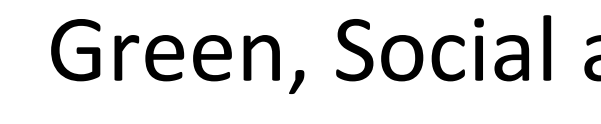



ARKEA



Green, Social and
Sustainability Bond
Framework



September 2019

Summary

1.	Introduction.....	2
1.1	The banking business lines	3
1.1.1	Retail banking for individuals and sole proprietorships.....	3
1.1.2	Retail banking for companies and institutions	3
1.1.3	Specialized subsidiaries in the business-to-business (B-to-B) market	3
1.2	Insurance and asset management business lines	4
1.2.1	Life insurance and protection insurance	4
1.2.2	Non-life insurance	4
1.2.3	Asset and wealth management.....	4
1.3	Non-banking activities.....	4
2.	Arkéa Societal Responsibility Strategy	5
2.1	Responsible development is at the core of the group’s strategy	5
2.2	Structured CSR Organization and Governance.....	5
2.3	Supporting customers through societal, employment and environmental transitions.....	5
2.3.1	Boosting regional development and real economy financing.....	6
2.3.2	Promoting regional talent and creativity	6
2.3.3	Offering products and services with environmental and social impact.....	7
2.3.4	Integrating ESG criteria in financing and investment.....	7
2.3.5	Fostering banking inclusion for the financially vulnerable.....	8
2.4	Responsible corporate approach	8
2.4.1	Exemplary business conduct	8
2.4.2	Alignment with the UN Sustainable Development Goals.....	8
3.	Rationale for Arkéa to issue Green, Social and Sustainability Bonds.....	9
4.	Arkéa Green, Social and Sustainability Bond Framework	10
4.1	Use of Proceeds.....	10
4.2	Process for Project Evaluation and Selection	13
4.3	Management of Proceeds	13
4.4	Reporting	14
4.4.1	Allocation reporting.....	14
4.4.2	Impact reporting.....	14
5.	External review	15
5.1	Second-Party Opinion.....	15
5.2	External verification	15
6.	Appendix.....	16
7.	Disclaimer	17

1. Introduction

The Arkéa Group (“Arkéa”) is a banking and insurance group composed by Crédit Mutuel Arkéa, Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Crédit Mutuel Massif Central networks, as well as approximately 30 specialised subsidiaries which enable it to cover all business lines in the banking and financial arena.

Arkéa is a cooperative and mutual company not listed on the stock exchange. The Group is owned by its customer shareholders, who are both shareholders and customers. Arkéa combines a strong financial position and responsible growth, and puts its performance to help work financing the real economy, the regions and its stakeholders, and executing the projects of its 4.5 million customers.

The Arkéa Group has also positioned itself as a digital economy player, with close ties to this ecosystem, and ambitions to pursue an original development strategy with the goal of developing a cooperative and collaborative banking model.

Arkéa’s history goes back more than 100 years in Brittany and continues today across all of France and elsewhere in Europe. It was first created as the Office Central des oeuvres mutuelles agricoles du Finistère in 1911, which itself created a federation (Crédit Mutuel de Bretagne), covering the whole region, in 1979. The federation later launched different subsidiaries (Suravenir, Suravenir Assurances et Novélia, Federal Finance, Arkéa Banque Entreprises et Institutionnels and Financo) between 1984 and 2000. Crédit Mutuel de Bretagne later extended to the South-West and Centre of France with establishments of Crédit Mutuel du Sud-Ouest and Crédit Mutuel Massif Central, creating the Arkéa Group around these three federations. The cooperative and collaborative group has successfully adopted bold strategic orientations at key points in its development which led to several developments including the launch of Fortuneo Bank (2009), the creation of new subsidiaries such as Arkéa Banking Services (white-label banking services), Arkéa Capital Partenaire, Arkéa Capital Managers (private equity) as well as acquisitions including Monext (electronic payments), Leetchi (online money pot), Yomoni (private management) to name a few.

In January 2018, the group’s Board of Directors authorized management to take in any action that would allow it to become an independent banking group, entirely separated from the rest of Crédit Mutuel. This proposal was approved by 94.5% of the local savings banks in a vote held in April 2018. The Arkéa Group has now begun the operational implementation of its independence and is defining the detailed and practical arrangements for its future structure, to be put to local savings banks vote later on.

As a regional group, Arkéa is committed to keeping its decision-making centers in the area and to drawing from local labor pools. The Group is now able to extend its reach throughout France and to serve customers across Europe:

A network of 461 points of sale in Brittany, Southwestern France and the Massif Central region, including:

- 19 regional business centers for Arkéa Banque Entreprises et Institutionnels;
- 8 regional branches for Arkéa Investment Services
- 6 regional branches for Financo.
- A presence in Belgium with Keytrade Bank and ProCapital.

- Keytrade Bank is also present in Switzerland and Luxembourg.
- Leetchi and Mangopay are present in the United Kingdom, Germany, Spain and Luxembourg.
- At the end of 2018, the group acquired German bank PrivatBank 1891.
- Activity throughout Europe through Monext, the subsidiary that specializes in electronic payments and provides services in 25 countries.

1.1. The banking business lines

As both a producer and distributor backed by the expertise of its specialised subsidiaries and central departments, Arkéa offers a full and competitive range of banking, financial, asset management and insurance products and services to a diversified client type including individuals, companies, associations and local authorities.

1.1.1. Retail banking for individuals and sole proprietorships

This historical activity of Arkéa is structured around three regional federations in Brittany (Crédit Mutuel de Bretagne – CMB), Southwestern France (Crédit Mutuel du Sud-Ouest – CMSO), and the Massif Central region (Crédit Mutuel Massif Central – CMMC). The three of them have strong ties to the local economy (specialised teams in agricultural and wine-producing sectors for instance).

Arkéa has also digitalised its offer through Fortuneo and the acquisition of Keytrade Bank, two leading online banking services in France and Belgium, completed with the acquisition of Leetchi, a developer of online payment solutions and Pumpkin (a peer-to-peer payment application). By launching the mobile personal assistant Max, and the Kengo crowdfunding platform, Arkéa also further cements the Arkéa Group's presence in the digital and online finance universe.

Financo (point-of-sale consumer credit) and Crédit Foncier et Communal d'Alsace et de Lorraine – CFCAL (credit restructuring and debt consolidation) complete Arkéa's offer towards retail banking for both individuals and sole proprietorship.

1.1.2. Retail banking for companies and institutions

Arkéa owns a commercial bank, Arkéa Banque Entreprises et Institutionnels (Arkéa Banque E&I), which offers different services for companies and local authorities such as financing, cash management and investment and leasing. Arkéa Banque E&I is present in social housing, health services, mutual health and insurance companies. To help financing and developing companies in France, Arkéa owns the Arkéa Capital subsidiary, which manages private equity activities.

1.1.3. Specialized subsidiaries in the business-to-business (B-to-B) market

In addition, the Group has developed commercial, technical and even joint venture partnerships with other financial institutions and mass market retail companies via dedicated subsidiaries:

- Arkéa Banking Services: white-label banking services business, for companies to outsource and lower fixed costs
- ProCapital: securities services for financial institutions and asset management companies
- Monext and Mangopay: electronic payment specialists, with more than 7,500 clients
- Nextalk: multi-channel contact centre for banking players created by Arkéa.

These activities enhance Arkéa's strength in the business-to-business market, and help position the bank as a leader in all banking services.

1.2. Insurance and asset management business lines

1.2.1. Life insurance and protection insurance

Arkéa is present in the life insurance and protection insurance market with Suravenir. The latter is specialised in life insurance policies, protection insurance and company retirement savings. At the end of 2018 Suravenir had €41bn of life insurance assets under management, with a strong growth in inflows.

1.2.2. Non-life insurance

Suravenir Assurances also deals with non-life insurance for 700,000 customers and innovates with new products such as comprehensive homeowners insurance with remote home surveillance system. For mass market and major business accounts, Arkéa created Novélia, which provides business risk coverage and adapts insurance products.

1.2.3. Asset and wealth management

Arkéa manages three asset management companies, which are affiliated with Federal Finance and aim at supporting institutional investors, major accounts, private banks, fund managers and independent wealth management advisors: Federal Finance Gestion, Schelcher Prince Gestion and Swen Capital Partners.

Federal Finance Gestion provides a full range of mutual funds, discretionary investment management, company savings plans for private customers, companies and financial institutions. Its solutions are distributed by the Crédit Mutuel Arkéa networks and directly to institutional investors, key accounts, private banks, fund managers and independent financial planners (CGPI).

Federal Finance Gestion is also seen as a pioneer in socially responsible investing (SRI), offering a range of 11 SRI funds.

Additionally, the Group is present in the wealth management sector and owns Arkéa Capital, which manages venture capital and private equity funds.

1.3. Non-banking activities

Furthermore, Arkéa Assistance and Arkéa Sécurité, both under the Arkéa On Life brand, provide remote assistance services and remote home surveillance to more than 22,000 individuals, Arkéa has broadened its geographic reach with a distribution agreement signed with Libify in Germany at the end of 2018.

Arkéa manages Arkéa Immobilier Conseil: it selects properties with CMB, CMSO and CMMC to make them benefit from preferential tax treatment provisions.

Lastly Armorique Habitat, a public housing company, manages an inventory of more than 6,000 units that it owns in Brittany. Armorique Habitat offers housing units at affordable rental prices, builds housing units that comply with the highest environmental standards to reduce owners' and tenants' energy costs and reserves a large portion of its housing units for the most disadvantaged families.

2. Arkéa Societal Responsibility Strategy

2.1. Responsible development is at the core of the group's strategy

The Arkéa Group has long placed Corporate Social Responsibility (CSR) at the heart of its corporate strategy.

In 2018, Arkéa wanted to take this approach one step further, by expressing its “rationale”, the meaning of its action, what characterizes it and distinguishes it from other companies - a “purpose” that has been an integral part of the Arkéa group for such a long time but which needed to be expressed, revealed and assimilated. More than 500 employees and administrators have been involved in collaborative work to express Arkéa’s “purpose”.

This approach has led to greater awareness that the Arkéa group’s performance is not only measured in the light of its income statement and that value creation is multiple, financial, non-financial, and above all shared with all its stakeholders.

2.2. Structured CSR Organization and Governance

A dedicated team, Arkéa’s Corporate Secretariat and Institutional Communication department is in charge of steering, coordinating and supporting the group’s entities in rolling out the CSR strategy.

It reports regularly on the progress of the CSR action plan within the group to the Executive Committee or the General Coordination Committee, as well as to the specialized Strategy and Societal Responsibility Committee.

Arkéa’s Corporate Secretariat and Institutional Communication department works with a community of about 40 CSR advisors in the federations, subsidiaries and central departments, who coordinate and facilitate the CSR actions within their organization. They meet several times a year to exchange best practices, both internal and external, thus contributing to cross-group CSR actions.

In 2018, they took part in the materiality assessment performed by the group and organized workshops on the approach for integrating environmental, social and governance (ESG) criteria into the group’s financing and investment activities.

The CSR advisors also initiated an analysis of the contributions made by the business lines in terms of UN Sustainable Development Goals (SDG).

The Group’s deep commitment to CSR can also be illustrated by the integration of extra financial criteria into variable compensation for corporate officers and senior managers.

2.3. Supporting customers through societal, employment and environmental transitions

The Arkéa group is a cooperative company that is part of an ecosystem within its local environment that has strong impact on its territories and a particular responsibility towards all those who contribute to its development.

Faced with profound structural changes in society that are transforming its businesses, Arkéa has put supporting its customers and regions in these societal and environmental transitions at the heart of its CSR strategy. It is through its financing and investments that the group has the greatest leverage to help achieve these transitions successfully as illustrated below.

2.3.1. Boosting regional development and real economy financing

Arkéa supports and fosters economic development, employment and innovation in its regions through its financing, investment and participation in the local economic ecosystem including through the following initiatives:

- **Financing and equity investments in businesses and companies:** Arkéa accompanies businesses and companies, particularly innovative sectors that prefigure the economy of tomorrow, from creation through to growth phases and transmission. This support takes the form of providing expertise, funding, equity investments and participating in outside initiatives. Moreover, Arkéa has formed several partnerships allowing the Group to be present at each stage of the process of creation or acquisition, along with specialized players who bring to these entrepreneurs skills that are complementary to the group's own: business organizations (Chambers of commerce and industry, Chambers of trades and crafts, etc.), support structures (management boutiques, local platforms of the Initiative France network, Bretagne Active, Réseau Entreprendre), etc.
- **Alongside institutional players:** through its banking federations and Arkéa Banque Entreprises et Institutionnels, the Arkéa group is a preferred partner for 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.
- **Support to farmers, wine producers and fishermen:** these sectors are key markers of economic activity in the Arkéa group's historical territories. In the farming sector, the Group's federations make support for young farmers a priority. The Group's federations also offer financial solutions for day-to-day farm management or for upgrading equipment or expanding. The maritime sector is actively supported through cooperation with the industry's various representative bodies and a dedicated private equity fund, the Breizh Armor Capital which was created in partnership with private professional investors with the aim of investing in entrepreneurial projects in the fisheries sector, and more broadly in activities related to the maritime economy in Brittany.
- **Supporting the voluntary sector:** with more than 70,700 non-profit organizations among its customers in all sectors, Arkéa offers banking solutions as well as a range of tailor-made initiatives such as "A 100% pour les associations" campaign with the Défi Territoires d'Initiative challenge, which rewards associations that carry out initiatives or projects that benefit employment, regional revitalization, solidarity or sustainable development.

2.3.2. Promoting regional talent and creativity

As a committed company, Arkéa also contributes to the dynamism of its regions in areas such as culture, health, education and social enterprise as illustrated below:

- **Culture**, by supporting cultural venues that are open and accessible to all.
- **Health**, in particular by financing actions designed to improve the daily lives of hospitalized patients the comfort of elderly people residing in retirement homes, and by supporting research
- **Education**, by providing financial aid to regional excellence sites
- **Social enterprise**, by supporting young talent and favouring job creation.

2.3.3. Offering products and services with environmental and social impact

Arkéa group is aware of its role in developing products and services that respond to the social and environmental challenges facing its customers, as well as supporting those who provide solutions to these challenges.

- To encourage and promote responsible practices among all players, Arkéa Banque Entreprises et Institutionnels has launched in 2017 a €200 million financing package dedicated to its customers' CSR projects (infrastructures, renewable energies, building energy efficiency, clean materials, etc.). Those initiatives aim to encourage its customers and prospects to implement their responsible development projects by offering them discounted borrowing rates.
- In 2018, additional two new financing packages were implemented:
 - o €100 million for interest-free loans to finance the CSR projects of public works companies including the financing of clean equipment or materials such as the acquisition of hybrid motorized equipment, the financing of systems to manage waste or reduce water consumption on the construction site etc.
 - o €20 million intended to grant loans at reduced rates to finance the CSR investments of Breton companies in the agri-food sector, in partnership with the Association Bretonne des Entreprises Agroalimentaires (ABEA).
- To support projects with environmental impact, the Arkéa group launched several tools including:
 - o We Positive Invest, 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.
 - o The group's banking federations offer their customers' loans for energy renovation work, energy production, energy savings equipment as well as environmentally friendly vehicles.
- For social impact projects, the following initiatives are in place:
 - o Access to health and affordable housing: in the area of public health, the Arkéa group finances regional university hospitals (CHUs) and the main hospitals in Brittany. The group also supports the social housing sector, in particular through part of the savings collected in the CMB, CMSO and CMMC savings accounts. Arkéa Banque Entreprises et Institutionnels has made support for the housing sector one of its priorities.
 - o Support for the Social and Solidarity Economy and social entrepreneurship: given the stakes in terms of jobs in the regions, the Arkéa group is strongly committed in supporting social entrepreneurs. The group partners with several major players in the Social and Solidarity Economy (ESS): Association pour le Droit à l'Initiative Economique (ADIE), Fondation Crésus, Secours Catholique and Chambre Régionale de l'ESS. The federations are also partners of ESS players at the local level.

2.3.4. Integrating ESG criteria in financing and investment

In September 2018, a cross-functional project dedicated to this goal was launched to further increase the integration of these criteria into all of the group's financing and investment activities. The aim is to make this a driver of development and growth for the group and its stakeholders. The CSR team manages the project in conjunction with ESG specialists.

In asset management, Federal Finance Gestion has been involved in Socially Responsible Investment (SRI) since 2000. Federal Finance Gestion has been a signatory to the Principles for Responsible Investment (PRI) since 2009 and is committed to continuously improving its third-party investor practices. Drawing on its expertise in analyzing ESG data, Federal Finance Gestion has created its own SRI analytical framework based on best-in-class methodology.

Suravenir, the group's life insurance subsidiary, has integrated an ESG framework into its investment policy that includes non-financial risks in the investment process. It did so using Federal Finance Gestion's ESG expertise.

Arkéa Capital, the Arkéa group's private equity subsidiary, takes ESG criteria into account in its investment process and its investment monitoring processes. In 2017, Arkéa Capital formalized its values and commitments through an ESG charter.

2.3.5. Fostering banking inclusion for the financially vulnerable

The group supports its financially disadvantaged customers and customer shareholders by involving employees and directors and by adapting its offers and business lines.

- For many years now, the Arkéa group has implemented its own mechanisms to help customer shareholders in difficulty. The association Ark'ensol Entraide seeks to help people in temporary difficulties with four types of approach: borrowers' assistance, personal microloans, the "sensitive accounts" system (reversal of processing fees), and, since 2015 as part of banking inclusion, budget support from specialized partners.
- Since 1994, the Arkéa group has been a partner of Adie. This partnership provides in particular for the opening of credit lines enabling Adie to grant microloans and funding for guarantee-free loans.

2.4. Responsible corporate approach

2.4.1. Exemplary business conduct

While supporting its stakeholders, the Arkéa group also implements a responsible corporate approach for the bank itself. This involves a proactive human resources policy, strong ethical practices and actions in order to reduce its own environmental footprint.

Arkéa's Societal Responsibility is part of an approach of continuous progress and improvement in the group's non-financial performance. As a sign of this commitment to progress, the group 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.

2.4.2. Alignment with the UN Sustainable Development Goals

By bringing innovative solutions to its stakeholders, Arkéa gives them the opportunity to themselves adapt to these transition challenges, fostering shared value creation with players in its regions. Arkéa thus contributes mainly to the sustainable development goals (SDG) relating to decent work and economic growth (SDG 8), combating climate change (SDG 13), responsible consumption and production (SDG 12) and reducing inequalities (SDG 10).



3. Rationale for Arkéa to issue Green, Social and Sustainability Bonds

Being a cooperative and collaborative bank with substantial retail presence in our historic territories, the Arkéa Group is a company with strong impact on its territories. As shown in the first materiality matrix performed in 2018, economic & society issues as well as social & human rights issues are the core of Arkéa's stakeholders concerns (see appendix).

Through its financing, investment and participation, the Group supports and fosters economic development, employment and innovation in its regions and contributes to their dynamism in other areas such as education, culture and sport.

Although, environment issues are not at ranked top-priority in this assessment, financial institutions have a key role to play in the fight against climate change and the transition to a low-carbon economy in order to achieve the Paris Agreement commitments.

Sustainable Finance, the Green, Social and Sustainability Bonds in particular are valuable tools that can be mobilised to shift private capital towards the financing of sectors of activities that can have the most important impact on both sustainable and inclusive growth.

Through this Framework, Arkéa recognises Green, Social and Sustainability Bonds as integral part of its funding strategy.

4. Arkéa Green, Social and Sustainability Bond Framework





Arkéa Green, Social and Sustainability Bond Framework has been drafted in alignment with the ICMA’s 2018 edition of the Green Bond Principles (GBP), the Social Bond Principles (SBP) and the Sustainability Guidelines (SBG) and their four core components: Use of proceeds; Process for Project Evaluation and Selection; Management of Proceeds and Reporting.

4.1. Use of Proceeds




The net proceeds of Arkéa Green, Social or Sustainability Bonds will be allocated as follows:

- **Green Bond:** financing and/or refinancing, in whole or in part “Eligible Green Loans”, meaning loans and/or investments originated in France or in Europe by Arkéa and/or its subsidiaries up to 36 months prior any Green Bond issued and falling within the Eligible Green Loan Categories and meeting the respective Eligibility Criteria listed below.
- **Social Bond:** financing and/or refinancing, in whole or in part “Eligible Social Loans”, meaning loans and/or investments originated in France or in Europe by Arkéa and/or its subsidiaries up to 36 months prior any Social Bond issued and falling within the Eligible Social Loan Categories and meeting the respective Eligibility Criteria listed below.
- **Sustainability Bond:** financing and/or refinancing, in whole or in part a mix of “Eligible Green loans” and “Eligible Social Loans”, meaning loans and/or investments originated in France or in Europe by Arkéa and/or its subsidiaries up to 36 months prior any Sustainability Bond issued and falling within the Eligible Green and Social Loan Categories and meeting the respective Eligibility Criteria listed below.

Eligible Green Loan Categories

Eligible Green Loan Categories/Alignment with SDGs	Definition of Eligibility Criteria	Environmental objectives	Environmental benefits
Renewable energy  	Loans to finance the acquisition, development, operation, maintenance and decommissioning of renewable energy activities including: <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) - Geothermal (direct emissions < 100gCO2/kWh) 	Contribute to climate change mitigation	- Reduction of GHG emissions
Green buildings  	Residential buildings Loans to finance new dwellings since granted from 1 st June 2013 in line with RT2012 ¹ regulation as a minimum requirement Commercial buildings		- Reduction of GHG emissions - Increase of

¹ RT2012 regulation: primary energy consumption for residential buildings limited to 50kWh/m²/year. Source: Ministry for the Ecological and Solidary Transition <https://www.ecologique-solidaire.gouv.fr/exigences-reglementaires-construction-des-batiments>





Eligible Green Loan Categories/Alignment with SDGs	Definition of Eligibility Criteria	Environmental objectives	Environmental benefits
	Loans to finance commercial real estate which have received at least one of the following labels or equivalent certificates: <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 savings
Energy Transition loans 	Loans to finance energy saving works including: <ul style="list-style-type: none"> - ECO-PTZ loans² - ECO-PTZ loans “complementary”³ - Other Energy transition loans⁴ 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 (direct emissions ≤ 85g CO2/pkm for light vehicles) and hydrogen 		<ul style="list-style-type: none"> - Reduction of GHG emissions - Increase of energy savings
Sustainable mobility 	Loans to finance non-fossil fuel or hybrid transportation systems, related infrastructures and services such as: <ul style="list-style-type: none"> - Public transportation: bus and train networks - Rail: rolling stock for passenger and/or freight transport - Multi-modal transportation: rail-road, rail-river or sea-fluvial transport platforms as well as related infrastructures (i.e. stations and ports) - Non-motorised transports - Infrastructures and services: charging stations, signalling and IT upgrades 		<ul style="list-style-type: none"> - Reduction of GHG emissions - Reduction of air pollution
Sustainable waste and water management 	Loans to finance waste, wastewater and clean water projects including: <ul style="list-style-type: none"> - Waste and waste water collection and treatment facilities aligned with best market practices (i.e. exclusion of landfilling) - Energy recovery from waste - Water treatment facilities 	Pollution prevention and control Water resource protection	<ul style="list-style-type: none"> - Increase of pollution control - Improve water quality

² 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>

³ 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-pret-a-taux-zero-ptz-renovation-performance-energetique>

⁴ Arkéa CSR loans: low-interest loans for the financing of renewable energy facilities, low-emissions infrastructures, energy efficiency and clean equipment. Source: Arkéa: https://www.arkea.com/banque/assurance/credit/upload/docs/application/pdf/2017-07/arkea_banque_ei_consacre_100m_pour_financer_des_investissements_rse_a_des_conditions_de_taux_bo_nifies.pdf

Eligible Social Loan Categories

Eligible Social Loan Categories/Alignment with SDGs	Definition of Eligibility Criteria	Social objectives	Social benefits
<p>Affordable housing</p> 	<p>Loans dedicated to the financing of regulated social housing schemes including:</p> <ul style="list-style-type: none"> - Prêt d'Accession Sociale (PAS)⁵ - Loans to social housing landlords⁶ <p><u>Target population:</u> low income population as defined in PAS granting requirement</p>	<p>Increase affordable housing supply</p>	<ul style="list-style-type: none"> - Increase access to social housing ownership and rental to low-income persons
<p>Health and care</p> 	<p>Loans to finance healthcare centres including:</p> <ul style="list-style-type: none"> - Public hospitals - Medical-social centres such elderly care facilities <p><u>Target population:</u> each and every person including the most vulnerable; elderly persons</p>	<p>Increase access to essential services</p>	<ul style="list-style-type: none"> - Reduce health access inequalities
<p>Territorial economic development</p> 	<p>Loans dedicated to the financing of territorial economic development activities of the following local economic actors and/or public interest bodies⁷:</p> <ul style="list-style-type: none"> - SMEs⁸ - Local authorities⁹ - Social and Solidarity Economy (SSE)¹⁰ actors such as Communal social welfare centre (CCAS)¹¹ - Associations¹² - Foundations and philanthropic structures <p><u>Target population:</u> [SMEs, SSE structures and public service bodies such above mentioned]</p>	<p>Increase access to essential services</p>	<ul style="list-style-type: none"> - Foster local economic development - Reduction of social and economic inequalities
<p>Education</p> 	<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 - Dedicated programmes, learning materials, furniture and other equipment <p><u>Target population:</u> [youth in priority and sensitive areas, disadvantaged groups]</p>	<p>Increase access to essential services</p>	<ul style="list-style-type: none"> - Increase and improve access to education to disadvantaged populations

⁵ 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)

⁶ Social housing landlords prerogatives as defined by the French Law: <https://www.legifrance.gouv.fr/affichCode.do?idSectionTA=LEGISCTA000006176320&cidTexte=LEGITEXT000006074096>

⁷ Excluded activities and sectors weapons, pornography, gambling, activities involving forced or child labour

⁸ SME definition : https://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en

⁹ Excluding operational expenditures

¹⁰ Social and Solidarity Economy structures such as defined in the Law Decree of July 2014:

<https://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000029313296&categorieLien=id>

¹¹ 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.

¹² Association as per July 1st 1901 French Law:

<https://www.legifrance.gouv.fr/affichTexte.do?cidTexte=LEGITEXT000006069570&dateTexte=20090506>

4.2. Process for Project Evaluation and Selection

Arkéa will set up a Green, Social or Sustainability Bonds Committee, “The Committee” to oversee the evaluation and selection process which encompasses the steps hereunder:

- Screening of potential Eligible loans by different business divisions against:
 - o the Group’s internal CSR requirements as with any other loan application
 - o the eligibility criteria defined in the Use of Proceeds section
 - o the exclusion criteria of activities directly dedicated to fossil fuels
- Selection of Eligible Loans to be included in a dedicated Eligible Loan Portfolio “the Portfolio” composed of a pool of Eligible Green and Social assets/projects to be financed or refinanced by Arkéa Green, Social or Sustainability Bonds
- Monitoring of the portfolio: the Committee will be responsible for the dynamic management of the portfolio with the goal of ensuring the existence of sufficient pool of Eligible Loans. In case an asset/project no longer complies with the Eligibility criteria, the Group’s Internal Policies, has matured or has been redeemed; the Committee will remove it from the Portfolio. On best effort basis, the Committee shall exclusively replace such loan with an Eligible loan.
- Validating the annual reporting publication
- Updating the Green, Social and Sustainability Bond Framework with the aim of continuously reflecting both Arkéa’s strategy and best market practices in this field.

Arkéa intends to have an external verification of the compliance of the selected Green and Social Loans with the eligibility criteria and processes defined in the Framework.

The Committee meets at least on a semi-annual basis and is composed by representatives of the following departments:

- Financial markets department
- Financial department
- CSR department
- ABEI, CMB and CMSO

4.3. Management of Proceeds

The net proceeds of the Green, Social or Sustainability Bonds issued will be managed on a dynamic portfolio basis. An amount equivalent to the net proceeds will be used to finance and/or refinance the Eligible Loan Portfolio in agreement with this Green, Social and Sustainability Bond Framework. Arkéa’s Treasury department, in connection with relevant entities (mainly ABEI, CMB, CMSO, Finance Department, CSR Department), will establish an internal tracking in its information systems to facilitate the monitoring of the allocation process.

Pending full allocation of the proceeds to Eligible Loans or if, for any reason, the amount of Eligible Loans in the Portfolio is lower than the net proceeds of the outstanding Green, Social or Sustainability Bond issued, Arkéa commits to hold the balance of unallocated proceeds within the Group’s Treasury, invested in cash, cash equivalent or other money market products.

It is Arkéa’s intention to allocate the proceeds of a given Green, Social or Sustainability Bond issuance to eligible assets in a timely manner.

4.4. Reporting

Arkéa commits to publish both an allocation and an impact reporting a year after the issuance of each Green, Social or Sustainability Bond and annually thereafter until full allocation of the proceeds. Arkéa's CSR department, in connection with relevant entities (mainly ABEI, CMB, CMSO, Finance Department, Treasury Department), will establish the aforementioned reporting, which will be publicly available on Arkéa's website: [XXXX](#).

1.1.1 Allocation reporting

The allocation reporting will be externally audited and provide the following information:

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

1.1.2 Impact reporting

The impact reporting will provide information on the environmental and/or social benefits of the Eligible Loans financed as well output and impact metrics. Examples of the aforementioned are listed in the table below.

Eligible Green Loan Categories

Eligible Green Loan Categories	Examples of potential output metrics	Examples of potential impact metrics
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 	
Energy Transition	<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 kilometres 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

Eligible Social Loan Categories

Eligible Social Loan Categories	Example of potential impact metrics
Affordable housing	<ul style="list-style-type: none"> - Number of units financed - Number of beneficiaries
Access to essential services	<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

5. External review

5.1. Second-Party Opinion

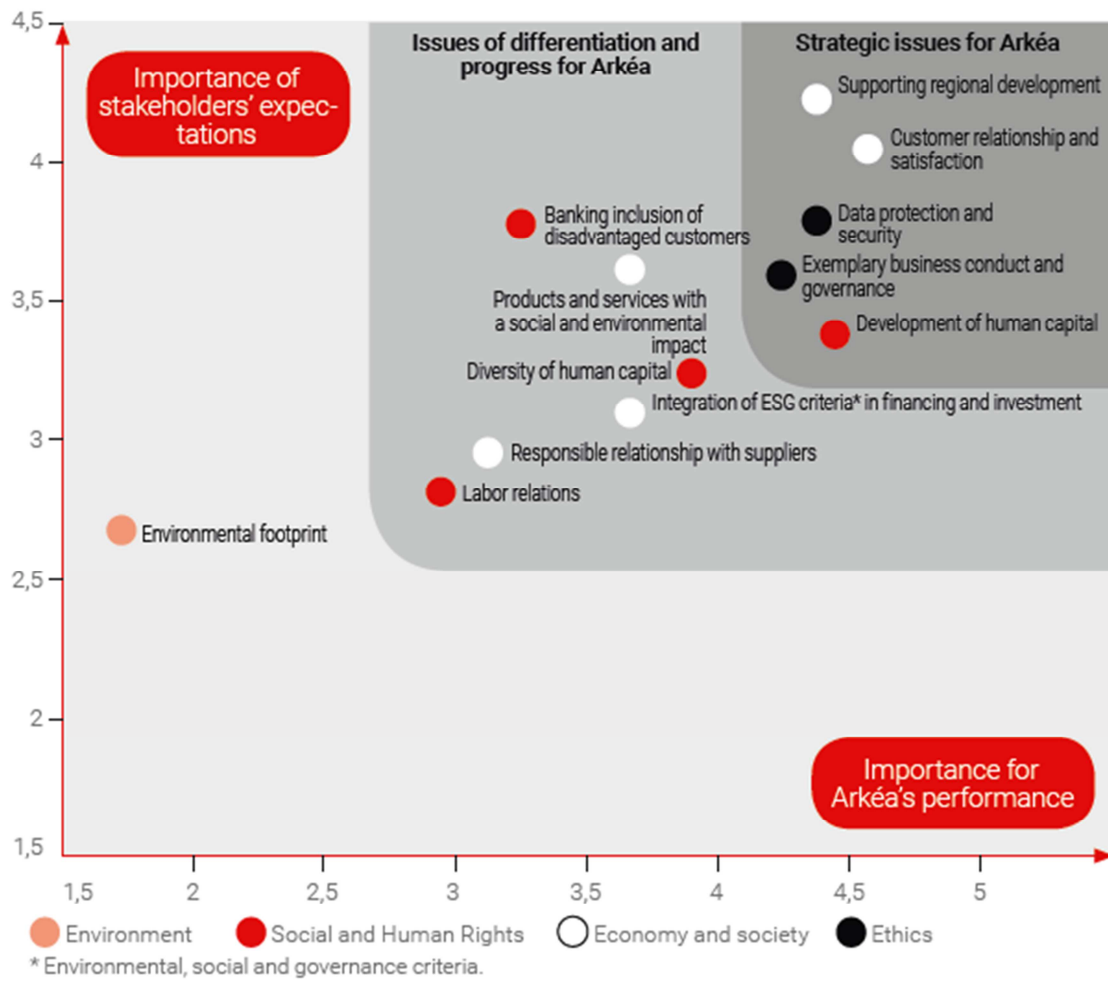
Arkéa has commissioned Vigeo Eiris to provide a Second-Party Opinion (SPO) on its Green, Social and Sustainability Bond Framework and its consistency with aforementioned Principles and Guidelines. The SPO document will be available on the Group’s website: [XXX](#)

5.2. External verification

Arkéa will also appoint an independent auditor to review the net proceeds allocation to Eligible Loans as defined in this Framework. The assurance report will be included in the reporting.

6. Appendix

Arkéa 2018 Materiality assessment



7. Disclaimer

The information and opinions contained in this Green, Social and Sustainable Bond Framework are provided as at the date of this document and are subject to change without notice. Crédit Mutuel Arkéa ("Arkéa") does not assume any responsibility or obligation to update or revise any such statements, regardless of whether those statements are affected by the results of new information, future events or otherwise. This Green, Social and Sustainable Bond Framework does not constitute or form part of, and should not be construed as, an offer or invitation to sell securities of Arkéa, or the solicitation of an offer to subscribe for or purchase securities of Arkéa, and nothing contained herein shall form the basis of or be relied on in connection with any contract or commitment whatsoever. Any decision to purchase any securities of Arkéa should be made solely on the basis of the information to be contained in the offering memorandum produced in connection with the offering of such securities. Prospective investors are required to make their own independent investigations and appraisals of the business and financial condition of Arkéa and the nature of the securities before taking any investment decision with respect to securities of Arkéa. The offering memorandum may contain information different from or additional to the information contained herein. This material is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation. Persons into whose possession such documents may come must inform themselves about, and observe any applicable restrictions on distribution.

Forward-Looking statements

This Green, Social and Sustainable Bond Framework contains certain forward-looking statements that reflect Arkéa's management's current views with respect to future events and financial and operational performance of Arkéa. These forward-looking statements are based on Arkéa's current expectations and projections about future events. Because these forward-looking statements are subject to risks and uncertainties, actual future results or performance may differ materially from those expressed in or implied by these statements due to any number of different factors, many of which are beyond the ability of Arkéa to control or estimate precisely, including changes in the regulatory environment, future market developments, fluctuations in the price, impact of climate and other risks mentioned in Arkéa's 2019 Universal Registration Document filed with the Autorité des Marchés Financiers on August 29, 2019. You are cautioned not to place undue reliance on the forward-looking statements contained herein, which are made only as of the date of this document. Arkéa does not undertake any obligation to publicly release any updates or revisions to any forward-looking statements to reflect events or circumstances after the date of this presentation. The information contained in this Green, Social and Sustainable Bond Framework does not purport to be comprehensive and has not been independently verified by any independent third party.