

SECOND PARTY OPINION

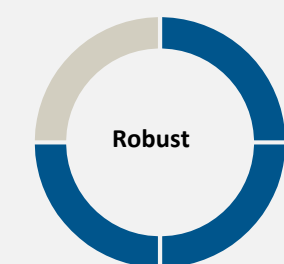
on the sustainability of Crédit Agricole's Social Bond Framework

V.E is of the opinion that Crédit Agricole's Social Bond Framework is **aligned** with the four core components of the Social Bond Principles 2020 ("SBP").



Framework

Contribution to Sustainability :



☐ Advanced
 ☐ Limited
 ☐ Robust
 ☐ Weak

	Weak	Limited	Robust	Advanced
Expected impacts				
ESG risks management				

SDG Mapping



Characteristics of the Framework

Social Project Categories	⇒ Territorial economic development ⇒ Socioeconomic advancement and empowerment ⇒ Access to healthcare services
Project location	Defined
Existence of framework	Yes
Share of refinancing	100%
Look back period	None

Issuer

ESG Performance as of November 2020



☐ Advanced
 ☐ Limited
 ☐ Robust
 ☐ Weak

	Weak	Limited	Robust	Advanced
Environment				
Social				
Governance				

Controversies

Number of controversies	19
Frequency	Persistent
Severity	Critical
Responsiveness	Reactive

Controversial Activities

The Issuer appears to be involved in two of the 17 controversial activities screened under our methodology:

- | | | | |
|---|---|---|--|
| <input checked="" type="checkbox"/> Alcohol | <input checked="" type="checkbox"/> Fossil fuels industry | <input type="checkbox"/> High interest rate lending | <input type="checkbox"/> Pornography |
| <input type="checkbox"/> Animal welfare | <input type="checkbox"/> Coal | <input type="checkbox"/> Human embryonic stem cells | <input type="checkbox"/> Reproductive medicine |
| <input type="checkbox"/> Cannabis | <input type="checkbox"/> Gambling | <input type="checkbox"/> Military | <input type="checkbox"/> Tar sands and oil shale |
| <input type="checkbox"/> Chemicals of concern | <input type="checkbox"/> Genetic engineering | <input type="checkbox"/> Nuclear power | <input type="checkbox"/> Tobacco |
| <input type="checkbox"/> Civilian firearms | | | |

Coherence

Coherent
Partially coherent
Not coherent

We are of the opinion that the Framework is coherent with Crédit Agricole's strategic sustainability priorities and sector issues and contributes to achieving the Issuer's sustainability commitments.

Key findings

V.E is of the opinion that Crédit Agricole's Bond Framework is **aligned** with the four core components of the SBP.

Use of Proceeds – aligned with the SBP.

- Most Eligible Categories are clearly defined, the Issuer has communicated the nature of the expenditures, the eligibility criteria, the target populations and location of most of the Eligible Categories. The Eligible sub-Category 'Development projects in emerging countries' has been partially defined.
- The Social Objectives are clearly defined, these are relevant for all the Eligible Categories and set in coherence with sustainability objectives defined in international standards.
- The Expected Social Benefits are clear, these are considered relevant, measurable, and will be quantified for most of the Eligible Categories.
- The Issuer has transparently communicated that the estimated share of refinancing for all issuances will be of 100%. The Issuer has not provided information on the look-back period for refinanced Eligible Categories.

Evaluation and Selection – aligned with the SBP.

- The process for Project Evaluation and Selection has been clearly defined and detailed by the Issuer, it is considered well-structured in all the evaluation and selection steps (including the proposal, selection, validation, monitoring) of eligible categories. The roles and responsibilities clear and include relevant internal expertise. The process 'is publicly disclosed in the Framework.
- Eligibility criteria (selection and exclusion) for project selection have been clearly defined by the Issuer for most Eligible Categories. The selection and exclusion criteria for the 'Development projects in emerging countries' Eligible sub-category have been partially defined.
- The process applied to identify and manage potentially material E&S risks associated with the projects is publicly disclosed (in the hereby SPO). The Process is considered robust: it combines monitoring and identification (see detailed analysis on pages 17).

Management of Proceeds – aligned with the SBP and best practices identified by VE.

- The Process for the Management and Allocation of Proceeds is clearly defined and detailed and is publicly available in the Framework.
- The allocation period of the Bonds' proceeds will be 24 months or less.
- Net proceeds of the Bond will be tracked by the Issuer in an appropriate manner and attested in a formal internal process.
- The Issuer has committed that as long as the Bond is outstanding, the balance of the tracked net proceeds will be periodically adjusted to match allocations to eligible categories made during that period.
- The net proceeds of the Bonds will be allocated immediately to the refinanced assets. Therefore, there will be no unallocated proceeds nor temporary placements.
- The Issuer has provided information on the procedure that will be applied in case of project/asset divestment or postponement and it has committed to reallocate divested proceeds to projects that are compliant with the bond framework.

Reporting – aligned with the SBP.

- The Issuer has committed to report on the Use of Proceeds annually, until Bond maturity. The report will be publicly available until bond maturity. If the report is externally verified, this verification will also be made publicly available. The reporting will cover relevant information related to the allocation of Bond proceeds and to the expected social benefits of the categories. The Issuer has also committed to report on material development related to the projects, including ESG controversies.
- The Issuer has committed to transparently communicate at Bond and Eligible Category level on the allocation of proceeds and social benefits.
- The reporting methodology and assumptions used to report on the social benefits of the Eligible Categories will be publicly disclosed.

- An external auditor will verify the tracking and allocation of funds to Eligible Categories, as well as the indicators used to report on social benefits of the Eligible Categories until bond maturity.

Contact

Sustainable Finance Team | VEsustainablefinance@vigeo-eiris.com

SCOPE

V.E was commissioned to provide an independent opinion (thereafter “Second Party Opinion” or “SPO”) on the sustainability credentials and management of the Social Bonds¹ (the “Bonds”) to be issued by Crédit Agricole (the “Issuer”) in compliance with the Social Bond Framework (the “Framework”) created to govern their issuances.

Our opinion is established according to V.E’s Environmental, Social and Governance (“ESG”) exclusive assessment methodology and to the latest version of the ICMA’s Social Bond Principles (“SBP”) - edited in June 2020.

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

- **Issuance:** we assessed the Framework, including the coherence between the Framework and the Issuer’s social commitments, the Bond’s potential contribution to sustainability and its alignment with the four core components of the SBP 2020.
- **Issuer:** we assessed the Issuer’s ESG performance, its management of potential stakeholder-related ESG controversies and its involvement in controversial activities².

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

We carried out our due diligence assessment from June 2nd to November 26th, 2020. We consider that we were provided with access to all the appropriate documents and interviewees we solicited. To this purpose we used our reasonable efforts to verify such data accuracy.

Scope of External Reviews

<input checked="" type="checkbox"/>	Pre-issuance Second Party Opinion	<input checked="" type="checkbox"/>	Independent verification of impact reporting
<input checked="" type="checkbox"/>	Independent verification of funds allocation	<input type="checkbox"/>	Climate Bond Initiative Certification

¹ The “Social Bond” is to be considered as the bond to be potentially issued, subject to the discretion of the Issuer. The name “Social Bond” has been decided by the Issuer: it does not imply any opinion from V.E.

² The 17 controversial activities screened by V.E are: Alcohol, 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.

COHERENCE

Coherent
Partially coherent
Not coherent

We are of the opinion that the contemplated Framework is coherent with Crédit Agricole's strategic sustainability priorities and sector issues and contributes to achieving the Issuer's sustainability commitments.

As the global economy's largest sector by market capitalization, banks have great potential to support society's transition to a sustainable economy. The main role of banks is to enhance the social and economic development by supporting the real economy and to mitigate risks resulting from activities with negative impacts for society. Their action is key in the promotion of effective solutions for the development of sustainable finance products and services, and the minimization of the negative impact of their investments and activities on environment, people and society. They also have a key responsibility in terms of financial inclusion and of support of clients in financial distress. The banking sector can effectively contribute to these challenges by integrating ESG factors in their financing operations.

Crédit Agricole Group's general strategy aims at promoting inclusive growth in society and reports working for its interest by:

- Supporting the economy, entrepreneurship and innovation in France and abroad;
- Taking intentional action in societal and environment fields by supporting progress and transformations;
- Serving everyone, from the most modest to the wealthiest households, from local professionals to large international companies.

In June 2019, Crédit Agricole Group launched a new Group Project structured around three main pillars:

1. Customer Project: be number one in customer satisfaction by becoming the favourite bank of individuals, entrepreneurs and corporates;
2. Human Project: accompany digitalisation by offering customers human, responsible and accessible skills;
3. Social Project: amplify its mutualism commitment to reinforce its position as the European leader in responsible investment.

More specifically the Societal Project consists in:

- Pursuing the Group's societal engagement in favour of all;
- Maintaining social connections in the regions;
- Developing social-impact financing and making "green finance" one of the Group's keys to growth.

Crédit Agricole has also introduced a new 2022 Medium-Term Plan including specific targets, notably related to SMEs financing:

- Become the strategic partner for SMEs / Midcaps
Targets: reinforce the Regional banks' leadership in the corporate market and accelerate the Group's growth on Midcaps and internationally active French firms, 1/3 of large SMEs customers of LCL, 1.5pp increase in financial market share in the French food industry sector for Crédit Agricole Group.

By creating a Framework to issue Social Bonds intended to refinance projects related to Territorial economic development, Socioeconomic advancement and empowerment and Access to healthcare services, the Issuer coherently aligns with its sustainability strategy and commitments and addresses the main issues of the sector in terms of sustainable development.

ISSUANCE

The Issuer has described the main characteristics of the Bonds within a formalized Social Bond Framework which covers the four core components of the SBP 2020 (the last updated version was provided to V.E on November 24th, 2020). The Issuer has committed to make this document publicly accessible on Crédit Agricole's website, in line with good market practices.

Alignment with the Social Bond Principles

Use of Proceeds



The net proceeds of the Bonds will exclusively finance or refinance, in part or in full, projects falling under three Social Project Categories ("Eligible Categories"), as indicated in Table 1.

- Most Eligible Categories are clearly defined, the Issuer has communicated the nature of the expenditures, the eligibility criteria, the target populations and location of most of the Eligible Categories. The Eligible sub-Category 'Development projects in emerging countries' has been partially defined.
- The Social Objectives are clearly defined, these are relevant for all the Eligible Categories and set in coherence with sustainability objectives defined in international standards.
- The Expected Social Benefits are clear, these are considered relevant, measurable, and will be quantified for most of the Eligible Categories.
- The Issuer has transparently communicated that the estimated share of refinancing for all issuances will be of 100%. The Issuer has not provided information on the look-back period for refinanced Eligible Categories.

Table 1. V.E' analysis of Eligible Categories, Social Objectives and Expected Benefits as presented in the Issuer's Framework.

- Nature of expenditures: Loans
- Location of Eligible Projects/Assets: France and Emerging Countries

It is to be noted that for the sub-category 1.3 *Development projects in emerging countries*, no assets have been identified as of today.

ELIGIBLE CATEGORIES	ELIGIBLE SUB-CATEGORIES	SOCIAL OBJECTIVES AND BENEFITS	V.E'S ANALYSIS
Territorial economic development	<p>1.1 <u>SMEs financing</u></p> <p>Loans dedicated to the financing of SMEs³ in socio-economically disadvantaged areas. Exclusion of controversial sectors, such as Oil & Gas, Nuclear, Defence, etc (defined in Appendix of the Framework).</p> <p><i>Location: in France, in locations where the unemployment rate is higher than the national average (INSEE data)</i></p> <p><i>Target population: population in socio-economically disadvantaged areas⁴</i></p>	<p>Foster economic growth</p> <p>--</p> <p><i>Generate employment</i></p> <p><i>Reduce social and economic inequalities</i></p>	<p>The definition of this category is partially clear. The sub-category "Development projects in emerging countries" (1.3) is partially defined and does not allow sufficient visibility on the types of projects refinanced by the bonds.</p> <p>The intended social objective is defined and relevant.</p> <p>The expected benefits are defined, measurable and will be assessed.</p> <p>The target populations are clearly defined.</p> <p>An area for improvement consists in providing clear content, eligibility and exclusion criteria for the sub-category "Development projects in emerging countries", including thresholds for hydropower and biomass as well as exclusion of fossil-fuelled linked assets for electricity transmission, public mass transportation and transportation infrastructure.</p>
	<p>1.2 <u>Information and communication technology (ICT) in rural areas</u></p> <p>Loans dedicated to the financing of optic fibre network and high capacity network deployment in unserved areas to reduce digital exclusion, notably in rural areas.</p> <p><i>Location: underserved regions of France</i></p> <p><i>Target population: general public, unserved population in rural areas</i></p>		
	<p>1.3 <u>Development projects in emerging countries</u></p> <p>Loans or investments dedicated to the financing of development projects providing access to basic goods and services in emerging countries by financing related infrastructure, specially to support rural populations.</p> <ul style="list-style-type: none"> - Renewable energies (including solar, wind, hydro and biomass) - Electricity transmission and distribution - Public mass transportation (may include diesel rail or diesel buses) - Transportation infrastructure (may include roads) - Telecommunications - Water management infrastructure <p>In terms of exclusion, fossil energy sources are excluded from energy-related financing and the connection of coal-fired power plants is excluded from financing linked to the distribution of electricity.</p>		

³ SMEs definition according to EU: https://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en

⁴ Crédit Agricole defines "Socio-economically disadvantaged areas" as French regions with unemployment higher than the national average. It reports that the methodology to identify these areas was designed by using public data provided by INSEE.

ELIGIBLE CATEGORIES	ELIGIBLE SUB-CATEGORIES	SOCIAL OBJECTIVES AND BENEFITS	V.E'S ANALYSIS
	<p><i>Location: Low-Income economies, Lower-Middle Income economies and Upper-Middle-Income economies under World Bank classification (2020)</i></p> <p><i>Target population: population in emerging countries</i></p>		
Socioeconomic advancement and empowerment	<p>2.1 Non-profit organizations</p> <p>Loans dedicated to the financing of local non-profit organizations, associations, foundations and philanthropic structures including those specifically active in culture, sport and solidarity.</p> <p><i>Location: France</i></p> <p><i>Target population: local non-profit organizations, associations, foundations and philanthropic structures⁵.</i></p>	<p>Promote the social and economic inclusion of all</p> <p>--</p> <p><i>Reduce social and economic inequalities</i></p>	<p>The definition of this category is clear.</p> <p>The intended social objective is defined and relevant.</p> <p>The expected benefit is defined, measurable and will be assessed.</p> <p>The target populations are clearly defined.</p>
	<p>2.2 Social Housing</p> <p>Loans dedicated to the financing of social housing, including housing construction or purchase for people with low income (under the scheme Prêt d 'Accession Sociale - PAS⁶) and social housing landlords (under the scheme Prêt Locatif Social - PLS⁷)</p> <p><i>Location: France</i></p> <p><i>Target population: low income population as defined in PAS requirements</i></p>		

⁵ The financing of this sub-category is identified based on the legal status of the entities: association status (law of 1901) and foundation status (law of 23 July 1987). The criteria for defining the Social and Solidarity-based Economy (Economie Sociale et Solidaire) (law of July 31, 2014) enables associations and foundations to be selected on the basis of their purpose (see the Banque de France's list, https://www.banque-france.fr/sites/default/files/media/2020/07/31/collecte_epargne_reglementee_-_liste_des_entreprises_ess.xlsx).

⁶ <https://www.service-public.fr/particuliers/vosdroits/F22158>







⁷ <http://www.financement-logement-social.logement.gouv.fr/le-financement-des-pls-a1192.html>

ELIGIBLE CATEGORIES	ELIGIBLE SUB-CATEGORIES	SOCIAL OBJECTIVES AND BENEFITS	V.E'S ANALYSIS
Access to healthcare services	<p>3.1 <u>Public Hospitals</u></p> <p>Loans dedicated to the financing of public health system infrastructure, including development, acquisition of buildings, facilities or equipment related to public hospitals.</p> <p><i>Location: France</i></p> <p><i>Target population: general public</i></p>	<p>Access to healthcare</p> <p>--</p> <p><i>Improve the local healthcare system</i></p>	<p>The definition of this category is clear.</p> <p>The intended social objective is defined and relevant.</p> <p>The expected benefit is defined, measurable and will be assessed</p> <p>The target populations are clearly defined.</p>
	<p>3.2 <u>Elderly care facilities</u></p> <p>Loans dedicated to the financing of public health system infrastructure, including development, acquisition of buildings, facilities or equipment related to public nursing homes.</p> <p><i>Location: France</i></p> <p><i>Target population: elderly people</i></p>		
	<p>3.3 <u>SMEs in healthcare</u></p> <p>Loans dedicated to the financing of SMEs in the healthcare sector (targeting specific sectoral activity codes as defined in Appendix of the Framework)</p> <p><i>Location: France</i></p> <p><i>Target population: SMEs in the healthcare sector</i></p>		

An area for improvement would be to limit the lookback period to a maximum of 36 months to be in line with market practices.

SDG Contribution

The Eligible Categories are likely to contribute to five of the United Nations' Sustainable Development Goals ("SDGs"), namely: Goal 1. No poverty, Goal 3. Good Health and Well-being, Goal 8. Decent work and economic growth, Goal 9. Industry, Innovation and Infrastructure, Goal 10. Reduced inequalities and Goal 11. Sustainable cities and communities.

ELIGIBLE CATEGORY	SDG	SDG TARGETS
Development projects in emerging countries	 1 No Poverty	1.A - Ensure significant mobilization of resources from a variety of sources, including through enhanced development cooperation, in order to provide adequate and predictable means for developing countries, in particular least developed countries, to implement programmes and policies to end poverty in all its dimensions.
Social Housing		1.4 - By 2030, ensure 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.
Public Hospitals	 3 Good Health and Well-Being	3.8 - Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.
Elderly care facilities		
SMEs in healthcare		
SMEs financing	 8 Decent Work and Economic Growth	8.3 - Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.
Information and communication technology (ICT) in rural areas	 9 Industry, Innovation and Infrastructure	9.c Significantly increase access to information and communications technology and strive to provide universal and affordable access to the Internet in least developed countries by 2020
Non-profit Organizations	 10 Reduced Inequalities	10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.
Social Housing	 11 Sustainable Cities and Communities	11.1 - By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.

Evaluation and Selection of Eligible Projects



- The process for Project Evaluation and Selection has been clearly defined and detailed by the Issuer, it is considered well-structured in all the evaluation and selection steps (including the proposal, selection, validation, monitoring) of eligible categories. The roles and responsibilities are clear and include relevant internal expertise. The process is publicly disclosed in the Framework.
- Eligibility criteria (selection and exclusion) for project selection have been clearly defined by the Issuer for most Eligible Categories. The selection and exclusion criteria for the “Development projects in emerging countries” Eligible sub-category have been partially defined.
- The process applied to identify and manage potentially material E&S risks associated with the projects is publicly disclosed (in the hereby SPO). The Process is considered robust: it combines monitoring and identification (see detailed analysis on pages 17).

Process for Project Evaluation and Selection

- For the purpose of the Bonds, a Green and Social Bond Committee” (“GSBC”) has been created and is composed of representatives of:
 - 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 Social Portfolio
 - Relevant Crédit Agricole Group entities
- The Committee is responsible for:
 - Managing the Process for Project Evaluation and Selection of both Green and Social Bonds;
 - Excluding the financing of controversial activities and practices (e.g. weapons, gambling, alcohol, tobacco activities, and controversies related to human rights, labor rights, health and safety and negative impact on communities).
- In addition to the GSBC, a Green and Social Project Group has been created and is composed of representatives of:
 - Crédit Agricole CIB
 - Crédit Agricole S.A
 - Relevant Crédit Agricole Group entities
- The Green and Social Project Group will be responsible for:
 - The identification and monitoring of potential Eligible Green and Social Assets
 - Advising the different entities of Crédit Agricole Group on the implementation of the identification of the Eligible Social Assets in the internal information systems.
- The Process for Project Evaluation and Selection is based on the following steps:
 - The relevant entities of the Crédit Agricole Group are responsible for pre-selecting potential Eligible Social Assets;
 - The potential Eligible Assets are then submitted by the different Group entities to the GSBC which is responsible for verifying the alignment of the pre-selected assets with the eligibility criteria and for constituting the Eligible Portfolio;
 - Finally, the Green and Social Project Group makes sure the Eligible Social Assets are clearly identified within Crédit Agricole’s internal information system.
- The traceability and verification of the selection and evaluation of the projects is ensured throughout the process:

- The Committee will meet on a quarterly basis, and in case of the identification of an ESG controversy. Those meetings will be documented by meeting minutes;
- Ongoing monitoring of potential ESG controversies associated with the Eligible Assets is conducted throughout the life of the bond and the applicable procedures in case of the identification of an ESG controversy are disclosed.

Eligibility Criteria

The process relies on explicit eligibility, relevant to the social objectives defined for the Eligible Categories.

- The selection is based on the Eligible Categories defined in the Use of Proceeds section of the Framework.
- The Issuer has provided in its Framework an exclusion list of controversial activities and a list of eligible activities for SMEs in Healthcare category

An area for improvement consists in defining clear eligibility and/or exclusion criteria for all the Eligible Sub-Categories.

BEST PRACTICES

- ⇒ The Issuer reports that it will monitor compliance of selected projects/assets with eligibility and exclusion criteria specified in the Framework throughout the life of the bond and has provided details on content/frequency/duration and on procedure adopted in case of non-compliance.
- ⇒ The Issuer reports that it will monitor potential ESG controversies associated with the projects throughout the life of the bond and has provided details on frequency, content and procedures in case a controversy is found on a project.

Management of Proceeds



- The Process for the Management and Allocation of Proceeds is clearly defined and detailed and is publicly available in the Framework.
- The allocation period of the Bonds' proceeds will be 24 months or less.
- Net proceeds of the Bond will be tracked by the Issuer in an appropriate manner and attested in a formal internal process.
- The Issuer has committed that as long as the Bond is outstanding, the balance of the tracked net proceeds will be periodically adjusted to match allocations to eligible categories made during that period.
- The net proceeds of the Bonds will be allocated immediately to the refinanced assets. Therefore, there will be no unallocated proceeds nor temporary placements.
- The Issuer has provided information on the procedure that will be applied in case of project/asset divestment or postponement and it has committed to reallocate divested proceeds to projects that are compliant with the bond framework.

Management Process

The net proceeds of the Bonds will be deposited on Crédit Agricole Group's Treasury and the proceeds will be allocated to the Eligible Projects on a nominal equivalence basis.

- The net proceeds of the Bonds will be credited to the Issuer's Treasury and will be managed in cash.
- Crédit Agricole intends to allocate the full amount of proceeds immediately after the issuance of the Bonds.
- The GSBC will ensure that the Bonds' net proceeds outstanding is lower than the total amount of Eligible Projects in the Social Portfolio. More specifically, the Issuer reports that the amount of the Social Portfolio will always exceed the amount of the Bonds' net proceeds by a factor of 30%.
- Pending allocation or reallocation of the net proceeds, Crédit Agricole commits to hold the proceeds in accordance with the Group's internal general policy.

BEST PRACTICES

- ⇒ The allocation period of the Bonds' proceeds will be 24 months or less.
- ⇒ The Issuer has provided information on the procedure that will be applied in case of project/asset divestment or postponement and it has committed to reallocate divested proceeds to projects that are compliant with the bond framework.e

Monitoring & Reporting



- The Issuer has committed to report on the Use of Proceeds annually, until Bond maturity. The report will be publicly available until bond maturity. If the report is externally verified, this verification will also be made publicly available. The reporting will cover relevant information related to the allocation of Bond proceeds and to the expected social benefits of the categories. The Issuer has also committed to report on material development related to the projects, including ESG controversies.
- The Issuer has committed to transparently communicate at Bond and Eligible Category level on the allocation of proceeds and social benefits.
- The reporting methodology and assumptions used to report on the social benefits of the Eligible Categories will be publicly disclosed.
- An external auditor will verify the tracking and allocation of funds to Eligible Categories, as well as the indicators used to report on social benefits of the Eligible Categories until bond maturity.

Indicators

The Issuer has committed to transparently communicate at Eligible Category level, on:

- Allocation of proceeds: The indicators selected by the Issuer to report on the allocation of proceeds are clear and exhaustive.

REPORTING INDICATORS

- ⇒ The total amount of Bonds issued at Group level and at each entity level
- ⇒ The total amount of Bonds' proceeds allocated to the Bond Portfolio
- ⇒ A breakdown of the Bond Portfolio by Eligible Categories and by Group entities
- ⇒ The balance of the unallocated proceeds (if any) and type of temporary placements
- ⇒ The share of financing vs refinancing (%)
- ⇒ The share of co-financing (%)

- Social benefits: The indicators selected by the Issuer to report on the social benefits are clear and relevant.

ELIGIBLE CATEGORIES	SOCIAL BENEFITS INDICATORS	
	OUTPUTS AND OUTCOMES	IMPACT INDICATORS
Territorial economic development	Number of loans granted to SMEs Number of people employed by financed SMEs Number of loans granted to ICT infrastructure and rural development projects	Estimated increase of people digitally included (absolute and relative figures) Estimated increase of number of beneficiaries of development projects (absolute and relative figures)
Socioeconomic advancement and empowerment	Number of loans granted to non-profit organizations Number of loans provided under Social Housing government requirements Estimated number of beneficiaries of non-profit organizations Estimated number of beneficiaries of social housing schemes	
Access to healthcare services	Number of loans granted to public hospitals Number of loans granted to public elderly care facilities Number of loans granted to SMEs in the healthcare sector Estimated number of people served by health facilities	

BEST PRACTICES

- ⇒ The Issuer will report on the Use of Proceeds until bond maturity.
- ⇒ The issuer report will be publicly available.
- ⇒ The indicators selected by the Issuer are exhaustive with regards to allocation reporting.
- ⇒ The reporting methodology and assumptions used to report on social benefits of the Eligible Categories will be disclosed publicly.
- ⇒ External verification of social benefits & impacts until bond maturity.

Contribution to sustainability

Expected Impacts

The potential positive Impact of the Eligible Projects on social objectives is considered to be **robust**.

ELIGIBLE SUB-CATEGORY	EXPECTED IMPACT	ANALYSIS
SMEs financing in rural areas	ROBUST	Financing SMEs in socio-economically disadvantaged areas is considered an important social challenge in France. The SMEs targeted have been clearly identified as well as the SME's sectors to be excluded. The category has the potential to provide a long-term social improvement.
Information and communication technology (ICT)	ROBUST	Installing fibre network and Très haut débit in rural areas is considered as challenge in France. The target population has been clearly identified and appears to be the most relevant. The category has the potential to provide a long-term social improvement.
Development projects in emerging countries	LIMITED	The general description of the projects included in this Eligible Category does not allow V.E to assess its magnitude and durability to solve a social issue in the long term and to mitigate potential negative environmental impacts.
Non-profit organizations	LIMITED	The general description of this Eligible Category does not allow V.E to assess its relevance, magnitude and durability to solve a social issue in the long-term.
Social Housing	ROBUST	Financing social housing remains a social challenge in France. The target population has been clearly identified and appears to be the population of most need. The category has the potential to provide a long-term social improvement and empowerment.
Public Hospitals	ROBUST	Financing public hospitals is considered an important challenge in France. Due to the nature of the project the target population is the general public to ensure equal access to all. The category has the potential to provide a long-term social improvement.
Elderly care facilities	ROBUST	Financing elderly care facilities hospitals is considered an important challenge in France. The target population identified represents a vulnerable population. The category has the potential to provide a long-term social improvement.
SMEs in healthcare	ROBUST	Financing SMEs in the healthcare is considered an important challenge in France. The eligible SMEs to be financed have been clearly defined. The category has the potential to provide a long-term social improvement.
OVERALL ASSESSMENT	ROBUST	

ESG Risks Identification and Management systems

The identification and management of the environmental and social risks associated with the Eligible Projects are considered **robust**.

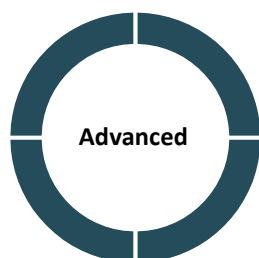
The Issuer appears to have established a structured process to ensure the appropriate identification and management of the environmental and social risks associated to its transactions and clients:

- Firstly, the Issuer reports that all Eligible Social Assets comply with Crédit Agricole's standard credit process, which includes compliance with the Crédit Agricole Group Corporate Social Responsibility (CSR) policy, as well as with any applicable regulatory environmental and social requirements.
- Crédit Agricole's Business line managers are responsible for conducting the initial environmental and social due diligence and for reviewing the compliance with the Group sector policies and/or with the Equator Principles, supported by the Industry and Sector Research units.
- The Risk Department is responsible for challenging the environmental and social due diligence conducted by the Business line managers and for providing its own conclusions.
- Since 2009, the Group has created an ad hoc Environmental and Social Risk Evaluation Committee (CERES, for its initials in French) responsible for the review and evaluation of Category A transactions, i.e. transactions or clients considered sensitive by the public opinion or in which there is a doubt of their compliance to sector policies. CERES provides specific recommendations prior to credit decisions and monitors the category A and sensitive transactions or clients every six months.

In addition, particularities apply to the type of financing:

- Corporate & Investment Bank: The bank has a client CSR scoring system in place since 2013 that covers corporate customers of CA CIB. This scoring system is clearly defined and transparent. It is designed to supplement the environmental and social risk assessment system for transactions. Customers are scored each year on a scale composed of three levels (advanced, compliant or sensitive). Regular communications and exchange of information is done with the clients scored as "sensitive". The CSR scoring system is reportedly being improved in 2018 using three levels of due diligence: reduced, standard and higher. The scoring system focuses on four issues, covering most of the relevant CSR issues: physical risk, energy transition, biodiversity and human rights.
- Regional Banks and the local LCL network: Regional Banks mainly provide financing to small and medium enterprises, which are systematically subject to an economic due diligence (i.e. analysis of the business plan). Regional Banks do not conduct a formalized ESG analysis, though account managers analyse some risks related to human rights, environment and governance at corporate level and improvement processes in this regard are reportedly initiated. For instance, some ESG criteria are now integrated in the economic analysis part of the Analysis of Company Commitments File. Since 2017, five Regional Banks have implemented a questionnaire and tools to raise the awareness of relationship managers. The overall deployment of the ESG questionnaire was restated as one the 2019-2020 Group midterm plan objectives. The regional banks internal business rules ("lettres jaunes") are now providing that the ESG screening of their SMEs and Corporate customers via the ESG questionnaire have to be systematic for all Regional banks. Out of 32 banks, nine Regional banks are in advanced state of deployment when eight others are currently in a process of deploying it. Target is to finalize the deployment as of end of 2021.

ISSUER



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

Level of ESG performance

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

As of November 2020, Crédit Agricole displays an advanced ESG performance, ranking 6th in our "Diversified Banks" sector which covers 31 companies. The company demonstrates an advanced performance in the Environmental and Social pillars, and a robust performance in the Governance pillar.

DOMAIN	COMMENTS	OPINION
Environment	<p>Crédit Agricole's performance in the Environment pillar is considered advanced.</p> <p>Environmental considerations are integrated in all Crédit Agricole's activities (project finance, lending, investments). The Issuer has sector-specific policies and extensive measures to support a low carbon economy, while an environmental management system is in place to manage its direct impacts.</p> <p>The Issuer has implemented measures to facilitate the development of sustainable investment products (e.g. exclusionary screening, positive screening, thematic funds, engagement with the companies, voting policies covering ESG issues). These measures cover most of its activities.</p> <p>In addition, Crédit Agricole has formulated sector-specific policies and commitments to support a low carbon economy. Quantitative targets related to the CO2 emissions of its portfolio were set and are backed by several measures including a CSR scoring system for all its corporate customers and interest-free loans intended to finance energy saving work in order to improve the energy efficiency of buildings.</p>	Advanced
		Robust
		Limited
		Weak
Social	<p>Crédit Agricole's performance in the Social pillar is considered advanced.</p> <p>The Issuer's performance in the Human Rights domain is advanced. Human rights considerations are widely embedded in all the relevant banking activities (project finance, lending, and investments). Regarding labour rights, Crédit Agricole has signed a global agreement with UNI Global Union covering basic labour rights. The global agreement highlights also all non-discriminatory criteria and promotes equal opportunities. The Company has set quantified targets and extensive measures are in place, including measures to reduce salary gaps or to retain senior employees. KPIs overall record a positive trend.</p> <p>Crédit Agricole's performance in the Human Resources domain is advanced. Considering management of restructurings, extensive measures are in place although the company has not been able to avoid layoffs. In terms of career management and training, measures are deployed to support the employment of elder employees; staff is regularly trained on risk and compliance; and KPIs record a positive trend.</p> <p>Crédit Agricole has issued a formalised commitment to health and safety issues in 'FReD', the Group CSR policy rolled out in 15 Group entities. In addition, measures are in place to cope with stress, including employee participation tools and complementary measures for seniors.</p> <p>Crédit Agricole's performance in Community Involvement is advanced. In its Group Project & MTP 2022, the Issuer reaffirmed its strong commitment and sets specific targets regarding social and economic development, financial inclusion and support to clients in financial distress, investment in food commodities and tax practices. The Bank has measures in place to prevent tax evasion of clients and committed to withdrawing from States classed as non-cooperating by the OECD. Overall, KPIs record a positive trend.</p>	Advanced
		Robust
		Limited

DOMAIN	COMMENTS	OPINION
	Crédit Agricole has issued formalised commitments to adequately inform customers and to responsible customer relations. These commitments are backed by extensive measures, including measuring performance against customer satisfaction surveys and linking the remuneration of sales staff to customers' satisfaction.	Weak
Governance	<p>Crédit Agricole's performance in the Governance pillar is considered good.</p> <p>The Board of directors is composed by most executive directors and at least one executive is independent. Board diversity is advanced with 44% of female directors and two employee representatives sitting on the Board. CSR issues are clearly integrated at governance level, in terms of Board responsibilities, internal controls and remuneration policies. A confidential reporting system is in place for accounting issues and the Company has adopted measures for the supervision of material risk takers. Nevertheless, only four members of the 18 shareholders elected Board members are considered independent.</p> <p>In terms of business ethics, the Issuer works to disseminate an internal culture of responsible business conduct. Internal controls are also subject of external audits and permanent measures are in place to prevent corruption and money laundering. However, Crédit Agricole is involved in controversies mainly related to the manipulation of benchmark rates and money laundering, about which the Issuer is reactive. On a more positive note, Crédit Agricole describes its main lobbying activities and cooperates on the issue with Transparency International France.</p>	Advanced
		Robust
		Limited
		Weak

Management of ESG Controversies

As of today, Crédit Agricole is facing 19 stakeholder-related ESG controversies, linked to five of the six domains we analyse:

- Environment, in the criteria "Green products and SRI" and "Climate change"
- Human Rights, in the criterion "Fundamental human rights"
- Community Involvement, in the criterion "Social and economic development"
- Business Behaviour, in the criteria "Responsible customer relations", "Corruption and money laundering", "Prevention of anti-competitive practices" and "Responsible lobbying"
- Corporate Governance, in the criterion "Internal controls and risks management"

Frequency: On average, the controversies are considered persistent, above sector average.

Severity: On average, the severity of their impact on both the company and its stakeholders is considered critical, above sector average.

Responsiveness: Crédit Agricole is overall reactive, in line with the sector average.

Involvement in Controversial Activities

The Issuer appears to be involved in two of the 17 controversial activities namely:

- Minor involvement in Alcohol: Crédit Agricole has an estimated turnover from alcoholic beverages which is below 5% of total turnover. Crédit Agricole operates in the distribution and production of alcoholic beverages through its subsidiaries such as winealley.com or CA Grands Crus. In January 2019, the bank announced it was looking for buyers for Château Baignan in the Médoc and Château La Tour de Mons in Margaux. CEO Christophe Blancy said in a statement, the sales of the two estates would be, “reinvested directly as minority financing (buyout capital or growth capital) for Crédit Agricole Group customers.” In December 2019, it was reported that Baignan was still up for sale while the sale of La Tour De Mons was being finalised. CA Group is holding on to three other vineyards properties, the Pauillac fifth growth Château Grand Puy Ducasse, Château Meyney in Saint Estèphe and Château de Santenay in Burgundy, France.
- Minor involvement in the Fossil fuels industry: Crédit Agricole has an estimated turnover from fossil fuels which is below 5% of total turnover. This turnover is derived from wholly-owned subsidiary, Crédit Agricole Assurances, which holds a 40.1% stake in CIM-CCMP, the holding company of Pisto (MSSFH), through its subsidiary Predica. CIM-CCMP Group is involved in crude oil and refined product storage in France and also holds a 44% stake in Trapil, owner and operator of pipelines.

Crédit Agricole is not involved in any of the other 15 controversial activities screened under our methodology, namely: Animal welfare, Cannabis, Chemicals of concern, Civilian firearms, Coal, 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 V.E.

METHODOLOGY

In V.E's 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 organisation, activity or transaction. In this sense, V.E provides an opinion on the Issuer's ESG performance as an organisation, and on the processes and commitments applicable to the intended issuance.

Our Second Party Opinions (SPOs) are subject to internal quality control at three levels (Analyst, Project Manager and Quality Reviewer). If necessary, this process is complemented by a final review and validation by the Expertise Committee and Supervisor. 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 Executive Director in charge of Methods, Innovation & Quality; and finally, V.E's Scientific Council. All employees are signatories of V.E's Code of Conduct, and all consultants have also signed its add-on covering financial rules of confidentiality.

COHERENCE

Scale of assessment: not coherent, partially coherent, coherent

This section analyses whether the activity to be financed through the selected instrument is coherent with the Issuer's sustainability priorities and strategy, and whether it responds to the main sustainability issues of the sector where the Issuer operates.

ISSUANCE

Alignment with the Green and/or Social Bond Principles

Scale of assessment: Not aligned, Partially aligned, Aligned, Best Practices

The Framework has been evaluated by V.E according to the ICMA's the Social Bond Principles - June 2020 ("SBP"), and on our methodology based on international standards and sector guidelines applicable in terms of ESG management and assessment.

Use of proceeds

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

Process for evaluation and selection

The evaluation and selection process is assessed by V.E on its transparency, governance and relevance. The eligibility criteria are assessed on their clarity, relevance and coverage vs. the intended objectives of the Eligible Projects.

Management of proceeds

The process and rules for the management and the allocation of proceeds are assessed by V.E on their transparency, traceability and verification.

Reporting

The monitoring and reporting process and commitments defined by the Issuer are assessed by V.E on their transparency, exhaustiveness and relevance, covering the reporting of both proceeds' allocation and sustainable benefits (output, impact indicators).

Contribution to sustainability

Scale of assessment: Weak, Limited, Robust, Advanced

V.E's assessment of activities' contribution to sustainability encompasses both the evaluation of their expected positive impacts on environmental and/or social objectives, as well the management of the associated potential negative impacts and externalities.

Expected positive impact of the activities on environmental and/or social objectives

The expected positive impact of activities on environmental and/or social objectives to be financed by the Issuer is assessed on the basis of:

- i) the relevance of the activity to respond to an important environmental objective for the sector of the activity; or to respond to an important social need at country level;⁸
- ii) the scope of the impact: the extent to which the expected impacts are reaching relevant stakeholders (i.e. the issuer, its value chain, local and global stakeholders); or targeting those populations most in need;
- iii) the magnitude and durability of the potential impact of the proposed activity on the environmental and/or social objectives (capacity to not just reduce, but to prevent/avoid negative impact; or to provide a structural/long-term improvement);
- iv) only for environmental objectives, the extent to which the activity is adopting the best available option.

Activities' ESG risk management

The identification and management of the potential ESG risks associated with the eligible projects/activities are analysed on the basis of V.E's ESG assessment methodology, international standards and sector guidelines applicable in terms of ESG management and assessment.

ISSUER

Issuer's ESG performance

Scale of assessment of ESG performance: Weak, Limited, Robust, Advanced

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 V.E.

The Issuer's ESG performance has been assessed by V.E 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.

V.E 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.

V.E 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 that the Issuer has faced. At corporate level, this factor reflects on the overall number of controversies that the Issuer has faced and the scope of ESG issues impacted (scale: Isolated, Occasional, Frequent, Persistent).
- Severity: the more a controversy is related to stakeholders' fundamental interests, proves actual corporate responsibility in its occurrence, and have caused adverse impacts for stakeholders and the company, the higher its severity is. Severity assigned at the corporate level will reflect the highest severity of all cases faced by the company (scale: Minor, Significant, High, Critical).

⁸ The importance of a specific social need at country level is assessed on the basis of the country performance on the priority SDG that the project is targeting using data from Sachs, J., Schmidt-Traub, G., Kroll, C., Lafortune, G., Fuller, G., Woelm, F. 2020. The Sustainable Development Goals and COVID-19. Sustainable Development Report 2020. Cambridge: Cambridge University Press.

- **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, V.E.'s 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 screen the company's involvement 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.

V.E'S ASSESSMENT SCALES

Scale of assessment of Issuer's ESG performance or strategy and financial instrument's Contribution to sustainability		Scale of assessment of financial instrument's alignment with Green and/or Social Bond and Loan Principles	
Advanced	Advanced commitment; strong evidence of command over the issues dedicated to achieving the sustainability objective. An advanced expected impact combined with an advanced to robust level of E&S risk management & using innovative methods to anticipate new risks.	Best Practices	The Instrument's practices go beyond the core practices of the ICMA's Green and/or Social Bond Principles and/or of the Loan Market Association's Green Loan Principles by adopting recommended and best practices.
Robust	Convincing commitment; significant and consistent evidence of command over the issues. A robust expected impact combined with an advance to robust level of assurance of E&S risk management or an advanced expected impact combined with a limited level of assurance of E&S risk management.	Aligned	The Instrument has adopted all the core practices of the ICMA's Green and/or Social Bond Principles and/or of the Loan Market Association's Green Loan Principles.
Limited	Commitment to the objective of sustainability has been initiated or partially achieved; fragmentary evidence of command over the issues. A limited expected impact combined with an advanced to limited level of assurance of E&S risk management; or a robust expected impact combined with a limited to weak level of assurance of E&S risk management; or an advance expected impact combined with a weak level of assurance of E&S risk management.	Partially Aligned	The Instrument has adopted a majority of the core practices of the ICMA's Green and/or Social Bond Principles and/or of the Loan Market Association's Green Loan Principles, but not all of them.
Weak	Commitment to social/environmental responsibility is non-tangible; no evidence of command over the issues. A weak expected impact combined with an advanced to weak level of assurance of E&S risk management or a limited expected impact with a weak level of assurance of E&S risk management.	Not Aligned	The Instrument has adopted only a minority of the core practices of the ICMA's Green and/or Social Bond Principles and/or of the Loan Market Association's Green Loan Principles.

DISCLAIMER

Transparency on the relation between V.E and the Issuer: V.E has executed four audit missions for Crédit Agricole until so far. No established relation (financial or commercial) exists between V.E and the Issuer. V.E's conflict of interest policy is covered by its Code of Conduct, which can be found at <http://vigee-irris.com/wp-content/uploads/2018/07/Code-of-Conduct-Vigee-Iris-EN.pdf>.

This opinion aims at providing an independent opinion on the sustainability credentials and management of the Bonds, based on the information which has been made available to V.E. V.E 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 V.E neither focuses on the financial performance of the Bonds, nor on the effective allocation of its proceeds. V.E 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.

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