking inclusion for customers identified as vulnerable.

By creating a Framework to issue Green Bonds intended to finance or refinance loans related to Green Buildings, Renewable Energy, Low Carbon Transport, Local Development (SME financing), Affordable Housing and Access to Essential Services (Healthcare), the Issuer coherently aligns with its sustainability strategy and commitments, and addresses the main issues of its sector in terms of sustainable development.

Use of proceeds

The net proceeds of the Bonds will exclusively finance or refinance, in part or in full, loans falling under six Green and Social Loans Categories (“Eligible Categories”), namely: Green Buildings, Renewable Energy, Low Carbon Transport, Local Development through SME financing, Affordable Housing and Access to Essential Services (Healthcare). We consider the Eligible Categories to be clearly defined.

The Eligible Categories are intended to contribute to one main environmental objective (Climate change mitigation) and to three main social objectives (Access to finance and employment generation, Access to affordable housing and Access to healthcare). These objectives are formalised in the Framework and considered clearly defined and relevant.

The target populations that will benefit from the three social Eligible Categories have been clearly defined by the Issuer, namely: SMEs located in underperforming economic areas (Local development through SME financing), disadvantaged populations at risk of housing exclusion⁸ (Affordable Housing) and French population including the most vulnerables (Access to essential services - Healthcare).

The Eligible Categories are considered to provide clear environmental and social benefits. The Issuer has committed to assess and, where feasible, quantify the expected environmental and social benefits of the Bonds and to publicly communicate on them at least annually within the reporting. An area for improvement would be to commit to assess, quantify and communicate on the expected environmental and social benefits at issuance.

The Issuer has transparently communicated on the estimated share of refinancing for its Bond issuances, which will be equal to 100%. Concerning the look-back period, the Issuer has committed that only loans originated within a maximum of three calendar years prior to the year of identification of a portfolio of Eligible Loans in a given category will be financed. An area for improvement consist in setting a look-back period of a maximum of 36 months from the Bond’s issuance date, to be in line with market practices. The Issuer has however committed to ensure transparency at issuance and within annual reporting by including a breakdown of the portfolio by origination date.

The table below details the eligibility criteria for the categories to be financed through the Framework.

For categories aiming at environmental objectives (Green Buildings, Renewable Energy, Low Carbon Transport), the Issuer has aligned its definitions and eligibility criteria to the Technical Screening Criteria outlined in the Technical Annex of the Technical Expert Group final report on the EU Taxonomy published in March 2020,⁹ and commits to respect the technical thresholds as set out by the Expert Group in the mentioned Annex.

For the categories Green Buildings (except for commercial buildings), Local Development through SMEs financing, Affordable Housing and Access to Essential Services (Healthcare), Eligible Loans will be limited to projects and activities located in France. For Renewable Energy, Low Carbon Transport and Green commercial buildings, projects can be located in any of the Designated Countries as defined by the Equator Principles.

⁸ Low-income population, young people, elderly people, people with disabilities.

⁹ https://ec.europa.eu/info/sites/info/files/business_economy_euro/banking_and_finance/documents/200309-sustainable-finance-teg-final-report-taxonomy-annexes_en.pdf.

Crédit Mutuel Alliance Fédérale Framework			Vigeo Eiris Analysis
Eligible Categories	Eligibility Criteria	Environmental and social objectives and benefits	
Green Buildings	<p>Construction or acquisition of Green commercial buildings and prime residential properties meeting the applicable following criteria:</p> <p>Buildings built before 31 December 2020</p> <p>(i) For both residential and non-residential buildings: the calculated performance of the building must be within the top 15% of the local existing stock in terms of operational Primary Energy Demand, expressed as kWh/m²y.</p> <p>(ii) For non-residential buildings: efficient building operations must be ensured through dedicated energy management.</p> <p>Buildings built after 31 December 2020</p> <p>(i) For both residential and non-residential buildings: the primary energy demand must be at least 20% lower than the one resulting from the relevant NZEB requirements.</p> <p>(ii) For non-residential buildings: efficient building operations must be ensured through dedicated energy management</p> <p>Building renovation meeting the applicable following criteria:</p> <p>(i) Major renovation¹⁰ : the renovation is compliant with the requirements set in the applicable building regulations for 'major renovation' transposing the Energy Performance of Buildings Directive (EPBD). The energy performance of the building or the renovated part upgraded must meet cost-optimal minimum energy performance requirements in accordance with the EPBD.</p> <p>(ii) Relative improvement: the renovation leads to reduction of Primary Energy Demand of at least 30% in comparison to the energy performance of the building before the renovation. The initial energy performance and the estimated improvement shall be based on a specialised building survey and validated by an Energy Performance Certificate, an energy audit conducted by an accredited independent expert or any other transparent and proportionate method.</p> <p>Location of buildings: France. For commercial buildings, the portfolio may include assets located in any of the Designated Countries as defined by the Equator Principles.</p>	<p>Climate change mitigation</p> <p>--</p> <p>Energy savings</p> <p>GHG emissions reduction</p>	<p>The definition of this category is clear.</p> <p>The environmental objective is clearly defined and relevant.</p> <p>The environmental benefits are clear, measurable and relevant.</p>

¹⁰ A 'major renovation' means the renovation of a building where either:

(a) the total cost of the renovation relating to the building envelope or the technical building systems is higher than 25 % of the value of the building, excluding the value of the land upon which the building is situated; or

(b) more than 25 % of the surface of the building envelope undergoes renovation.

Crédit Mutuel Alliance Fédérale Framework			Vigeo Eiris Analysis
Eligible Categories	Eligibility Criteria	Environmental and social objectives and benefits	
Renewable Energy	<p>Acquisition, conception, construction, development and installation of renewable energy production units; as well as the connection of renewable energy production units to the electricity grid and the transportation through the network.</p> <p>Renewable energy sources include:</p> <p>On- and offshore wind energy: facilities operating at life cycle emissions lower than 100gCO₂e/kWh, declining to 0gCO₂e/kWh by 2050</p> <p>Solar Energy: facilities operating at life cycle emissions lower than 100gCO₂e/kWh, declining to 0gCO₂e/kWh by 2050</p>	<p>Climate change mitigation</p> <p>--</p> <p>GHG emissions reduction</p>	<p>The definition of this category is clear.</p> <p>The environmental objective is clearly defined and relevant.</p> <p>The environmental benefits are clear, measurable and relevant.</p>
Low Carbon Transport	<p>The Eligible Loans are loans to (re)finance the conception, development, construction, acquisition and maintenance of low-carbon transport infrastructure and assets including:</p> <p>Infrastructure for low carbon land transport: defined in line with the EU Taxonomy technical criteria for Infrastructure for low carbon transport (land transport):</p> <ul style="list-style-type: none"> (i) Infrastructure that is required for zero direct emissions transport (e.g. electric charging points, electricity grid connection upgrades, hydrogen fueling stations or electric highways) (ii) Infrastructure and equipment for active mobility (walking, cycling, e-bikes and e-scooters) (iii) Infrastructure that is predominantly used for low-carbon transport (e.g. rail infrastructure) if the fleet that uses the infrastructure meets the thresholds for direct emissions as defined in the relevant activity¹¹ (iv) Non-electrified rail infrastructure with an existing plan for electrification or use of alternatively powered trains. <p>Infrastructure for low carbon water transport: defined in line with the EU Taxonomy technical criteria for Infrastructure for low carbon transport (water transport):</p> <ul style="list-style-type: none"> (i) Infrastructure that is required for zero direct emissions water transport (e.g. batteries or hydrogen fuelling facilities) (ii) Infrastructure dedicated to supporting the renewable energy sector (iii) Infrastructure that is predominantly used for low-carbon transport if the fleet that uses the infrastructure meets the thresholds for direct emissions as defined in the relevant activity.¹² <p>For infrastructure for low carbon land and water transport, only infrastructure that is fundamental to the operation of the transport service is eligible. Not eligible: infrastructure dedicated to the transport of fossil fuels or blended fossil fuels.</p>	<p>Climate change mitigation</p> <p>--</p> <p>GHG emissions reduction</p> <p>Pollutant emissions reduction</p>	<p>The definition of this category is clear.</p> <p>The environmental objective is clearly defined and relevant.</p> <p>The environmental benefits are clear, measurable and relevant.</p>

¹¹ Measured in CO₂ emissions per kilometre (gCO₂/km), CO₂e emissions per tonne-kilometre (gCO₂e/tkm), or CO₂e emissions per passenger-kilometre (gCO₂e/pkm).

¹² Measured in CO₂e emissions per passenger-kilometre (gCO₂e/pkm), per tonne-kilometre (gCO₂e/tkm), per passenger nautical mile (gCO₂e/pnm) or per tonne nautical mile (gCO₂e/tnm).

Crédit Mutuel Alliance Fédérale Framework			Vigeo Eiris Analysis
Eligible Categories	Eligibility Criteria	Environmental and social objectives and benefits	
Low Carbon Transport	<p>Low-carbon vehicles and rolling stock including:</p> <ul style="list-style-type: none"> (i) Low-carbon passenger cars and commercial vehicles <u>meeting the EU Taxonomy technical criteria</u> for Passenger cars and commercial vehicles (ii) Low-carbon rolling stock (e.g. light rail transit, metro, tram, trolleybus, bus and wagons) <u>meeting the applicable EU Taxonomy technical criteria</u> for Transportation (i.e. Passenger rail transport, Freight rail transport, Public transport, Freight transport services by road, Interurban scheduled road transport) (iii) Low-carbon inland vessels <u>meeting the applicable EU Taxonomy technical criteria</u> for Transportation (i.e. Inland passenger water transport, Inland freight water transport). 	<p>Climate change mitigation</p> <p>--</p> <p>GHG emissions reduction</p> <p>Pollutant emissions reduction</p>	<p>The definition of this category is clear.</p> <p>The environmental objective is clearly defined and relevant.</p> <p>The environmental benefits are clear, measurable and relevant.</p>
Local Development through SME financing	<p>Loans granted to small, medium, and micro-sized enterprises (SMEs) which support positively the economic activities of the underperforming areas of France as defined below:</p> <ul style="list-style-type: none"> (i) SME definition: according to the EU recommendation 2003/361 (detailed in the Appendix 2 of the Framework). (ii) Underperforming economic area: regions of France where the unemployment rate per inhabitant is higher than the national average. <p>Loans granted to small, medium, and micro-sized enterprises (SMEs) which support positively the resilience of the economic activities in the event of extreme events as defined below:</p> <ul style="list-style-type: none"> (i) SME definition: according to the EU recommendation 2003/361 (see Appendix 2 of the Framework) (ii) Economic resilience contribution: SMEs impacted by the consequences of extreme events (e.g. natural disaster, extreme weather events, public health disaster...) <p><u>Target population:</u> SMEs located in France, in underperforming economic areas¹³</p>	<p>Access to finance and employment generation</p> <p>--</p> <p>Support to SMEs in underperforming areas of France</p> <p>Support to job creation/retention in underperforming areas</p>	<p>The definition of this category is clear.</p> <p>The intended social objective is clearly defined and relevant.</p> <p>The target population has been clearly defined by the Issuer.</p> <p>The social benefits are clear, measurable and relevant.</p>
Affordable Housing	<p>The Eligible Loans are loans to (re)finance:</p> <ul style="list-style-type: none"> (i) Social ownership loan (Prêt à L'Accession Sociale PAS) financing the acquisition or construction or renovation of primary residence subject to eligibility criteria including income ceilings as defined under French Law.¹⁴ <p><u>Target population:</u> disadvantaged populations at risk of housing exclusion (low-income population as defined by French Law, young people, elderly people, people with disabilities).</p>	<p>Access to affordable housing</p> <p>--</p> <p>Support to beneficiaries of social housing loans</p>	<p>The definition of this category is clear.</p> <p>The intended social objective is clearly defined and relevant.</p> <p>The target population has been clearly defined by the Issuer.</p> <p>The social benefits are clear, measurable and relevant.</p>

¹³ Defined as : regions of France where the unemployment rate per inhabitant is higher than the national average

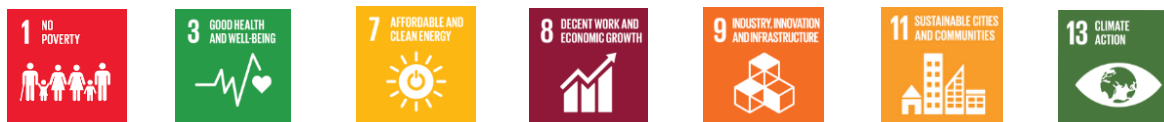
¹⁴ <https://www.service-public.fr/particuliers/vosdroits/F22158>

Crédit Mutuel Alliance Fédérale Framework			Vigeo Eiris Analysis
Eligible Categories	Eligibility Criteria	Environmental and social objectives and benefits	
Access to Essential Services - Healthcare	<p>The Eligible Loans are loans to (re)finance the purchase of heavy medical equipment (e.g. X-ray machines, MRI scanner, CT scanner) by health professionals in France, that are subject to prior authorisation¹⁵ from the public agencies such as the regional healthcare agencies (Agences Régionales de Santé, ARS) in accordance with the French Public Healthcare code (Code de la Santé Publique¹⁶).</p> <p><u>Target population:</u> French population including the most vulnerable</p>	<p>Access to healthcare</p> <p>Support the availability of heavy medical equipment in healthcare centers</p>	<p>The definition of this category is clear.</p> <p>The intended social objective is clearly defined and relevant.</p> <p>The target population has been clearly defined by the Issuer.</p> <p>The social benefits are clear, measurable and relevant.</p>

¹⁵ The financing of such heavy medical equipment is subject to a systematic checking of the borrower and of the ARS approval on the purchase or renewal of such equipment.

¹⁶ Details on authorisations for heavy medical equipment in Article L6122 of the Code de la Santé Publique.

The Eligible Categories are likely to contribute to seven of the United Nations’ Sustainable Development Goals (“SDGs”), namely: Goal 1. No Poverty; Goal 3. Good Health and Well-being; Goal 7. Affordable and Clean energy; Goal 8. Decent work and economic growth; Goal 9. Industry, Innovation and Infrastructure; Goal 11. Sustainable Cities and Communities; and Goal 13. Climate Action.



Eligible Green and Social Loans	UN SDGs identified	UN SDGs targets
Green Buildings	SDG 7. Affordable and Clean Energy UN SDG 7 consists in ensuring access to affordable, reliable, sustainable and modern energy for all	7.3 – By 2030, double the global rate of improvement in energy efficiency.
	SDG 11. Sustainable Cities and Communities UN SDG 11 consists in making cities and human settlements inclusive, safe, resilient and sustainable	11.3 - By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.
	SDG 13. Climate Action UN SDG 13 consists in taking urgent action to combat climate change and its impacts. Banks financing green buildings can contribute to reducing GHG emissions	NA
Renewable Energy	SDG 7. Affordable and Clean Energy UN SDG 7 consists in ensuring access to affordable, reliable, sustainable and modern energy for all	7.2 - Increase substantially the share of renewable energy in the global energy mix.
	SDG 13. UN SDG 13 consists in taking urgent action to combat climate change and its impacts Banks financing renewable energy can contribute to this goal by supporting the transition to net-zero carbon energy	NA
Low Carbon Transport	SDG 9. Industry, innovation and infrastructure UN SDG 9 consists in building resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	9.1 - Develop quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.
	SDG 11. Sustainable Cities and Communities UN SDG 11 consists in making cities and human settlements inclusive, safe, resilient and sustainable	11.2 - By 2030, 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.
	SDG 13. UN SDG 13 consists in taking urgent action to combat climate change and its impacts Banks financing low carbon transport can contribute to reducing GHG emissions	NA

Eligible Green and Social Loans	UN SDGs identified	UN SDGs targets
Local Development through SME financing	SDG 8. Decent Work & Economic Growth UN SDG 8 consists in promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	8.3 - Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage formalization and growth of micro-, small- and medium-sized enterprises including through access to financial services. 8.10 - Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.
Affordable Housing	SDG 1. No Poverty UN SDG 1 consists in ending poverty in all its forms everywhere	1.4 Ensuring that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.
	SDG 11. Sustainable Cities and Communities UN SDG 11 consists in making cities inclusive, safe, resilient and sustainable	11.1 - Ensuring access for all to adequate, safe and affordable housing and basic services and upgrade slums.
Access to Essential Services - Healthcare	SDG 3. Good health and well-being UN SDG 3 consists in ensuring healthy lives and promote well-being for all at all ages	3.8 - Achieving universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.

Process for Project Evaluation and Selection

The governance and process for the evaluation and selection of the Eligible Loans are clearly defined in the Framework. We consider that the process is reasonably structured, transparent and relevant.

The process for evaluation and selection of Eligible Loans is clearly defined.

The evaluation and selection of Eligible Loans is based on relevant internal expertise, with well-defined roles and responsibilities.

In order to coordinate green, social and sustainability bond issuances and source Eligible Loans, the Issuer has created a dedicated Committee, which includes:

- The Head of the Group's Social and Mutualist Responsibility
- The Head of Group collateral management
- The Head of Group Treasury
- The Head of Project finance
- The Social and Mutualist Responsibility project manager.

Expertise on environmental and social issues is ensured through the participation of representatives from the Group's Social and Mutualist Responsibility team and from relevant Business lines.

- The Committee is responsible for:
 - The supervision and validation of the evaluation and selection of Eligible Loans that is carried out by relevant business lines.
 - Monitoring the outstanding balance of the portfolio of Eligible Loans.
 - Coordinating the publication of the Bonds annual reporting.
 - Monitoring that Eligible Loans continue to meet the eligibility criteria set in the Framework throughout the life of the Bonds.

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

- The Committee will meet at least quarterly and will keep minutes of the meetings.
- All of the actions of the Committee will be submitted for approval to the Central Treasury and Liquidity Committee of the Group. This approval process ensures that all relevant decisions will be documented.
- An external auditor will annually verify the compliance of the selected loans with the eligibility criteria as defined in the Framework.

The process relies on explicit eligibility criteria (selection and exclusion), relevant to the environmental and social objectives of the Eligible Loans.

The selection is based on the definition of the Eligible Categories provided in the Use of Proceeds section of the Framework.

Eligible Loans exclude:

- Loans to enterprises operating in the business sectors listed in Appendix 3 (“Exclusion list) of the Issuer’s Framework.
- Loans related to projects located in non-designated countries.¹⁷
- Loans financed by any other type of funding.
- Loans originated more than three calendar years prior to the year of identification of a portfolio of Eligible Loans in a given category.
- Non performing loans.

Exclusion criteria for Green Buildings:

- Secondary residences are excluded since they usually feature unfavourable ratios of usage per occupant with regards to their environmental impacts.

Exclusion criteria for SMEs Financing:

- SMEs operating in controversial or highly sensitive sectors are excluded (exclusion list provided in Appendix 3: Exclusion list).

The Committee will monitor that selected loans continue to meet the eligibility criteria of the Framework throughout the life of the Bonds. As part of its internal policies, the Issuer has put in place a process to continuously monitor and identify potential controversies that could affect the portfolio of Eligible Loans and undermine the environmental and social objectives targeted by the Bonds. The Issuer reports that in case a controversy regarding an Eligible Loan emerges, this would be excluded and replaced by another Eligible Loan. The decision to exclude an Eligible Loan following a controversy will be taken on a case by case basis by the Committee, based on the severity and materiality of the controversy. Such material controversy should be based on reliable source and induce a severe impact, as assessed by the Committee.

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

ESG risk management at Crédit Mutuel Alliance Fédérale – general practices

All loans financed through the Bonds must respect Crédit Mutuel Alliance Fédérale’s Social and Mutualist Responsibility (SMR) approach, which is framed by social and societal commitments including but not limited to respect for human rights, freedom of association and the right to collective bargaining, promotion and facilitation of labour relations, responsible relations with members and customers, diversity and equal opportunity and banking inclusion. Crédit Mutuel Alliance Fédérale has outlined a map of Environmental, Social and Governance (ESG)

¹⁷ <https://equator-principles.com/designated-countries>

risks for all activities of the Group and has identified preliminary prevention measures and indicators that allow for integration of ESG criteria in credit granting and investment choices.

The Issuer reports that in order to ensure that the projects financed by the Eligible Loans do not significantly harm any of the other EU Taxonomy Environmental Objectives, it will only consider projects located in Designated Countries of the Equator Principles. These countries are deemed to have robust environmental and social governance, as well as legislation systems and institutional capacity designed to protect their people and the natural environment. The Issuer relies on national laws and regulations for specific risks and on relevant documentation (e.g. construction permits, technical and legal reviews, environmental and social impact assessment) to monitor that the risks identified are appropriately managed by the beneficiaries of the loans. A verification of compliance with national laws and regulation is carried out twice a year.

The Group has set up an internal assessment methodology based on the the classification scale of the “Equator Principles”.¹⁸ Any new financing project is subject to external due diligence which includes an environmental impact component. Projects are selected on the basis of social utility criteria (e.g. the more or less strategic nature of the project for the country, the alignment of interests of various stakeholders, the overall economic rationality), local acceptance (known opposition of environmental defense groups or the local population, noise pollution, impact on the landscape, etc.), and environmental criteria (compliance with current and foreseeable standards). Social and environmental impacts are not only take into account at loan approval but throughout the life of the projects. An update of the due diligence is carried out twice a year within the context of a portfolio review, which also includes the follow up of contractual obligations of the borrower – ESG clauses included in the contracts - to respect environmental and social standards and to adapt to their evolution throughout the life of the project. Depending on the size of the project, due diligence also includes a follow up of the obligation of monitoring the construction phase and its environmental impact carried out by an independent engineer.

As part of its internal procedures, the Issuer continuously monitors potential controversies on its borrowers in order to identify events that could undermine the social and/or environmental objective targeted by the Bonds. In case of non-respect of the environmental and social standards or in case of a controversy (see the section on Process for Project Evaluation and Selection) affecting one project, the Issuer has committed to replace the project with another Eligible Loan.

To manage risks related to business ethics, the Issuer has set a Code of Ethics covering money laundering, fiscal evasion and corruption. which must be respected by employees. Any credit decision process, including on Eligible Loans, includes a “Know Your Customer” assessment in compliance with banking regulations, and includes the identification of potential corruption-related risks. A mechanism to control disbursement, which occurs after satisfying KYC procedures and upon certification issued by a trusted third party (independent technical expert), applies to all loans as an effective mean to control compliance of expenditures. Regular training on corruption are offered to employees.

Environmental risks

Green buildings (location: France or in Designated Countries as defined by the Equator Principles for commercial buildings)

We consider that the following environmental risks related to the acquisition and construction of the buildings, namely energy consumption and GHG emissions from the final use of the buildings, biodiversity, impact on natural and urban landscape, adaptation to climate change, construction waste management, and local pollution/local disturbances from construction and exploitation phases are covered for all projects through the eligibility criteria defined in the Use of Proceeds, the screening criteria applied by the Issuer, national regulations (including the French regulation RT 2012 for buildings built before 2020 and the upcoming RT 2020 for building built after 2020) and urban plans, and documentation required by the Issuer to demonstrate compliance with these regulations (e.g. construction permits). For commercial buildings, the Issuer reports that a minimum certification will be required as well as the presence of an energy management system. Areas for improvement consists in providing further details on whether specific certifications and/or labels will be required for Green Buildings (e.g. LEED, BREAM, Effinergie), since these certifications can ensure a good management of other risks (other than energy consumption), such as water use, energy consumption and GHG emissions during the construction phase, and eco-design (to increase building life span, improving building material and components reuse and recycling, and ease of deconstruction).

Renewable energy and Low carbon transport (location: Designated Countries)

For these two categories, management of ESG risks related to environmental management and environmental impact, adaptation to climate change risks, biodiversity, GHG emissions, accidental pollution and energy efficiency are monitored by the Issuer through verification of respect of local and national regulation (a monitoring of compliance with national legislation is carried out twice a year) and related permits and authorisations, of the

¹⁸ As outlined in the « [Document de référence 2018 – Crédit Mutuel Alliance Fédérale](#) », the scale is the following : Category A Projects – Projects presenting negative social and environmental impacts, which are potentially significant, heterogeneous, irreversible or unprecedented; Category B Projects – Projects presenting limited negative social or environmental impacts, but less numerous, generally specific to one site, largely reversible and easy to treat with mitigation measures; and Category C Projects – Projects presenting minimal or no negative social or environmental impacts.

existence of an Environmental and Social Impact Assessment (as required by the Equator Principles¹⁹) and the respect of the eligibility criteria as outlined in the Use of Proceeds table of this document. It is to be noted for this category that laws and regulations on the above-mentioned issues are not exactly the same across all designated countries of the Equator Principles (e.g. countries where EU directives and regulation apply vs. other countries), therefore the degree of management of ESG risks may vary across projects.

It is not clear whether the existence of remediation plans in case of unexpected negative environmental impacts/accidental pollution is required by the Issuer. Areas for improvement include to require a certified Environmental Management System for all projects under this category and to ensure that eco-design procedures (in order to improve material and components reuse and recycling, and ease of deconstruction) apply to all projects under this category.

Affordable housing (location: France)

Construction and acquisition of new buildings in France are all subject to respect of the RT 2012 regulation, guaranteeing respect of technical requirements in terms of isolation, energy efficiency, and energy consumption. As for the category Green Buildings, other environmental risks such as biodiversity, impact on natural and urban landscape, adaptation to climate change, construction waste management, local pollution/local disturbances from construction and exploitation phases are covered by French regulation, whose respect is verified by the Issuer through request of related documents. Renovation works on existing buildings must at least meet thermal and energy performance requirements of existing buildings,²⁰ therefore alignment to RT 2012 is not guaranteed. For acquisition of existing buildings, alignment to RT 2012 is not ensured. An area for improvement consists in establishing a mechanism to be able to assess and exclude loans for housing with the worst energy performance.

Local development through funding to SMEs (location: France)

The Issuer does not have verification systems in place to assess the environmental performance of its SME beneficiaries before granting loans, however, in order to control for risks of negative impact on the environment, it will exclude any loans to companies whose NACE code covers areas of activity that are harmful to the environment as detailed in Appendix 3 of its Framework.

Social risks - all categories

Through the external due diligence process mentioned above, the control of the respect of the national laws and regulation and the verification of compliance with its Social and Mutualist Responsibility (SMR) approach, the Issuer ensures management of risks linked with human and labour right standards, health and safety of workers and working conditions, health and safety of end users (buildings, medical equipment, vehicles), non-discrimination, banking inclusion, and local development. It is not clear whether an independent on-site inspection of construction works will cover all relevant categories (buildings, transport and renewable energy).

Crédit Mutuel Alliance Fédérale has published in 2018 a policy in favour of fragile or vulnerable clients, and in order to prevent the risk of over-indebtedness, it has conceived a simple budget management tool and modules of financial education training for its clients. The conditions for access to credit (preferential interest rate credits, maximum gross income of the debtor, maximum entry fee, maximum amount of credit) are strictly defined and regulated by French Law.

For Social Home Ownership, an area for improvement would be to clarify whether the Issuer discuss, inform and warn customers on relevant issues to be taken into consideration when acquiring a house, covering when relevant energy efficiency, comfort, salubrity and accessibility of the house to be acquired.

¹⁹ <https://equator-principles.com/wp-content/uploads/2020/01/The-Equator-Principles-July-2020.pdf> (page 8-9)

²⁰ Arrêté du 3 mai 2007 relatif aux caractéristiques thermiques et à la performance énergétique des bâtiments existants ; <https://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT00000822199#LEGIARTI000034310788>

Management of proceeds

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

The allocation and management of the proceeds are clearly defined:

- The net proceeds of the Bonds will be managed in the Issuer's general treasury and earmarked to Eligible Loans.
- BFCM will monitor and track the net proceeds of the Bonds through its internal accounting system.
- The Committee will be in charge of the allocation of an amount equivalent to the Green, Social or Sustainability Bond net proceeds to the Eligible Loans and to monitor the outstanding balance of the portfolio of Eligible Loans.
- BFCM intends to designate sufficient Eligible Loans to ensure the outstanding balance related to the portfolio of Eligible Loans always equals the total balance of the Green, Social or Sustainability Bond proceeds. In order to secure the full and timely allocation of the proceeds, it will strive to keep a buffer of Eligible Loans.
- Since the share of refinancing is 100%, the net proceeds of the Bond will be allocated to Eligible Loans as soon as possible and within a maximum of 12 months from issuance in line with best market practices.
- Pending the full allocation, unallocated proceeds may temporarily be invested in accordance the Group's liquidity guidelines in cash, deposits and money market instruments that do not finance GHG intensive activities, controversial activities, or activities facing material ESG issues.
- In case a loan becomes ineligible (ceasing to fulfill the eligibility criteria) or if it is redeemed or reaches maturity, the Committee will make its best efforts to replace it with another Eligible Loan as soon as possible on a best effort basis and within a maximum of 12 months in line with best market practices.

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

- The proceeds will be appropriately managed and tracked by the Committee using an internal accounting system.
- All of the actions of the Committee will be submitted for approval to the Central Treasury and Liquidity Committee on a quarterly basis and as often as necessary for the effective execution of the issuances under the Framework.
- An independent auditor will annually verify the tracking and allocation of proceeds until bonds maturity.

Monitoring & Reporting

The reporting process and commitments appear to be good, covering both the funds allocation and the environmental and social benefits of the Eligible Loans. The selected reporting indicators for allocation of proceeds and environmental and social benefits of the loans are clear and relevant.

The processes for monitoring, data collection, consolidation, validation and reporting are clearly defined by the Issuer.

The processes are structured and based on relevant internal expertise and involve relevant departments of the Issuer:

- The Group's internal accounting system will be used to monitor the financial aspects of the projects. The relevant Business lines will be responsible for monitoring the environmental and social benefits data associated to the Eligible Projects they manage in their portfolio. Project committee will be in charge of preparing and validating the annual report. External experts will be involved in the calculation of indicators on environmental and social impacts of the projects.
- The Committee will coordinate the publication of the annual reporting by monitoring the collection and consolidation of data on allocation and on the environmental and social benefits of the Bonds and the creation of the Green, Social or Sustainability Bond reports (the Reports).

- The publication of the annual reporting will be presented for information to the Group Risk Committee (executive body made up of the senior operating managers and of the chief executive officer of Crédit Mutuel Alliance Fédérale) and the Group Risk Monitoring Committee (deliberative body made up of directors representing all the Crédit Mutuel federations).

The Issuer has committed to produce a report and to update it upon any material changes that would affect the portfolio of Eligible Loans, annually and until the maturity of the relevant Green, Social or Sustainability Bonds. The annual reports will be made publicly accessible on Crédit Mutuel Alliance Fédérale's and BFCM's website. The Issuer will report at Portfolio level.

The Issuer has committed to transparently communicate on:

- Allocation of proceeds: the selected reporting indicators are clear and relevant:

Reporting indicators
<ul style="list-style-type: none"> - Amount outstanding of the Green, Social or Sustainability Bond proceeds; - The balance of unallocated proceeds at the reporting end-period (if any) kept in cash, deposits and money market instruments; - The share of refinancing; - Breakdown of the total amount and number of loans of the portfolio of Eligible Loans per category; - Breakdown by country

- Environmental and social benefits: the selected reporting indicators are clear and relevant. Reporting on the environmental and social benefits will only include the pro-rata share of avoided GHG emissions corresponding to the amount financed by the Green, Social or Sustainability Bonds (Bond share of financing vs. total project amount). An area for improvement is to clarify whether the other indicators included in the reporting will also be reported on a pro-rata basis.

Eligible categories	Environmental and social benefits indicators	
	Outputs and outcomes	Impact Indicators
Green Buildings	<ul style="list-style-type: none"> - Annual energy savings (MWh) 	<ul style="list-style-type: none"> - Estimated annual GHG emissions reduced / avoided (in tons of CO2 equivalent) including a breakdown by climate zone and asset type
Renewable Energy	<ul style="list-style-type: none"> - Breakdown of Renewable Energy loans by technology - Installed renewable energy capacity (MW) - Expected annual renewable energy generation (MWh) including a breakdown by country and by technology 	<ul style="list-style-type: none"> - Estimated annual GHG emissions reduced / avoided (in tons of CO2 equivalent) including a breakdown by country, technology and project phase (e.g. projects under construction vs operating projects)
Low Carbon Transport		<ul style="list-style-type: none"> - Estimated annual GHG emissions reduced/avoided (in tons of CO2 equivalent)

Eligible categories	Environmental and social benefits indicators	
	Outputs and outcomes	Impact Indicators
Local Development through financing SME	<ul style="list-style-type: none"> - Breakdown of the outstanding amount of Eligible Loans by region and by level of unemployment - Number of SMEs benefiting from the Eligible Loans, including a breakdown by type of company (small, medium, and micro-sized) 	<ul style="list-style-type: none"> - Number of jobs maintained (subject to data availability)
Affordable Housing	<ul style="list-style-type: none"> - Number of dwellings - Number of beneficiaries 	
Access to Essential Services – Healthcare	<ul style="list-style-type: none"> - Number and type of medical equipment - Breakdown of medical equipment financed by geographical area 	

The Issuer has committed to publically disclose the key methodologies and assumptions used to calculate the environmental and social benefits of the Eligible Loans alongside the annual reporting in its website.

In case of any material changes that would affect the portfolio of Eligible Loans, including in case of ESG controversies, the Issuer has committed to report it to the investors through an update of its annual reports.

BFCM will make public on its website a limited or reasonable assurance report provided by its external auditor, or any other appointed independent third party, to verify annually and until any Green, Social or Sustainability Bond is outstanding, that an amount equal to the net proceeds of the Green, Social or Sustainability Bonds is applied to finance or refinance Eligible Loans. An external company will be in charge of calculating the environmental benefits associated with the Green Loans Categories. An area for improvement would be to commit to an annual verification of the data used to report on the social benefits associated with the Social Loans Categories.

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 corporation'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 the specificities of 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 Director 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 Director of Sustainable Finance and/or the Director of Methods. A right of complaint and recourse is guaranteed to all companies under our review, following three levels: first, the team in contact with the company, then the Director of Methods, and finally Vigeo Eiris' Scientific Council.

All employees are signatories of Vigeo Eiris' Code of Conduct, and all 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 benchmarking developed by Vigeo Eiris.

Level of the Issuer's ESG performance

Crédit Mutuel Alliance Fédérale's ESG performance has been assessed by Vigeo Eiris on the basis of its:

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

Management of stakeholder-related ESG controversies

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

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

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

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

Involvement in controversial activities

17 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 specific nature of the controversial products or services provided by the company.

Part II. ISSUANCE

The Framework has been evaluated by Vigeo Eiris according to the GBP 2018 & SBP 2020 and on our methodology based on international standards and sector guidelines applying in terms of ESG management and assessment.

Use of proceeds

The definition of the Eligible Loans 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 Loans to the United Nations Sustainable Development Goals' targets.

Process for evaluation and selection

The evaluation and selection process has been assessed by Vigeo Eiris on its transparency, governance and relevance. The eligibility criteria have been assessed on their explicitness and relevance vs. the intended objectives of the Eligible Loans. The identification and management of the ESG risks associated with the Eligible Loans are analysed based Vigeo Eiris' ESG assessment methodology, 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 on their transparency, coherence and efficiency.

Reporting

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

VIGEO EIRIS' ASSESSMENT SCALES

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



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

Vigeo Eiris offers a wide range of services:

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

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

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

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

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