

SECOND PARTY OPINION

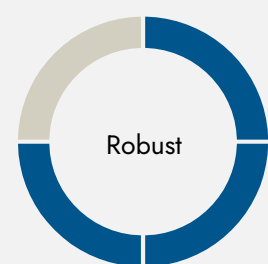
on the sustainability of Crédit Mutuel Arkéa's Green, Social and Sustainability Bond Framework

V.E considers that Crédit Mutuel Arkéa's Framework is aligned with the four core components of the ICMA's Green Bond Principles 2021 ("GBP") and Social Bond Principles 2021 ("SBP")

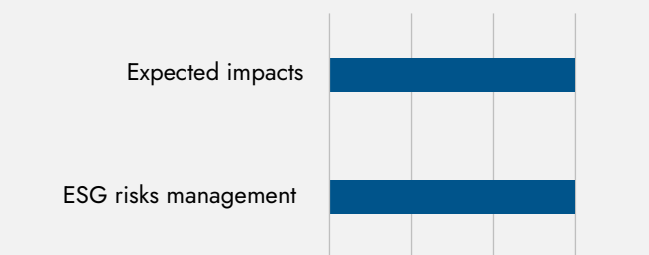


Framework

Contribution to Sustainability:



☐ Advanced
 ☐ Limited
☒ Robust
 ☐ Weak



SDG Mapping



Characteristics of the Framework

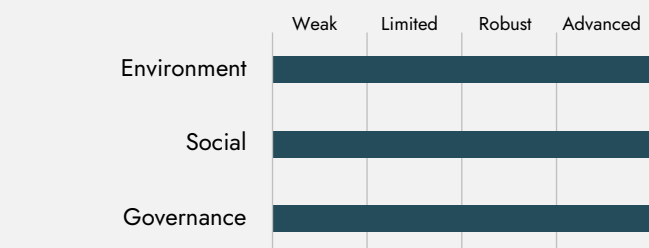
Green and Social Eligible Categories	⇒ 5 Green Categories ⇒ 4 Social Categories
Project Locations	France
Existence of Framework	Yes
Share of Refinancing	Not disclosed
Look-back Period	36 months

Issuer

ESG Performance as of May 2021



☐ Advanced
 ☐ Limited
☒ Robust
 ☐ Weak



Controversial Activities

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

- | | | | |
|---|--|---|---|
| <input checked="" type="checkbox"/> Alcohol | <input 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"/> Tobacco |
| <input type="checkbox"/> Chemicals of concern | <input type="checkbox"/> Genetic engineering | <input type="checkbox"/> Nuclear power | <input type="checkbox"/> Unconventional oil and gas |
| <input type="checkbox"/> Civilian firearms | | | |

ESG Controversies

Number of Controversies	1
Frequency	Isolated
Severity	Significant
Responsiveness	Remediative

Coherence

Coherent
Partially coherent
Not coherent

V.E considers that the contemplated Framework is coherent with Crédit Mutuel Arkéa's strategic sustainability priorities and sector issues and that it contributes to achieving the Issuer's sustainability commitments.

Key findings

V.E considers that Crédit Mutuel Arkéa's Green, Social and Sustainability Bond Framework is aligned with the four core components of the GBP and SBP.

Use of Proceeds - aligned with the GBP and SBP

- The Eligible Categories are clearly defined. The Issuer has communicated the nature of the expenditures, the eligibility criteria, and location of Eligible Projects for a majority of categories. The eligibility criteria of Sustainable Waste and Water Management could be further specified, as well as the target population for Social Categories.
- The Environmental and Social Objectives are clearly defined, relevant and set in coherence with sustainability objectives defined in international standards, for all the Eligible Categories.
- The Expected Environmental and Social Benefits are clear, relevant, measurable, and will be quantified for all the Eligible Categories.
- The Issuer has not provided information on the share of financing vs. refinancing. The look-back period for refinanced Eligible Categories will be equal or less than 36 months from the issuance date, in line with market practices.

Evaluation and Selection - aligned with the GBP and SBP

- The process for Project Evaluation and Selection has been clearly defined and detailed by the Issuer. It is 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 and this Second Party Opinion.
- Eligibility criteria for project selection have been clearly defined by the Issuer, including relevant exclusion criteria for a majority of Eligible Categories.
- The process applied to identify and manage potentially material environmental and social (E&S) risks associated with the projects is publicly disclosed in the Framework and this Second Party Opinion. The process is considered robust: it combines monitoring, identification and corrective measures, for a majority of nearly all Eligible Categories (see detailed analysis on pages 22 - 24).

Management of Proceeds - aligned with the GBP and SBP

- The Process for the Management and Allocation of Proceeds is clearly defined and is publicly available in the SPO.
- The Issuer has not provided information on the allocation period for the Bond proceeds.
- The net proceeds of the Bond will be placed in a Treasury liquidity portfolio and tracked by the Issuer in an appropriate manner and attested to in a formal internal process.
- Information on the intended types of temporary placement for the balance of the unallocated net proceeds is publicly disclosed.
- For as long as the Bond is outstanding, the Issuer has committed to periodically adjust the balance of tracked net proceeds to match allocations to eligible categories.
- The Issuer has provided information on the procedure that will be applied in case of project divestment or postponement and has committed to reallocate divested proceeds to projects that comply with the bond framework.

Reporting - aligned with the GBP and SBP

- The Issuer has committed to report on the Use of Proceeds on an annual basis until full allocation and on a timely basis in case of material developments. The report will be publicly available on the Issuer's website¹.
- The Issuer has committed to include in the reports relevant information related to the allocation of Bond proceeds and the expected sustainable benefits of the Eligible Categories.
- The reporting methodology and assumptions used to report on environmental and social benefits of the Eligible Categories will be publicly disclosed.
- An external auditor will verify the tracking and allocation of funds to Eligible Categories until full allocation and in case of material changes. The reporting on environmental and social benefits of the Eligible Categories will be verified internally by the Issuer.

Contact

Sustainable Finance Team | clientservices@moodys.com

¹ https://www.cm-arkea.com/banque/assurance/credit/mutuel/c_13273/en/home-page

SCOPE

V.E was commissioned to provide an independent Second Party Opinion (“SPO”) on the sustainability credentials and management of the Financial Instruments² (the “Financial Instruments”) to be issued by Crédit Mutuel Arkéa (“the Issuer”) in compliance with the Green, Social and Sustainability Bond Framework (the “Framework”) created to govern their issuance(s).

Our opinion is established according to V.E’s Environmental, Social and Governance (“ESG”) exclusive assessment methodology and to the latest version of the voluntary guidelines of ICMA’s Green Bond Principles (“GBP”) and Social Bond Principles (“SBP”) - both edited in June 2021 (referred together as the “GBP & SBP”).

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

- Framework: 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 2021.
- Issuer³: we assessed the Issuer’s ESG performance, its management of potential stakeholder-related ESG controversies and its involvement in controversial activities⁴.

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.

We carried out our due diligence assessment from January 12th to February 17th, 2022. We consider that we were provided access to all documents we solicited. For this purpose, we made reasonable efforts to verify the accuracy of all data used as part of the assessment.

Type of External Reviews supporting this Framework

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

² The “Financial Instruments” are to be considered as the Financial instruments (including bonds, notes, NEU CP (Negotiable EUropean Commercial Paper) and NEU MTN (Negotiable EUropean Medium Term Note) to be potentially issued, subject to the discretion of the Issuer. The name “Financial Instruments” has been decided by the Issuer: it does not imply any opinion from V.E.

³ Crédit Mutuel Arkéa is part of V.E rating universe - the last ESG rating was performed in May 2021.

⁴ 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

V.E considers that the contemplated Framework is coherent with Crédit Mutuel Arkéa's strategic sustainability priorities and sector issues and that it contributes to achieving the Issuer's sustainability commitments.

As the global economy's largest sector by market capitalization, banks have a great potential to support society's transition to a low carbon and sustainable economy. Their action is key in the promotion of effective solutions for the development of sustainable finance products and services, and the minimization of the negative impact of their investments and activities on 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 future investments and project financing, as well as into their investment products, banks can influence customer behavior towards more environmentally activities and support projects with a high social outcome.

Crédit Mutuel Arkéa appears to acknowledge its role in implementing solutions to support society's transition to a low-carbon and sustainable economy, as well as in reducing its Environmental impacts.

Crédit Mutuel Arkéa has an objective to support its customers and regions in their societal and environmental transitions, notably by developing products and services that respond to the social and environmental challenges facing its customers.

In this regard, the Bank has developed:

- an impact investment fund founded in 2016 with the goal of supporting entrepreneurs who are pioneers in three sectors: energy transition, the circular economy and social entrepreneurship;
- federations that offer their customers' loans for energy renovation work, energy production, energy savings equipment as well as environmentally friendly vehicles.

In addition, Crédit Mutuel Arkéa has set up CSR-related criteria and projects in its lending and financing activities for environmental purposes:

- the Bank has set up exclusion criteria for financing and investments in companies involved in the coal, oil and gas industry⁵ (above a fixed threshold) and in companies that seriously violate the principles of the Global Compact (for investments only).

And social purposes:

- Access to health and affordable housing: in the area of public health, the Crédit Mutuel Arkéa group finances regional university hospitals (CHUs). The group also supports the social housing sector, in particular through part of the savings collected in the CMB and CMSO savings accounts.
- Support for the Social and Solidarity Economy and social entrepreneurship: given the stakes in terms of jobs in the regions, the Crédit Mutuel Arkéa group is strongly committed to supporting social entrepreneurs.

⁵ https://www.cm-arkea.com/banque/assurance/credit/upload/docs/application/pdf/2021-12/oilgas_policy_2021_uk.pdf

FRAMEWORK

Crédit Mutuel Arkéa has described the main characteristics of the Bonds⁶ within a formalised Green, Social and Sustainability Bond Framework that covers the four core components of the GBP and SBP 2021 (the last updated version was provided to V.E on February 8th, 2022). The Issuer has committed to make this document publicly accessible on its website⁷, in line with good market practices.

Alignment with the Green and 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 five Green and four Social Project Categories ("Eligible Categories"), as indicated in Table 1.

- The Eligible Categories are clearly defined. The Issuer has communicated the nature of the expenditures, the eligibility criteria, and location of Eligible Projects for a majority of categories. The eligibility criteria of Sustainable Waste and Water Management could be further specified, as well as the target population for Social Categories.
- The Environmental and Social Objectives are clearly defined, relevant and set in coherence with sustainability objectives defined in international standards, for all the Eligible Categories.
- The Expected Environmental and Social Benefits are clear, relevant, measurable, and will be quantified for all the Eligible Categories.
- The Issuer has not provided information on the share of financing vs. refinancing. The look-back period for refinanced Eligible Categories will be equal or less than 36 months from the issuance date, in line with market practices.

An area for improvement would be to provide the share of refinancing for all categories or at bond level.

BEST PRACTICES

⇒ Relevant environmental and social benefits are identified and measurable for all project categories.

⁶ Any type of debt securities, including bonds, notes, NEU CP (Negotiable EUropean Commercial Paper), NEU MTN (Negotiable EUropean Medium Term Note) or other debt securities, to be issued by Crédit Mutuel Arkéa in line and in accordance with the Crédit Mutuel Arkéa Green, Social and Sustainability Bond Framework.

⁷ <https://site.arkea-banque-ei.com/>

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

- Nature of expenditures: Loans
- Location of Eligible Projects: France

ELIGIBLE CATEGORIES	DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	V.E'S ANALYSIS
Renewable energy	<p>Loans to finance the acquisition, development, operation, maintenance and decommissioning of renewable energy activities including:</p> <ul style="list-style-type: none"> - Wind farms (on shore and offshore) - Photovoltaic plants - Biomass (direct emissions < 100gCO₂/kWh): <ul style="list-style-type: none"> o limited to sources that are not suitable for human consumption, o do not compete with deplete existing terrestrial carbon pools (i.e. agricultural or forestry residue) o Anaerobic digestion of bio-waste - Geothermal (direct emissions < 100gCO₂/kWh) 	<p><u>Climate change mitigation</u></p> <p>Reduction of GHG emissions</p>	<p>The Eligible Category is clearly defined. The Issuer has communicated the nature of the expenditures, the eligibility criteria, and the location of Eligible Projects.</p> <ul style="list-style-type: none"> - The Issuer has stated that Eligible Loans to Biomass and Geothermal activities rely on internationally recognized sector standard, that the biomass activities generate 39.5g CO₂/kWh and geothermal activities 45g CO₂/kWh and that the sourcing was respecting the Directive (EU) 2018/2001. <p>The Intended Environmental Objective is clearly defined and set in coherence with sustainability objectives defined in international standards.</p> <p>The Expected Environmental Benefit is clear. It is considered relevant, measurable, and will be quantified in the reporting.</p>
Green buildings	<p>Residential buildings: Loans to finance new dwellings since granted from 1st June 2013 in line with RT2012⁸ regulation as a minimum requirement.</p> <p>Commercial buildings: Loans to finance commercial real estate which have received at least one of the following labels or equivalent certificates:</p>	<p><u>Climate change mitigation</u></p> <p>Reduction of GHG emissions</p> <p>Increase of energy savings</p>	<p>The Eligible Category is clearly defined. The Issuer has communicated the nature of the expenditures, the eligibility criteria, and the location of Eligible Projects.</p> <p>The Intended Environmental Objective is clearly defined and set in coherence with sustainability objectives defined in international standards.</p> <p>The Expected Environmental Benefits are clear. They are considered relevant, measurable, and will be quantified in the reporting.</p>

⁸ ECO-PTZ loans: no-interest loans to finance energy-related renovation housing work. Source: Ministry of the Economy and Finance: <https://www.economie.gouv.fr/particuliers/eco-pret-a-taux-zero-ptz-renovation-performance-energetique>

	<ul style="list-style-type: none"> - BBC Effinergie+ - BREEAM Excellent or above - HQE Excellent or above - LEED Gold or above - NF Habitat et Environnement 		
Energy Transition loans	<p>Loans to finance energy saving works including:</p> <ul style="list-style-type: none"> - ECO-PTZ loans⁹ - ECO-PTZ loans “complementary”¹⁰ - Other Energy transition loans¹¹ with the exclusion of any activity directly dedicated to fossil fuels: <ul style="list-style-type: none"> o Solar panels installation (for individuals and SMEs); o Acquisition of private clean vehicles such as hybrid and electric (direct emissions \leq 85g CO₂/pkm for light vehicles) and hydrogen. 	<p><u>Climate change mitigation</u></p> <p>Reduction of GHG emissions</p>	<p>The Eligible Category is clearly defined. The Issuer has communicated the nature of the expenditures, the eligibility criteria, and the location of Eligible Projects.</p> <p>An area for improvement is to set the emission threshold for private vehicles at <50gCO₂pkm in line with international standards.</p> <p>The Intended Environmental Objective is clearly defined and set in coherence with sustainability objectives defined in international standards.</p> <p>The Expected Environmental Benefit is clear. It is considered relevant, measurable, and will be quantified in the reporting.</p>
Sustainable mobility	<p>Loans to finance non-fossil fuel or hybrid transportation systems, related infrastructures and services such as:</p> <ul style="list-style-type: none"> - Public transportation: bus and train networks - Rail: rolling stock for passenger and/or freight transport - Multi-modal transportation: railroad, rail-river or sea-fluvial transport platforms as 	<p><u>Climate change mitigation</u></p> <p>Reduction of GHG emissions</p>	<p>The Eligible Category is partially defined. The Issuer has communicated the nature of the expenditures, the eligibility criteria, and the location of Eligible Projects.</p> <p>The Intended Environmental Objective is clearly defined and set in coherence with sustainability objectives defined in international standards.</p> <p>The Expected Environmental Benefit is clear. It is considered relevant, measurable, and will be quantified in the reporting.</p>

⁹ ECO-PTZ loans: no-interest loans to finance energy-related renovation housing work. Source: Ministry of the Economy and Finance: <https://www.economie.gouv.fr/particuliers/eco-pre-a-taux-zero-ptz-renovation-performance-energetique>

¹⁰ ECO-PTZ loans “complementary”: possibility to contract a second loan within 5 years following the first one, for a total maximum amount of €30,000. Source: Ministry of the Economy and Finance: <https://www.economie.gouv.fr/particuliers/eco-pre-a-taux-zero-ptz-renovation-performance-energetique>

¹¹ Arkéa CSR loans: low-interest loans for the financing of renewable energy facilities, low-emissions infrastructures, energy efficiency and clean equipment. https://www.arkea.com/banque/assurance/credit/upload/docs/application/pdf/2017-07/arkea_banque_ei_consacre_100m_pour_finance_investissements_rse_a_des_conditions_de_taux_bonifies.pdf

	<p>well as related infrastructures (i.e. stations and ports)</p> <ul style="list-style-type: none"> - Non-motorized transports - Infrastructures and services: charging stations (including electric, hydrogen and gas stations), signaling and IT upgrades 		
Sustainable waste and water management	<p>Loans to finance waste, wastewater and clean water projects including:</p> <ul style="list-style-type: none"> - Waste and wastewater collection and treatment facilities aligned with best market practices (i.e. exclusion of landfilling) - Water treatment facilities 	<p><u>Water resources protection</u> Improve water quality</p> <p><u>Pollution prevention and control</u> Increase of pollution control</p>	<p>The Eligible Category is clearly defined. The Issuer has communicated the nature of the expenditures, the eligibility criteria, and the location of Eligible Projects.</p> <ul style="list-style-type: none"> - The Issuer has stated that waste-to-energy assets (incineration units) will not be financed under this Framework. <p>An area for improvement would be regarding water and wastewater treatment facilities, to identify additional selection criteria (e.g. energy consumption threshold, % improvement in the case of renovation, % reduction of leaks on the network)</p> <p>The Intended Environmental Objective are clearly defined and set in coherence with sustainability objectives defined in international standards.</p> <p>The Expected Environmental Benefit is clear. It is considered relevant, measurable, and will be quantified in the reporting.</p>
Affordable housing	<p>Loans dedicated to the financing of regulated social housing schemes including:</p> <ul style="list-style-type: none"> - Prêt d'Accession Sociale (PAS)¹² - Loans to social housing landlords¹³ <p><u>Target population</u>: low-income population as defined in PAS granting requirement</p>	<p><u>Affordable housing</u> Increase access to social housing ownership and rental to low-income persons</p>	<p>The Eligible Category is clearly defined. The Issuer has communicated the nature of the expenditures, the eligibility criteria, and the location of Eligible Projects.</p> <p>The target population is clearly identified.</p> <p>The Intended Social Objective is clearly defined and set in coherence with sustainability objectives defined in international standards.</p> <p>The Expected Social Benefit is clear. It is considered relevant, measurable, and will be quantified in the reporting.</p>

¹² Prêt d'accession sociale (PAS): low-interest loan to help families with low income reach property ownership. Source: [www.service-public.fr: https://www.service-public.fr/particuliers/vosdroits/F22158](https://www.service-public.fr/particuliers/vosdroits/F22158)

¹³ Social housing landlords prerogatives as defined by the French Law: <https://www.legifrance.gouv.fr/affichCode.do?idSectionTA=LEGISCTA000006176320&cidTexte=LEGITEXT000006074096>

Health and care	<p>Loans to finance healthcare centers including:</p> <ul style="list-style-type: none"> - Public hospitals - Medical-social centers such elderly care facilities <p><u>Target population:</u> each and every person including the most vulnerable; elderly persons</p>	<p><u>Access to essential services</u></p> <p>Reduce health access inequalities</p>	<p>The Eligible Category is clearly defined. The Issuer has communicated the nature of the expenditures, the eligibility criteria, and the location of Eligible Projects The target populations are clearly identified.</p> <p>The Intended Social Objective is clearly defined and set in coherence with sustainability objectives defined in international standards.</p> <p>The Expected Social Benefit is clear. It is considered relevant, measurable, and will be quantified in the reporting.</p>
Territorial economic development	<p>Loans dedicated to the financing of territorial economic development activities¹⁴ of the following local economic actors and/or public interest bodies:</p> <ul style="list-style-type: none"> - SMEs¹⁵ - Local authorities¹⁶ - Social and Solidarity Economy (SSE¹⁷) actors such as Communal social welfare center (CCAS)¹⁸ - Associations¹⁹ <p><u>Target population:</u> [SMEs, SSE structures and public service bodies such above mentioned]</p>	<p><u>Access to essential services</u></p> <p>Foster local economic development</p> <p>Reduction of social and economic inequalities</p>	<p>The Eligible Category is clearly defined. The Issuer has communicated the nature of the expenditures, the eligibility criteria, and the location of Eligible Projects.</p> <ul style="list-style-type: none"> - The Issuer has stated that philanthropic structures will not be financed under this Framework. <p>Areas for improvement would be to:</p> <ul style="list-style-type: none"> - Exclude associations from financing or define eligibility or exclusion criteria for an association to be considered eligible for funding. - Specify eligibility criteria for local authorities. <p>The target populations are clearly identified.</p> <p>The Intended Social Objective is clearly defined and set in coherence with sustainability objectives defined in international standards.</p> <p>The Expected Social Benefits are clear. They are considered relevant, measurable, and will be quantified in the reporting.</p>
Education	<p>Loans to finance primary and secondary schools and vocational training infrastructures including:</p> <ul style="list-style-type: none"> - Construction and/or renovation of related buildings and facilities 	<p><u>Access to essential services</u></p> <p>Increase and improve access to education to disadvantaged populations</p>	<p>The Eligible Category is clearly defined. The Issuer has communicated the nature of the expenditures, the eligibility criteria, and the location of Eligible Projects. The target populations are clearly identified.</p>

¹⁴ Excluded activities and sectors: weapons, pornography, gambling, activities involving forced or child labour

¹⁵ SME definition: https://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en

¹⁶ Excluding operational expenditures

¹⁷ SSE structures such as defined in the Law Decree of July 2014: <https://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000029313296&categorieLien=id>

¹⁸ Centres communaux d'action sociale (CCAS) are public administrations aiming at implementing a city's social policy towards disadvantaged populations, elder populations, disabled populations etc.

¹⁹ Association as per July 1st 1901 French Law: <https://www.legifrance.gouv.fr/affichTexte.do?cidTexte=LEGITEXT000006069570&dateTexte=20090506>

	<ul style="list-style-type: none"> - Dedicated programs, learning materials, furniture and other equipment <p><u>Target population:</u> youth in priority and sensitive areas</p>		<p>An area for improvement would be to define environmental requirements for the construction and the renovation of buildings and facilities to align with best market practices.</p> <p>The Intended Social Objective is clearly defined and set in coherence with sustainability objectives defined in international standards.</p> <p>The Expected Social Benefit is clear. It is considered relevant, measurable, and will be quantified in the reporting.</p>
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SDG Contribution

The Eligible Categories are likely to contribute to ten of the United Nations' Sustainable Development Goals ("SDGs"), namely:

ELIGIBLE CATEGORIES	SDG	SDG TARGETS
Health and care		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.
Education		4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.
Sustainable waste and water management		6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.
Renewable Energy		7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.
Energy transition Loans		
Green Buildings		7.3 By 2030, double the global rate of improvement in energy efficiency.
Territorial economic development		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.
Energy transition Loans		9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.
Affordable housing		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.
Territorial economic development		
Affordable housing		11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.

ELIGIBLE CATEGORIES	SDG	SDG TARGETS
Sustainable Mobility		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.
Sustainable waste and water management		12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse, substantially reduce waste generation through prevention, reduction, recycling and reuse.
Green Buildings Renewable Energy Energy transition Loans		UN SDG 13 consists of taking urgent action to combat climate change and its impacts.

Evaluation and Selection of Eligible Categories



- The process for Project Evaluation and Selection has been clearly defined and detailed by the Issuer. It is 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 and this Second Party Opinion.
- Eligibility criteria for project selection have been clearly defined by the Issuer, including relevant exclusion criteria for a majority of Eligible Categories.
- The process applied to identify and manage potentially material environmental and social (E&S) risks associated with the projects is publicly disclosed in the Framework and this Second Party Opinion. The process is considered robust: it combines monitoring, identification and corrective measures, for a majority of nearly all Eligible Categories (see detailed analysis on pages 22 - 24).

Process for Project Evaluation and Selection

- For the purpose of the Bonds, a Green Social or Sustainability Committee ("the Committee") has been created. This Committee is composed of representatives of:
 - Financial markets department
 - Sustainable Finance Department
 - Relevant departments of Arkéa Banque Entreprises et Institutionnels (ABEI), Crédit Mutuel de Bretagne (CMB) and Crédit Mutuel du Sud-Ouest (CMSO).
- The Committee is responsible for:
 - Selecting the Eligible Loans to be included in the Green, Social and Sustainability Bonds according to a pre-selection of potential Eligible Loans made with the relevant business units in accordance with the eligibility criteria established in the Framework and Crédit Mutuel Arkéa's internal CSR Policies.
 - Monitor the Eligible Loans portfolio during the lifetime of the Bonds. The Committee will be responsible for replacing an Eligible Loan if it no longer meets the eligibility criteria, and/or the Group's Internal Policies, or if the Eligible loan has matured or has been redeemed.
 - Upgrading the Framework.
 - Monitoring controversies for all projects financed under this Framework.

An area for improvement is to specify whether and how the Issuer will monitor potential ESG controversies and compliance throughout the life of the bond.

- The traceability and verification of the selection and evaluation of the loans is partially ensured throughout the process:
 - The Committee will meet at least twice a year.
 - The Issuer reports that it will monitor Eligible Projects to identify controversies without specifying a clear process.
 - The traceability of the decisions appears to be ensured throughout the process, through meeting minutes that will be redacted for each meeting of the Committee.

Eligibility Criteria

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

- The selection criteria are based on the definitions in the Eligible Categories defined Table 1 in the Use of Proceeds section.
- The Issuer is committed to exclude any loan aiming at financing players with unconventional fossil energies representing more than 10% of their annual fossil energy production. Prohibition of new financing/investments of/in players who develop their existing conventional or unconventional fossil energy capacities as well as any new financing/investments in unconventional fossil energy projects (exploration, capacity development, infrastructure, processing) or in conventional exploration/capacity development²⁰.

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 instrument and has provided details on content/ frequency/duration and on procedure adopted in case of non-compliance.

²⁰ https://www.cm-arkea.com/banque/assurance/credit/upload/docs/application/pdf/2021-04/coal_policy_2021_gb.pdf

Management of Proceeds



- The Process for the Management and Allocation of Proceeds is clearly defined and is publicly available in the SPO.
- The Issuer has not provided information on the allocation period for the Bond proceeds.
- The net proceeds of the Bond will be placed in a Treasury liquidity portfolio and tracked by the Issuer in an appropriate manner and attested to in a formal internal process.
- Information on the intended types of temporary placement for the balance of the unallocated net proceeds is publicly disclosed.
- For as long as the Bond is outstanding, the Issuer has committed to periodically adjust the balance of tracked net proceeds to match allocations to eligible categories.
- The Issuer has provided information on the procedure that will be applied in case of project divestment or postponement and has committed to reallocate divested proceeds to projects that comply with the bond framework.

Management Process

- An amount equal to the net proceeds of the Bonds will be credited to the Issuer's treasury liquidity portfolio and will be internally tracked through its information systems.
- In case the Portfolio of Eligible Loans is smaller than the Bonds' net proceeds outstanding, Crédit Mutuel Arkéa has committed to fill the gap and load the Eligible Portfolio with new Eligible Loans, as soon as possible.
- As far as NEU CP ESG are concerned which are short term instruments, the Issuer has stated that they will also refinance medium/long term projects as NEU CP ESG are usually rolled over at maturity. This is the case for the NEU CPs issued under the classic CM Crédit Mutuel Arkéa's program. In the event that a maturity is not rolled over and the amount of NEU CP ESG outstanding falls below the amount of the asset pool, CM Crédit Mutuel Arkéa will in all cases refinance the difference until a new investor is found and the amount outstanding is equal to that of the pool of eligible loans.
- The unallocated funds would be held within Crédit Mutuel Arkéa's treasury, invested in cash, cash equivalent or other money market products in accordance with its Crédit Mutuel Arkéa's Treasury ISR policy which includes in particular the exclusion of coal, oil and gas related investments as well as investments in companies that seriously violate the principles of the Global Compact.
- In case an asset no longer complies with the eligibility criteria and/or Arkéa's Internal Policies, has matured or has been redeemed, the Issuer commits to replace the no longer Eligible Loan by a new Eligible Loan.

An area for improvement would be to commit to allocate the proceeds of the Bonds within 3 years from the date of the issuance.

BEST PRACTICES

- ⇒ 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

Not Aligned	Partially Aligned	Aligned	Best Practices
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- The Issuer has committed to report on the Use of Proceeds on an annual basis until full allocation and on a timely basis in case of material developments. The report will be publicly available on the Issuer's website²¹.
- The Issuer has committed to include in the reports relevant information related to the allocation of Bond proceeds and the expected sustainable benefits of the Eligible Categories.
- The reporting methodology and assumptions used to report on environmental and social benefits of the Eligible Categories will be publicly disclosed.
- An external auditor will verify the tracking and allocation of funds to Eligible Categories until full allocation and in case of material changes. The reporting on environmental and social benefits of the Eligible Categories will be verified internally by the Issuer.

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 relevant.

REPORTING INDICATORS

- ⇒ Total amount of outstanding Green, Social or Sustainability Bonds issued.
- ⇒ Total amount of proceeds allocated to Eligible Loans categories on aggregated basis by category.
- ⇒ Share of refinancing vs new financing.
- ⇒ Share of unallocated proceeds.

- Examples of environmental and social benefits: The indicators selected by the Issuer to report on the environmental and social benefits are relevant.

ELIGIBLE CATEGORIES	ENVIRONMENTAL AND SOCIAL BENEFITS INDICATORS	
	OUTPUTS AND OUTCOMES	IMPACT INDICATORS
Renewable energy	<ul style="list-style-type: none"> - Capacity installed in GW or MW - Net electricity production (MWh) 	<ul style="list-style-type: none"> - Estimated annual GHG emissions avoided (in tCO₂e) - Energy savings (kWh saved/reduced)
Green buildings	<ul style="list-style-type: none"> - Number of dwellings - Number of commercial buildings by type of certification 	

²¹ https://www.cm-akea.com/banque/assurance/credit/mutuel/c_13273/en/home-page

ELIGIBLE CATEGORIES	ENVIRONMENTAL AND SOCIAL BENEFITS INDICATORS	
	OUTPUTS AND OUTCOMES	IMPACT INDICATORS
Energy Transition loans	<ul style="list-style-type: none"> - Number of loans granted, by type of financing - Total amount of loans granted by type of financing 	
Sustainable mobility	<ul style="list-style-type: none"> - Number of clean transportation systems financed by type - Number of users/goods transported Annually - Tons of goods transported annually - Number of kilometers of rail constructed and or maintained 	
Sustainable waste and water management	<ul style="list-style-type: none"> - Volume of sorted waste (m³/year) - Volume of treated water (m³/year) 	<ul style="list-style-type: none"> - Qualitative improvements in or wastewater treatment and fresh water supply - Percentage of increase in wastewater treated - Percentage of increase in waste collected and treated
Affordable housing	<ul style="list-style-type: none"> - Number of units financed - Number of beneficiaries 	N/A
Health and care	<ul style="list-style-type: none"> - Number of structures financed - Number of beneficiaries 	
Territorial economic development	<ul style="list-style-type: none"> - Number of structures financed - Number of jobs created/preserved - Number of beneficiaries 	
Education	<ul style="list-style-type: none"> - Number of structures financed - Number of beneficiaries 	

An area for improvement is to commit to an external verification of the indicators used to report on environmental and social benefits of the eligible categories.

BEST PRACTICES

- ⇒ The issuer report will be publicly available.
- ⇒ The indicators selected by the Issuer are exhaustive with regards to allocation reporting.
- ⇒ The indicators selected by the Issuer are clear and relevant and cover all expected benefits associated with the Eligible Categories.
- ⇒ The reporting methodology and assumptions used to report on environmental and social benefits of the Eligible Categories will be disclosed publicly.

Contribution to Sustainability

Expected Impacts

The potential positive impact of the eligible projects on environmental and social objectives is considered to be robust.

ELIGIBLE CATEGORY	EXPECTED IMPACT	ANALYSIS
Renewable energy	ADVANCED	According to the International Energy Agency ²² , in 2019 low-carbon energy sources accounted for 91% of the electricity produced in France. Coal plant capacities remains to be phased out. Although being still relevant, the decarbonation of the electricity mix is not the most crucial lever to reduce the country's environmental footprint. Solar panels are the most land requiring mean of producing electricity and can therefore compete with other land usages. Information on the sourcing of panels and if the majority will be installed on roof or on ground could be valuable for minimizing negative impacts. No lock-in effect is expected for wind and solar. The Issuer has set sourcing criteria to limit competition with other usages and impact on land, following the Directive (EU) 2018/2001. Woody biomass can be included while being excluded from certain market standards such as the Climate Bond Standards. Enhanced geothermal systems have not been excluded from financing. The Issuer has set a CO ₂ direct emissions threshold for Biomass and Geothermal, having a threshold based on life cycle emissions would be necessary to reach most stringent market standards.
Green buildings	ROBUST	According to the Ministry of Ecological Transition ²³ the real estate sector accounts for 44% of the energy consumed in France, particularly due to heating purposes in the residential sector, and around 25-30% of the country's total GHG emissions. Financing new dwellings in line with RT2012 regulation as a minimum requirement of energy efficient buildings is considered as a good practice. Construction however has an absolute effect on energy consumption and on land use and therefore has a less positive impact compared with renovation. Financing the acquisition is also considered less relevant than financing the renovation or the construction of buildings. This residual negative impact in the medium to long term is reduced thanks to their environmental labels and certificates (BBC Effinergie, BREEAM Excellent or above, HQE Excellent or above, LEED Gold or above, NF Habitat et Environnement). The category is applying standards that aim to contribute to the claimed objective, adopting internationally recognized standards, but there are more stringent standards available in the market.
Energy Transition loans	LIMITED	The loans financed under this category should finance buildings renovation (ECO-PTZ) as well as the acquisition of private vehicles and solar panels. According to the Ministry of Ecological Transition ²⁴ , transport accounts for 31% of the energy consumed in France and around 30% of the country's total GHG emissions. Local authorities have a key role in financing heavy infrastructures and public transportation. According to the French National Low-Carbon

²² <https://www.iea.org/countries/france>

²³ <https://www.ecologie.gouv.fr/energie-dans-batiments>

²⁴ <https://www.ecologie.gouv.fr/energie-dans-batiments>

ELIGIBLE CATEGORY	EXPECTED IMPACT	ANALYSIS
		Strategy ²⁵ , 370,000 buildings have to be fully renovated annually between 2015 and 2030 and 700,000 annually between 2030 and 2050, against less than 300,000 currently. ECO-PTZ are defined by French regulation and should entail only positive impacts. The Issuer has set the following threshold for electric and hybrid: direct emissions $\leq 85\text{g CO}_2/\text{pkm}$ which is below market expectations and could lead to a lock-in effect in fossil fuel powered vehicles. An area for improvement consists in applying more stringent thresholds as observed in the market.
Sustainable mobility	ROBUST	According to the Ministry of Ecological Transition ²⁶ , transport accounts for 31% of the energy consumed in France and around 30% of the country's total GHG emissions. The category should entail positive impact locally and globally. Infrastructure and systems to support the integration of low-carbon transport should entail a positive lock in effect. An area for improvement would be to remove gas stations from financing to be aligned with market standards.
Sustainable waste and water management	ROBUST	<p>The projects to be financed are in line with OECD recommendations to encourage the joint management of water quantity and quality. The population in France has attained a high level of access to water. Water withdrawal is not considered an important issue in France. Although, the management of water and wastewater not only plays a significant role in our daily lives but also has significant impact both on (i) the possible availability of clean water and (ii) the pollution of the environment.</p> <p>The way that waste is dealt with has significant repercussions on quality of life and biodiversity. Reusing waste, as is envisaged by the Issuer, is relevant and a best practice in waste management activities. Recycling is necessary and is absolutely a catalyst for the transition to more sustainable waste management. Increasing the number of recycling facilities is therefore also a project which has to be highlighted.</p> <p>Areas for improvement could be to set selection criteria for water treatment/collection systems (e.g energy consumption threshold, % improvement in the case of renovation, % reduction of leaks on the network).</p>
Affordable housing	ADVANCED	In the French context, housing challenges remain. The Issuer targets "low-income populations", which are formally defined at state level, relative to the resource thresholds of the beneficiaries of the legislation on low-cost housing and new State aid in the rental sector and students with grants. This is clear and targets populations for whom it may be challenging to find decent housing. On the other hand, social benefits from providing loans to social housing landlords appear less straightforward. The target population has been set and limited to low-income population as defined in PAS granting requirement. Access to housing should lead to long term positive impact.
Health and care	ROBUST	Access to health services remains a challenge in France, especially as the Covid crisis has highlighted the crucial need for investments in health research and scalable health facilities. The target population has been set generally, however through the nature of the projects, the importance of the social benefit is to guarantee equal and universal access to health services. The category is likely to provide long term social improvement for the intended beneficiaries.

²⁵ https://www.ecologie.gouv.fr/sites/default/files/2020-03-25_MTES_SNBC2.pdf

²⁶ <https://www.ecologie.gouv.fr/energie-dans-batiments>

ELIGIBLE CATEGORY	EXPECTED IMPACT	ANALYSIS
Territorial economic development	LIMITED	<p>Possibly long-term issues have arisen in the socio-economic development and job creation space amidst the public health crisis. The Issuer targets SMEs and companies of “the social and solidarity economy”. Crédit Mutuel Arkéa also plan to finance local authorities and associations.</p> <p>No geographical (e.g disadvantaged areas) or specific criteria for SMEs, associations or specific target expenditures for local authorities have been set by the Issuer. Due to the lack of visibility for this category assessing the magnitude of the expected impacts is difficult.</p> <p>An area for improvement is to define eligibility or exclusion criteria for an association to be considered eligible for funding.</p>
Education	ROBUST	<p>Access to education (including public secondary education, higher education) remains a major challenge in France. The Issuer aims to improve the quality of education and examples it has provided includes providing furniture, learning material and renovating/building infrastructures. The target population “youth in priority and sensitive areas” seems relevant in the context. Area for improvement is to conduct geographical analysis to identify territories most in need and to better define the renovation works to be financed.</p>
OVERALL ASSESSMENT	ROBUST	

ESG Risks Identification and Management Systems in Place at Project Level

The identification and management of the environmental, social, and governance risks associated with the Eligible Projects are considered robust²⁷.

Since all projects will be located in Designated Countries of the Equator Principles (France and EU), 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 legislation for specific risks and on other relevant documentation (e.g., construction and exploitation permits, technical and legal reviews) to demonstrate the respect of this legislation.

ESG Due Diligence Process

The Issuer plans to conduct an analysis of the non-financial risks associated with the Eligible Loans prior to each credit decision according to a procedure enabling the identification of ESG risks associated to the underlying components. Additional verifications could be performed throughout the lifetime of the loans (operational reports verification, additional technical studies etc.) to strengthen the management of associated environmental and social risks.

For both entities CMB (Crédit Mutuel de Bretagne – CMB) and CMSO (Crédit Mutuel du Sud-Ouest), account managers of the local agencies, are in charge of conducting a first level of verification of the compliance of the Loans with Crédit Mutuel Arkéa's exclusion policy and the French regulation, as well as ensuring the proper implementation of Crédit Mutuel Arkéa's KYC procedure.

For ABEI (Crédit Mutuel Arkéa Banque Entreprises et Institutionnels), the sales teams complete (depending on the severity) an analysis grid of the CSR maturity of their counterparties covering territorial impact, human capital, environment, supplier/subcontractor relations, customer/user relations and will be also responsible for initiating the implementation of Crédit Mutuel Arkéa's KYC procedure, which is regularly updated. This enables the identification of the potential ESG risks associated with projects financed by Eligible Loans.

Areas for improvement consist in including clauses in the contracts covering the obligation for the debtor to prevent and mitigate, at all times, ESG risks related to the projects financed by the loans as well as implement a dedicated process to identify the event and/or potential controversies that could undermine the social and/or environmental objectives targeted by the Bonds and to enable Crédit Mutuel Arkéa to take appropriate corrective measures.

Of note, Crédit Mutuel Arkéa has informed V.E of its commitment to launch a work program aiming at monitoring and managing controversies within the group as part of the Crédit Mutuel Arkéa group's cross-functional project, which aims to strengthen the integration of ESG criteria into the group's financing and investment activities. A work was initiated in 2020 and 2021 to study the possibility of developing a tool to identify and qualify controversies.

ENVIRONMENTAL RISKS

Environmental Impact Assessment and Eco-design

Environmental authorizations and regulatory aspects of credit applications are ensured, in particular:

- For loans aiming at financing Renewable Energy projects and Residential buildings: as required by the law, technical/environmental audits are carried out to verify the fulfilment of all the requirements related to project authorizations, including the obligation to conduct environmental and/or social impact assessments and to put in place appropriate mitigation measures to obtain an ecological certification (see Use of Proceeds part) for Green buildings. The fulfilment of these requirements conditions the obtention of a loan. Concerning environmental risks associated to the construction and/or the renovation of Eligible Projects, we consider that all relevant ESG risks, including biodiversity protection, GHG and other atmospheric emissions, reduction of energy consumption, water consumption and waste and wastewater management on site, are covered through

²⁷ The "X" indicates the E&S risks that have been activated for each Eligible Category.

the green building certification processes (i.e. BREEAM, LEED etc.) and/or through the European legislation in force relevant to these issues.

- For loans aiming at financing Energy Transition (ECO-PTZ loans and ECO-PTZ loans “complementary”)²⁸: Improvement works must be conducted by a Recognized Environmental Guarantor professional (“Reconnu Garant de l’Environnement”- RGE) which ensures the effective identification of associated ESG risks and the implementation of mitigation measures by the RGE professional. All necessary supporting documents will be requested by Crédit Mutuel Arkéa to verify that the funds allocated have exclusively financed eligible works.

In addition, environmental risks are taken into account at Group level by the Credit Committee, on the basis of ESG ratings provided by the credit middle office, possibly supplemented by ESG analyses carried out by ABEI. As of today, we have no assurance that this analysis is applicable for all funded projects and no visibility on the required environmental criteria.

The Issuer commits to carry out Technical/environmental audits to verify the fulfilment of the environmental and social requirements in order to obtain the mandatory administrative environmental permit for all renewable energy infrastructure projects (e.g wind farms), transport or water, wastewater and waste treatment projects. The fulfilment of these requirements conditions the obtention of the Eligible Loans granted by ABEI.

An area for improvement is to add the Environmental Impact Assessments of the Eligible Projects as required documents in the analysis step of the loan (especially for Renewable Energy projects such as heavy constructions, wind farms, etc.) and ensure that the measures already in place are conducted for all the projects financed by the Bank (eg. CSR Maturity Grid).

SOCIAL RISKS

Human and Labour Rights

Crédit Mutuel Arkéa joined the UN Global Compact (level “Advanced”) in order to promote its 10 principles in the areas of human rights, labour environment and anti-corruption.

Community Involvement

Crédit Mutuel Arkéa encourages economic development, employment and innovation in its regions through its financing, investment and participation in the local economic ecosystem by financing investments in local businesses and companies; building partnerships with institutional players including both local public-sector players and private players with public interest missions such as local authorities, social housing bodies, public companies etc.; supporting farmers, wine producers and fishermen and the voluntary sector through several initiatives and projects that benefit employment, regional revitalization, solidarity or sustainable development.

Business Ethics

For all customers loans, the Issuer has implemented a comprehensive system to prevent over-indebtedness as soon as the loan is granted and throughout the lifetime of the contract. Customers’ advisors are regularly trained on over-indebtedness topics and dedicated tools and programs have been created to address related issues.

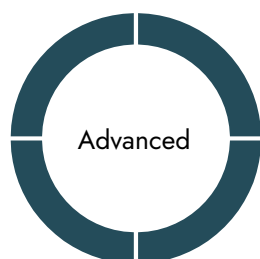
For Loans aiming at financing Affordable housing (Prêt d’accession Sociale), the conditions for access to credit (maximum income, eligible buildings) are strictly defined and regulated by law. Crédit Mutuel Arkéa will be in charge of requesting all the necessary supporting documents to verify the compliance with these conditions. In addition, and prior to Loan’s issue aiming at financing Local economic actors, a KYC procedure is carrying out to identify potential risks of abuse of social property or misappropriation of public or social funds by the financed institutions.

Areas for improvement consist of the systematic consideration of environmental and social criteria in the selection of projects to be financed by Eligible Loans, covering management of GHG emissions, end of life and prevention,

²⁸ [Éco-prêt à taux zéro \(éco-PTZ\) | service-public.fr](https://eco-prêt-à-taux-zéro.fr/éco-PTZ/)

adaptation to Climate change issues, Human and Labour rights violations, the promotion of the access to basic financial services or local socio-economic development. Additional areas for improvement consist in including clauses in the contracts covering the obligation for the debtor to prevent and mitigate, at all times, ESG risks related to the projects financed by the loans. The Issuer stated that ESG assessment grids for the Bank's clients are being built. They will be deployed gradually during 2022. As of our assessment, no ESG clauses are disclosed in the contracts despite aspects related to the compliance with the minimum level of DSCR and conditionality to loans related to the synthesis of project audit reports. To be noted that Legal and technical audits are carried out on borrowers' projects (involving contractors & subcontractors).

ISSUER



Crédit Mutuel Crédit Mutuel Arkéa (CMA) operates as a French non-listed cooperative and local regional Bank that offers banking, financial, and insurance services to individuals, businesses, sole proprietorships, and institutional clients in France and Europe.

Level of ESG performance

Crédit Mutuel Arkéa's ESG performance was assessed through a complete process of rating and benchmark.

As of May 2021, Crédit Mutuel Arkéa displays an overall advanced ESG performance, ranking 2nd in our Retail & Specialised Banks sector which covers 96 companies. Crédit Mutuel Arkéa's performance is considered advanced in the Environmental pillar, advanced in the Social pillar and advanced in the Governance pillar, in line with the sector average.

DOMAIN	COMMENTS	OPINION
Environment	<u>Crédit Mutuel Arkéa's performance on the Environment pillar is considered advanced.</u>	Advanced
	CMA has targets to reduce both its direct and indirect impacts from thermal-coal related financing which it wants to exit by 2027. One of these specific targets is the reduction of the direct carbon footprint from the group's operations by 16% of its greenhouse gas emissions by 2024. This is supported by the companies formalized commitment to environmental protection in its Climate Strategy.	
	Additionally, the company is a signatory of the Global Compact and communicates on this principle. The ownership of these commitments applies throughout the company and is supported by a dedicated structure which is supported by senior management.	Robust
	Minimizing the impact of climate change is important for the Crédit Mutuel Arkéa Group who report on the efficiency of measures to reduce its own energy consumption. They have set quantified targets with regards to their energy consumption and CO ₂ emissions that cover the entire group. The company's CO ₂ emissions linked to energy consumption per employee has continued to decrease from 2016-2020. The Crédit Mutuel Arkéa group seeks to limit its carbon footprint by focusing on its two main sources of emissions: travel and energy consumption	Limited
	CMA also considers ESG factors in its investment policy and provides a climate fund as well as green products to its client base which is further supported by the development of sustainable investment products and strategies, including shareholders activism, exclusionary screening, positive screening, engagement with the companies and voting policies covering ESG issues.	
	The company's commitment around the environment is comprehensive and it has set quantified targets with the support of specific teams within the organization who are involved in the implementation of these policies.	Weak

Social	<p><u>Crédit Mutuel Arkéa's performance on the Social pillar is considered advanced.</u></p> <p>Social dialogue is anchored in the company's culture and the collective agreements in place deal with subjects related to the quality of the work environment which is backed by a formalized commitment with employee representatives, to promote labour relations.</p> <p>The company has committed to minimizing the number of lay-offs and redundancies, and in the case of reorganizations has extensive measures in place including outplacement, individual follow-ups, retraining and internal mobility. These support measures are allocated for all the company's employees affected, including older employees.</p> <p>The company has made a formalized commitment to health and safety issues in its "Single Document" that is carried out every year, in which it specifies the results of the occupational risks, including a psychosocial risks assessment. The company boasts a long-standing health and safety culture and applies a continuous improvement and risk prevention approach.</p> <p>CMA has also in place a formalized commitment to respect and promote human rights in society. The company's commitment to respect and promote human rights addresses the majority of its business activities and the company has targets in place including a goal to recruit people with disabilities so as to reach an employment rate of 6% for this category.</p> <p>Crédit Mutuel Arkéa is committed to the promotion of local entrepreneurship and deploys strong efforts to support SMEs and business startups through advantageous investments, loans and funds. It also works with local and regional government bodies and partners with the non-profit sector and the social and solidarity economy. The company has allocated comprehensive measures to promote access to basic financial services.</p> <p>The Issuer reports on a formal commitment to the prevention of corruption and money laundering, supported by an adequate internal control system.</p>	Advanced
		Robust
		Limited
		Weak
Governance	<p><u>Crédit Mutuel Arkéa's performance on the Governance pillar is considered advanced.</u></p> <p>The company has formalized a corporate governance framework and the Board is composed of at least two independent members with diversity well anchored in the culture which demonstrated by female representation at 47%. There is a CSR committee that is part of the Board and most of the relevant CSR issues for the company are discussed at Board level.</p> <p>The Strategy and Social Responsibility Committee is charged with guiding Crédit Mutuel Arkéa's strategic planning and helping the Board of Directors with its work. In addition, the head of CSR department makes regular reports to the committee. Its role consists of guiding and coordinating the group's strategic planning, ensuring that societal responsibility is fully integrated into the group's strategy and assisting the Board of Directors of Crédit Mutuel Arkéa with its work.</p> <p>Operational and CSR risks are covered by the company's internal controls system related to financial, operational, and legal risks. In addition, the system covers some of the CSR risks inherent to the company's business operations</p> <p>The company publishes significant CSR reporting on key material issues, with an independent third-party assessment of the reliability of key performance indicators.</p>	Advanced
		Robust
		Limited
		Weak

Management of ESG Controversies

As of February 2022, Crédit Mutuel Arkéa faces one stakeholder related ESG controversy, linked to one of the six domains we analyze:

- Business behavior, in the criterion of “information to customers”.

Frequency: The controversy faced is considered “isolated”²⁹; better than the sector average.

Severity: The severity of the case, based on the analysis of the impact on both the Issuer and its stakeholders, is considered “significant”³⁰; better than the sector average.

Responsiveness: Crédit Mutuel Arkéa is considered overall “remediative”³¹; better than the sector average.

Involvement in Controversial Activities

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

Minor involvement in Alcohol: The Issuer derives revenues from the production of alcoholic beverages. Suravenir (100% owned) owns and manages the Château Calon Ségur, vineyard in Saint-Estèphe, near Bordeaux, France.

The Issuer appears to be not involved in any of the other 16 controversial activities screened under our 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 V.E.

²⁹ V.E scale of assessment: Isolated / Occasional / Frequent / Persistent.

³⁰ V.E scale of assessment: Minor / Significant / High / Critical.

³¹ V.E scale of assessment: Non-communicative / Reactive / Remediative / Proactive.

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.

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 Green Bond Principles - June 2021 ("GBP") and the Social Bond Principles - June 2021 ("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/social objectives, as well the management of the associated potential negative impacts and externalities.

Expected positive impact of the activities on environmental/social objectives

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

- i) the relevance of the activity to respond to an important environmental/social objective for the sector of the activity;³²
- 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);
- iii) the magnitude and durability of the potential impact of the proposed activity on the environmental/social objectives (capacity to not just reduce, but to prevent/avoid negative impact; or to provide a structural/long-term improvement);
- iv) for environmental objectives only: the extent to which the activity is adopting the best available option.

ESG risk management for eligible activities

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 Issuers 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.

³² 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.

Management of Stakeholder Related ESG Controversies

V.E defines a controversy as public information or contradictory opinions from reliable sources that incriminate or make allegations against an issuer regarding how it handles ESG issues as defined in V.E ESG framework. Each controversy may relate to several facts or events, to their conflicting interpretations, legal procedures or non-proven claims.

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).
- **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 ESG 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 ESG risk management or an advanced expected impact combined with a limited level of assurance of ESG 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 ESG risk management; or a robust expected impact combined with a limited to weak level of assurance of ESG risk management; or an advance expected	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.

	impact combined with a weak level of assurance of ESG risk management.
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 ESG risk management or a limited expected impact with a weak level of assurance of ESG 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.

STATEMENT ON V.E' S INDEPENDENCE AND CONFLICT-OF-INTEREST POLICY

Transparency on the relation between V.E and the Issuer: V.E has carried out in 2019, a second party opinion on the sustainability of Crédit Mutuel Arkéa's Green, Social and Sustainability Bond Framework. Independence, transparency, quality and integrity requirements are all formalised within our Moody's Code of Conduct.

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 Bond/Loan, 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. Restriction on distribution and use of this opinion: The deliverables remain the property of V.E. The draft version of the Second Party Opinion by V.E is for information purpose only and shall not be disclosed by the client. V.E 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 V.E reserves the right to publish the final version of the Second Party Opinion on V.E' website and on V.E' internal and external communication supporting documents.

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