



March 22, 2022

CRÉDIT MUTUEL ALLIANCE FÉDÉRALE
GREEN, SOCIAL AND SUSTAINABILITY BOND FRAMEWORK

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1 Presentation of Crédit Mutuel Alliance Fédérale and BFCM

Crédit Mutuel Alliance Fédérale (the **Group**¹) is made up of local and regional banks, 14 federations as of January 31, 2022, the Caisse Fédérale de Crédit Mutuel (CFCM) and Banque Fédérative de Crédit Mutuel with (BFCM) and its subsidiaries (ACM, CIC, Targo, COFIDIS, etc..).

Through the 14 federations that control it, Crédit Mutuel Alliance Fédérale is a member of the Confédération Nationale de Crédit Mutuel, the central body whose mission is to represent the Group before public authorities, to promote and defend its interests and to exercise control over the federations.

¹ In the rest of the document, the word “Group” may be used on its own, but should be taken to mean the group formed by Crédit Mutuel Alliance Fédérale.

1.1 Crédit Mutuel banks

The Crédit Mutuel banks, which are either cooperative associations depending on their geographical location or cooperative credit companies with variable capital, form the basis of the Crédit Mutuel Alliance Fédérale. They are credit institutions according to the French Monetary and Financial Code, whose capital is held by members, who are both partners and customers. These local banks are legally autonomous and perform the functions of a local bank: they collect savings, grant loans and offer all financial services. The members elect the representatives at shareholders' meetings.

1.2 The federations

The federations are entities with the status of associations to which the local banks must belong. They are the political bodies that determine the Group's main strategic orientations and organize the solidarity between the banks. They represent Crédit Mutuel in their region.

1.3 Caisse Fédérale de Crédit Mutuel

Caisse Fédérale de Crédit Mutuel (CFCM) is a corporation with the status of a co-operative banking company and is responsible for all the joint services in the network and for network coordination. CFCM centralizes all the banks' deposits and in parallel ensures their refinancing, while fulfilling regulatory requirements on their behalf (compulsory reserves, allocated deposits, etc.).

On a regulatory, technical and financial level, CFCM is accredited as a credit institution.

In addition, it is responsible for the solvency and liquidity of the regulatory perimeter and for Group-wide compliance with banking and financial regulations.

In this way, CFCM provides local banks with financial functions such as liquidity management as well as technical, legal and IT services, either directly or through BFCM subsidiaries (insurance, leasing, etc.). CFCM is held jointly by the Crédit Mutuel banks, Crédit Mutuel life insurance bodies in mutual form and the federations.

1.4 The Banque Fédérative du Crédit Mutuel

BFCM has several key business activities:

- BFCM serves as the refinancing facility for Crédit Mutuel Alliance Fédérale and thus acts on the financial markets as an issuer of financial instruments for both signatures Banque Fédérative du Crédit Mutuel and Crédit Mutuel Home Loan SFH. BFCM's central cash management is based on appropriate calibration of resources in the short, medium and long terms with the objective of refinancing the Group in an efficient and prudent manner. This is ensured via public issues and private placements on national and international markets as well as by holding a liquidity reserve that complies with regulatory liquidity ratios and the Group's resistance to severe stress.
- It serves as a depository for undertakings for collective investments (UCIs). BFCM is also the depository bank for securitization funds used in connection with Group refinancing.
- It carries the group's subsidiaries and coordinates their activities. In its role as holding company, it directly and indirectly holds 100% of Crédit Industriel et Commercial, the holding company of the CIC group and network head which also performs investment, corporate and market activities. It also holds a stake in GACM SA, which controls the ACM IARD SA and ACM Vie SA companies, and which designs and manages product ranges in property and liability insurance, life insurance and health insurance. Finally it holds specialist banks in France and abroad, in particular Banque Européenne du Crédit Mutuel (BECM), Groupe

Cofidis Participations, Targobank in Germany and Spain, Crédit Mutuel Asset Management, Crédit Mutuel Factoring...

Following the shareholders' meeting of September 22, 2020, BFCM adopted a Reason for Being (Raison d’Etre) : "Together, Listening and Acting" ("Ensemble, Ecouter et Agir").

1.5 The Group’s business lines, main subsidiaries and activities

Retail banking

Retail banking is the core business of Crédit Mutuel Alliance Fédérale. It includes the local banks of the 14 Crédit Mutuel federations, the CIC (including CIC Iberbanco) network and, Banque Européenne du Crédit Mutuel, Targobank in Germany and Spain, the Cofidis Participations Group, Banque Casino and all the specialized businesses whose products are marketed by the branch networks: equipment leasing and hire purchase, real estate leasing, factoring, asset management, employee savings and real estate sales.

Insurance

Insurance business is conducted via Groupe des Assurances du Crédit Mutuel (GACM). It forms a fully integrated part of Crédit Mutuel Alliance Fédérale, in both sales and technical terms.

Private banking

The companies that make up this business line operate both in France through CIC Banque Transatlantique and abroad through the Banque de Luxembourg, Banque CIC Suisse, Banque Transatlantique Luxembourg, Banque Transatlantique Belgium and Banque Transatlantique London subsidiaries and branches.

Corporate banking

The corporate banking business line provides services to large corporate and institutional customers, based on a comprehensive approach to their requirements, both in France and at CIC’s foreign subsidiaries (Bruxelles, New York, London, Singapore, and Hong Kong). It also supports the corporate networks' work on behalf of their major customers and contributes to the development of international business and the implementation of specialized financing (acquisitions, assets, projects).

Capital markets

The capital markets activities of Crédit Mutuel Alliance Fédérale are conducted by CIC. They include the fixed-income, equities and credit investment business line and the commercial markets business (CIC Market Solutions) in France and in the branches in New York and Singapore.

Private equity

This activity is carried out by Crédit Mutuel Equity which has its head office in Paris and offices in Lyon, Nantes, Lille, Bordeaux and Strasbourg, thereby ensuring close ties to customers, while gradually entering a phase of international development.

2 Crédit Mutuel Alliance Fédérale : first bank to adopt the “Entreprise à Mission” model

In 2020 Credit Mutuel Alliance Federale became the first bank to adopt the “Entreprise à Mission” model created by French law in 2019 :« Together, listen and act ». It becomes the first bank with this status after a participatory approach involving elected mutualists and employees, with five long-term missions that aim to affirm its identity and its values, and to mobilize skills and energies around a common dynamic:

- A cooperative and mutual organization, we support our clients and members to the best of their interests.
- Bank of all, members and clients, employees and elected officials, we act for everyone and refuse any discrimination.
- Respecting the privacy of everyone, we put technology and innovation at the service of people.
- Solidarity-based enterprise, we contribute to the development of the territories.
- Responsible business, we work for a fairer and more sustainable society.

These five missions, grouped around a societal and environmental project, are structured around 14 proofs, concrete commitments to be achieved by the end of 2022 to improve the impact of the mutualist group on the surrounding environment.

The monitoring of the implementation of these commitments is entrusted to a mission committee which will ensure that the company puts in place the necessary means, governance and ambition to progress in its missions. It will draw on the expertise of its members to propose possible avenues for work and initiatives in the medium term.

The Mission Committee submit an annual report to the General Assembly together with the Management Report. The implementation of social and environmental objectives is audited by an independent third party which delivers an opinion attached to the report of the mission committee.

These commitments reinforce those of Crédit Mutuel Alliance Fédérale's SMR approach to the Group's Climate strategy and its environmental ambition to align its activities with the trajectory of the Paris Agreements.

3 Governance and strategic orientation and SMR positioning of Crédit Mutuel Alliance Fédérale

3.1 A responsible and committed governance

Crédit Mutuel Alliance Fédérale's social and environmental responsibility governance structure brings together all the group's functions and is based on the SMR (Social and Mutual Responsibility) department attached to the Risk, Permanent Control and Compliance Directorate. This strategic positioning reflects the Crédit Mutuel Alliance Fédérale governance's commitment to ensuring that social, societal and environmental issues are identified as risk factors, the management of which will ensure the successful execution of the development strategy.

Crédit Mutuel Alliance Fédérale's SMR approach is based on responsible and committed governance. Its volunteer directors actively contribute to the life of the group in accordance with the rules of independence, ethics and integrity. The Trade Union and Interfederal Chamber (a decision-making body which brings together at least twice a year the elected presidents of the local, regional, federations and general directors) validates the SMR action plan within the framework of a dedicated working group. This working group is under the authority of the President of Crédit Mutuel Alliance Fédérale.

In 2021, in a context of increasing SMR issues, an SMR Governance Committee strengthened the existing governance. The SMR Governance Committee, coordinated by the Risk Directorate, comprises the group’s main executive business managers, and is under the authority of the Chairman and the Chief Executive Officer of Crédit Mutuel Alliance Fédérale. This committee proposes the strategic guidelines, validates the roadmap and ensures its proper implementation.

3.2 Social and Mutualist Responsibility (SMR)

Crédit Mutuel Alliance Fédérale is a Group of strong values. Its CSR (Corporate Social Responsibility) policy, deliberately renamed Social and Mutualist Responsibility (SMR) in 2016, is in line with its genetic identity, which consists of democracy, proximity, local economic and social development, mutual assistance and solidarity.

Crédit Mutuel Alliance Fédérale’s SMR policy is focused on 5 goals including 15 commitments. This strategy supplements the Group’s development goals by incorporating social, societal and environmental issues into the activities of each of its entities.



The SMR policy reflects the Group’s values and highlights its environmental, social and societal priorities. For this reason, each entity adopts these SMR commitments, adapts them to its business lines and deploys them throughout its territory. By drawing on this collective mobilization based on responsibility and autonomy, the development of the SMR strategy guarantees the coherence of Group actions at the regional level.

Simultaneously, and going beyond its obligation to file a non-financial performance statement, every year the Group will request a non-financial rating agency to rate its environmental and social actions and its governance model on the principle of continuous improvement.

3.3 An approach integrated in the 2019-2023 strategic plan

The SMR approach integrated in the 2019-2023 *ensemble#nouveau monde* revised strategic plan, *faster and further!* is a vehicle for performance and sustainable solidity that is embodied by five human and mutualist commitments:

- 100% of employees trained in transformation;
- Gender equality in management and governance positions;
- Membership rate in excess of 90%;
- 30% increase in financing projects with a significant contribution on climate change mitigation;

- Reduction of more than 30% in the Group's carbon footprint.

Crédit Mutuel Alliance Fédérale has stepped up its climate change ambitions with a target of reducing the carbon footprint of financing in its corporate, asset management and insurance client portfolios by 15%. This objective is part of the revision of its strategic plan together with the new world, in addition to those already present in the initial strategic plan.

In 2021, Crédit Mutuel Alliance Fédérale stepped up its commitments to combat global warming and decided to stop all funding for new oil and gas exploration, production and infrastructure projects, in line with its previous commitments to exit the coal sector.

Through these various measures and objectives, Crédit Mutuel Alliance Fédérale aims to follow the trajectory of the Paris climate agreements aimed at limiting the increase in temperatures from 1.5 to 2°C by 2100.

Crédit Mutuel Alliance Fédérale closely monitors its direct greenhouse gas (GHG) emissions originating from its IT systems, employee travels and paper consumption in order to reduce the Group's carbon footprint by more than 30%. In addition, Crédit Mutuel Alliance Fédérale benefits from the "in house" carbon footprint compensation mechanism implemented at Group level. The Group's compensation fees through a foundation will promote specific projects with a positive impact.

As part of its *ensemble#nouveaumonde* strategic plan, Crédit Mutuel Alliance Fédérale is setting up its Green, Social and Sustainability Bond Framework (the "Framework") with the view of encouraging investors to favour activities that have a positive impact on the environment and society, supporting the Group's effort in financing green and social activities, in line with its core values as a mutualist group, and contributing to the achievement of the United Nations Sustainable Development Goals (SDGs).

4 Crédit Mutuel Alliance Fédérale Green, Social and Sustainability Bond Framework

In alignment with the UNEP FI's Principles for positive Impact Finance (2017), Crédit Mutuel Alliance Fédérale has prepared this Green, Social and Sustainability Bond Framework in accordance with the ICMA Green Bond Principles 2021, Social Bond Principles 2021 and Sustainability Bond Guidelines 2021². In line with the ICMA Sustainability Bond Guidelines, the Framework is presented through the following key pillars: use of proceeds, process for project evaluation and selection, management of proceeds, reporting and external review.

The Framework has been designed to comply with the draft the Technical Expert Group's proposal for an EU Green Bond Standard³ (the "EU GBS"), when relevant and feasible.

The use of Green Bonds, Social Bonds or Sustainable Bonds should be construed as reference to any type of debt securities, including bonds, notes, titres de créances négociables such as Neu CP (Negotiable European Commercial Paper), Neu MTN (Negotiable European Medium Term Note) or other debt securities, to be issued by Crédit Mutuel Alliance Fédérale entities (including principally Banque Fédérative du Crédit Mutuel, Crédit Mutuel Home Loan SFH) in accordance with Crédit Mutuel Alliance Fédérale Green, Social and Sustainable Bond Framework.

4.1 Use of Proceeds

Under this Framework, the BFCM and Crédit Mutuel Home Loan SFH, which are the issuing entities of the Crédit Mutuel Alliance Fédérale, may issue 3 types of bonds:

- **Green Bonds** where an amount equal to the net proceeds is applied to finance or refinance Eligible Loans in the Green Eligible categories;
- **Social Bonds** where an amount equal to the net proceeds is applied to finance or refinance Eligible Loans in the Social Eligible categories;
- **Sustainability Bonds** where an amount equal to the net proceeds is applied to finance or refinance a combination of Eligible Loans in both Green and Social Eligible categories.

Green and Social categories are the following:

| Eligible Green categories | Eligible Social categories |
|---|---|
| <ul style="list-style-type: none">• Green Buildings• Renewable Energy• Low Carbon Transport | <ul style="list-style-type: none">• Local Development and employment preservation through farmers, professionals and SME financing• Affordable Housing• Access to Essential Services• Access to healthcare• Access to education and professional training |

Eligible Loans means loans granted to the Group's corporate and individual customers and generating environmental and/or social benefits as outlined in the Eligibility Criteria defined below. The Eligibility Criteria of Green categories

² GBP 2021: <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/>

SBP 2021: <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/social-bond-principles-sbp/>

SBG 2021: <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/sustainability-bond-guidelines-sbg/>

³ EU GBS: https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/european-green-bond-standard_en and [https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=PI_COM:C\(2021\)2800](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=PI_COM:C(2021)2800)

comply with the Technical Expert Group (TEG) report on the EU Taxonomy⁴, which establishes a system to classify environmentally-sustainable activities by setting out metrics and thresholds.

a) Eligibility Criteria for Green categories

| Green Buildings | |
|---|--|
| The Eligible Loans are loans to (re)finance: | |
| <ul style="list-style-type: none"> Construction or acquisition of Green commercial buildings and prime residential properties meeting the applicable following criteria: | |
| Buildings built before 31 December 2020 | Buildings built after 31 December 2020 |
| <ul style="list-style-type: none"> (i) For both residential and non-residential buildings: the calculated performance of the building must be within the top 15% of the local existing stock in terms of operational Primary Energy Demand, expressed as kWh/m²y. (ii) For non-residential buildings: efficient building operations must be ensured through dedicated energy management | <ul style="list-style-type: none"> (i) For both residential and non-residential buildings: the primary energy demand must be at least 10% lower than the one resulting from the relevant Nearly Zero Energy Building requirements⁵. (ii) For non-residential buildings: efficient building operations must be ensured through dedicated energy management |
| <ul style="list-style-type: none"> Building renovation meeting the applicable following criteria: | |
| <ul style="list-style-type: none"> (i) Major renovation⁶: the renovation is compliant with the requirements set in the applicable building regulations for ‘major renovation’ transposing the Energy Performance of Buildings Directive (EPBD). The energy performance of the building or the renovated part upgraded must meet cost-optimal minimum energy performance requirements in accordance with the EPBD. (ii) Relative improvement: the renovation leads to reduction of Primary Energy Demand of at least 30% in comparison to the energy performance of the building before the renovation. The initial energy performance and the estimated improvement shall be based on a specialised building survey and validated by an Energy Performance Certificate, an energy audit conducted by an accredited independent expert or any other transparent and proportionate method. | |
| EU Environmental Objective | Climate change mitigation |
| Environmental benefits | Energy savings; GHG emissions reduction |
| Contribution to SDGs | 7 (Affordable & Clean energy), 11 (Sustainable Cities & Communities) |

⁴ The draft published in March 2020 has been the base of this framework. Since, the EU Taxonomy has been completed by delegated regulations of technical screening criteria for the environmental objectives set out in the Taxonomy Regulation such as : the first delegated act and the Delegated Regulation supplementing Regulation (EU) 2020/852 (the “EU Taxonomy Climate Delegated Act”) was formally adopted on 4 June 2021. This Framework might be updated in the future to take in account further developments of the EU Taxonomy.

https://ec.europa.eu/knowledge4policy/publication/sustainable-finance-teg-final-report-eu-taxonomy_en

⁵ https://ec.europa.eu/energy/topics/energy-efficiency/energy-efficient-buildings/nearly-zero-energy-buildings_en

⁶ ‘major renovation’ means the renovation of a building where either:

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



7.3 – By 2030, double the global rate of improvement in energy efficiency.



11.3 - By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.

Renewable Energy

The Eligible Loans are loans to (re)finance the acquisition, conception, construction, development and installation of renewable energy production units; as well as the connection of renewable energy production units to the electricity grid and the transportation through the network. Renewable energy sources include:

- **On- and offshore wind energy:** facilities operating at life cycle emissions lower than 100gCO₂e/kWh, declining to 0gCO₂e/kWh by 2050
- **Solar Energy:** facilities operating at life cycle emissions lower than 100gCO₂e/kWh, declining to 0gCO₂e/kWh by 2050

EU Environmental Objective

Climate change mitigation

Environmental benefits

GHG emissions reduction

Contribution to SDGs

7 (Affordable & Clean energy), 13 (Climate action)



7.1 By 2030, ensure universal access to affordable, reliable and modern energy services

7.2 By 2030, increase substantially the share of renewable energy in the global energy mix



Take urgent action to combat climate change and its impacts

Low Carbon Transport

The Eligible Loans are loans to (re)finance the conception, development, construction, acquisition and maintenance of low-carbon transport infrastructure and assets including:

- **Infrastructure for low carbon land transport:** defined in line with the EU Taxonomy technical criteria for Infrastructure for low carbon transport (land transport):
 - (i) Infrastructure that is required for zero direct emissions transport (e.g. electric charging points, electricity grid connection upgrades, hydrogen fuelling stations or electric highways)
 - (ii) Infrastructure and equipment for active mobility (walking, cycling, e-bikes and e-scooters)
 - (iii) Infrastructure that is predominantly used for low-carbon transport if the fleet that uses the infrastructure meets the thresholds for direct emissions as defined in the relevant activity
 - (iv) Non-electrified rail infrastructure with an existing plan for electrification or use of alternatively powered trains.

- **Infrastructure for low carbon water transport:** defined in line with the EU Taxonomy technical criteria for Infrastructure for low carbon transport (water transport):
 - (i) Infrastructure that is required for zero direct emissions water transport (e.g. batteries or hydrogen fuelling facilities)
 - (ii) Infrastructure dedicated to supporting the renewable energy sector
 - (iii) Infrastructure that is predominantly used for low-carbon transport if the fleet that uses the infrastructure meets the thresholds for direct emissions as defined in the relevant activity
 - (iv) Infrastructure that is fundamental to the operation of the transport service.

- **Low-carbon vehicles and rolling stock** including:
 - (i) Low-carbon passenger cars and commercial vehicles meeting the EU Taxonomy technical criteria for passenger cars and commercial vehicles
 - (ii) Low-carbon rolling stock (e.g. light rail transit, metro, tram, trolleybus, bus and wagons) meeting the applicable EU Taxonomy technical criteria for Transportation (i.e. passenger rail transport, freight rail transport, public transport, freight transport services by road, interurban scheduled road transport)
 - (iii) Low-carbon inland vessels meeting the applicable EU Taxonomy technical criteria for transportation (i.e. inland passenger water transport, inland freight water transport).

EU Environmental Objective

Climate change mitigation

Environmental benefits

GHG emissions reduction, pollutant emission reduction

Contribution to SDGs

11 (Sustainable Cities & Communities), 9 (Industry, innovation and infrastructure)



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



11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality

9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.

b) Eligibility Criteria for Social categories

Local Development through SME financing

The Eligible Loans are loans granted to small, medium, and micro-sized enterprises (SMEs) which:

- (i) support positively the economic activities of the underperforming areas of France as defined below:
 - SME definition: according to the EU recommendation 2003/361 (see *Appendix 2: SME definition*)
 - Underperforming economic area: regions of France where the unemployment rate is above the national average (source INSEE - last known quarterly unemployment rate at the date of issue)
- (ii) support positively the resilience of the economic activities in the event of extreme events as defined below:
 - SME definition: according to the EU recommendation 2003/361 (see *Appendix 2: SME definition*)
 - Economic resilience contribution: SMEs impacted by the consequences of extreme events (e.g. natural disaster, extreme weather events, public health disaster...)

Target population

SMEs located in underperforming economic area; SMEs impacted by the consequences of extreme events

Objectives

Access to finance and employment generation

Social benefits

Support to SMEs in underperforming areas of France; support to job creation/retention in underperforming areas

Contribution to SDGs

SDG 8 (Decent Work & Economic Growth)



8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage formalization and growth of micro-, small- and medium-sized enterprises including through access to financial services

8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.

Affordable Housing

The Eligible Loans are loans to (re)finance social ownership loan (*Prêt à L'Accession Sociale PAS*) financing the acquisition or construction or renovation of primary residence subject to eligibility criteria including income ceilings as defined under French Law⁷

Target population

Disadvantaged populations at risk of housing exclusion: low-income population, young people, elderly people, people with disabilities.

Objectives

Increase the accessibility to affordable housing for the target population

Social benefits

Reduce social exclusions and inequalities; Support to beneficiaries of social housing loans

Contribution to SDGs

SDG 1 (No Poverty), 11 (Sustainable cities and communities)



1.4 Ensuring that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.



11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services, and upgrade slums

⁷ <https://www.service-public.fr/particuliers/vosdroits/F22158>

Access to Essential Services – Healthcare

The Eligible Loans are loans to (re)finance the purchase of heavy medical equipment (e.g. X-ray machines, MRI scanner, CT scanner) by health professionals in France, that are subject to prior authorisation⁸ from the public agencies such as the regional healthcare agencies (Agences Régionales de Santé, ARS) in accordance with the French Public Healthcare code (Code de la Santé Publique⁹).

| | |
|-----------------------------|---|
| Target population | French population including the most vulnerable |
| Objectives | Improve the access to healthcare |
| Social benefits | Support the availability of heavy medical equipment in healthcare centers |
| Contribution to SDGs | 3 (Good health and well-being) |



3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.

Access to education and professional training

Eligible Loans are loans to (re)finance higher education, vocational training, and apprenticeship. The aim is to promote the development to education to all, including individuals, farmers or professionals.

| | |
|-----------------------------|--|
| Target population | French population including the most vulnerable |
| Objectives | Increase the accessibility to education to all |
| Social benefits | Support the rural and urban areas in order to tackle the employment inequalities |
| Contribution to SDGs | 4 (Quality education) |



4.3 By 2030, reduce social exclusions and ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university

c) Exclusion Criteria

Eligible Loans exclude:

- (i) Loans to Enterprises operating in the business sectors listed in *Appendix 3: Exclusion list* hereto, such as, but not limited to, tobacco, gambling, weapons and munitions, production in alcoholic beverages ;
- (ii) Loans related to projects located in non-designated countries¹⁰;
- (iii) Loans financed by any other type of funding;
- (iv) Loans originated more than 3 calendar years prior to the year of identification of a portfolio of Eligible Loans in a given category.
- (v) Non-performing loans.

⁸ The financing of such heavy medical equipment is subject to a systematic checking of the borrower and of the ARS approval on the purchase or renewal of such equipment.

⁹ Details on authorisations for heavy medical equipment in Article L6122 of the Code de la Santé Publique

¹⁰ <https://equator-principles.com/designated-countries/>

4.2 Process for asset evaluation and selection

a) Governance and process for the evaluation and selection of the Eligible Loans

A dedicated committee has been set up to coordinate green, social and sustainability bond issuances and source Eligible Loans. Selected Eligible Loans comply with the requirements related to the granting of loans, compliance policies and sector-specific extra-financial criteria of each originating entities of the Group.

The committee meets at least every quarter and includes :

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

The committee is responsible for the supervision of the evaluation and selection of Eligible Loans and relies on relevant business lines to ensure the effective implementation of such process (including internal I.T. systems).

The committee also monitors the outstanding balance of the portfolio of Eligible Loans, and to secure the full allocation of the outstanding green, social or sustainability bonds it will act to keep a buffer of Eligible Loans. In case a loan becomes ineligible, the committee will make its best efforts to replace it as soon as possible with another Eligible Loan, within a period of maximum 12 months.

The committee validates the publication of the annual reporting under the Framework, reviews the appropriate external independent auditors' report and addresses any relevant topics arising. It also monitors any on-going evolution related to market practice in terms of disclosure/reporting, harmonization.

All of the actions of the committee are submitted for approval to the Central Treasury and Liquidity Committee on a quarterly basis and as often as necessary for the effective execution of the issuances under the Framework.

The publication of the Framework (and any update to it thereafter) as well as the publication of the annual reporting will be presented for information to the Group Risk Committee (executive body made up of the senior operating managers and the chief executive officer of Crédit Mutuel Alliance Fédérale) and the group risk monitoring committee, part of the Group's Board sub-committees (made up of directors representing all the Crédit Mutuel federations, the CEO and the CFO).

b) Process to Mitigate Environmental and Social risks at corporate level

Crédit Mutuel Alliance Fédérale has adopted an internal policy for initiating relationships with customers which is applicable in all Crédit Mutuel Alliance Fédérale entities in France and abroad.

Crédit Mutuel Alliance Fédérale supports its customers in the implementation of their projects; however, it is sensitive to risk management, particularly reputational risk. As a result, Crédit Mutuel Alliance Fédérale refuses on principle any relationship with third parties that may reasonably be suspected of carrying out or promoting, explicitly or implicitly, illegal practices or practices that are contrary to its values.

The Group has implemented comprehensive sector policies¹¹ on fossil fuels, mining, civil nuclear power, defense and security. In 2019, Crédit Mutuel Alliance Fédérale strengthened its sector policies related to coal and non-conventional hydrocarbons and committed to reduce to zero the exposure of its financing and investment portfolios to coal by 2030 and for all countries of the world.

In 2021, Credit Mutuel Alliance Fédérale went further with the decision to no longer finance any new gas or oil exploration, production and infrastructure projects. The Group has also strengthened its commitment to supporting the environmental transition of the economy through the implementation of an agricultural policy.

It further decarbonizes its balance sheet with an ambitious mobility policy (air, sea and land) and maintains its objective of reducing the carbon footprint of the Corporate business portfolio by 15%.

The rules related to the application of the Group's sector policies have been reinforced by creating analysis tools specific to each sector (to be completed by the teams in charge of the file and presented to the commitments committee). These tools integrate counterparties' non-financial ratings which are analyzed when the decisions to grant banking and financial transactions are taken.

Moreover, the Group has developed a general analysis grid that strengthens its requirements for all sectors that are not part of the sectoral policies, enabling sales teams to ensure compliance with the commitments of the group's SMR approach. This decision support grid also includes a study of the counterparty's ESG policy as well as consideration of controversies related to human rights, labor rights, the environment, and the fight against corruption.

In order to have a contradictory ESG analysis, the analysts and teams in charge of granting financing have access to ESG data provided by the extra-financial rating agency ISS-OEKOM. In addition, the teams have the possibility of presenting the file under review for an opinion to the Corporate Banking SMR Committee, which has been specially created to deal with ESG issues and analyze controversies for decision by the commitments committee.

c) Contribution to EU environmental objectives

As set out in section 4.2.1, Eligible Green Loans under this Framework will help the Group customers' energy transition and will primarily contribute to the EU's Climate Change Mitigation Objective via the reduction of greenhouse gas emissions.

d) Do no significantly harm "DNSH" other EU environmental objectives

Any credit decision process, including on Eligible Loans, includes a "know your customer" assessment in compliance with banking regulations.

As a responsible bank, environmental standards are fully integrated within the Group's lending and financing processes.

¹¹ More details on Crédit Mutuel Alliance Fédérale sector policies can be found on the Group universal registration document and on the following website page: <https://www.creditmutuel.fr/fr/groupe/publications-informations.html>

Project Financing

The Group follows an internal assessment methodology, resuming the classification scale of the “Equator Principles¹²”.

Any new financing project is subject to external due diligence which includes an environmental impact component. Projects are selected on the basis of social utility criteria (e.g. the more or less strategic nature of the project for the country, the alignment of interests of various stakeholders, the overall economic rationality), local acceptance (known opposition of environmental defense groups or the local population, noise pollution, impact on the landscape, etc.) and environmental criteria (compliance with current and foreseeable standards).

For projects exposed to construction risk, disbursement occurs only after satisfying KYC procedures and upon certification by a trusted third party (independent technical expert), thereby safeguarding against corruption.

In each of these projects, the social and environmental impacts are not only taken into account when the operation is chosen, but throughout the life of the project (e.g. obligation of monitoring the construction phase and its environmental impact by an independent engineer if the size of the project requires it, contractual obligation of the borrower to respect standards and their evolution throughout the life of the project). An update is carried out once a year within the context of a portfolio review.

Additionally, and in order to ensure that the projects financed by the Eligible Loans do not significantly harm any of the other taxonomy Environmental Objectives, the Group only considers Eligible Loans (re)financing projects located in Designated Countries¹³. The exclusion of non-designated countries ensures that the proceeds from the issuance are directed to assets located in countries having robust environmental and social governance, legislation systems and institutional capacity designed to protect their people and the natural environment.

Green Buildings

All residential loans financed by the Green and/or Sustainability bonds are located in France which is one of the Designated Countries of the Equator Principles and are subject to its robust regulatory standards in ESG matters.

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

SMEs Financing

All SMEs financed by the Social and/or Sustainability bonds are located in France which is one of the Designated Countries of the Equator Principles and are subject to its robust regulatory standards in ESG matters.

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

¹² Category A Projects: projects presenting negative social and environmental impacts, which are potentially significant, heterogeneous, irreversible or unprecedented; Category B Projects: projects presenting limited negative social or environmental impacts, but less numerous, generally specific to one site, largely reversible and easy to treat with mitigation measures; Category C Projects: projects presenting minimal or no negative social or environmental impacts

¹³ <https://equator-principles.com/designated-countries/>

Education and training loans

All education and training loans are located in France which is one of the Designated Countries of the Equator Principles and are subject to its robust regulatory standards in ESG matters. Beneficiaires may be students from 18 to 28 years old, apprentices or employees in training or professional reconversion without age limit.

Financed studies include :

- higher education: competitive examination (grandes écoles, etc.), university studies (if possible from the second year), short university courses (BTS, IUT, etc.);
- Vocational training: training leading to a CAP, BP, BT, advanced retraining courses (for adults).

e) Compliance with minimum social safeguards

Crédit Mutuel Alliance Fédérale is affiliated to the Confédération Nationale de Crédit Mutuel (CNCM) that represents Crédit Mutuel in its relations with the public authorities and defends and promotes Crédit Mutuel's interests. CNCM is member of the UN Global Compact, signatory to the Principles for Responsible Banking. As a committed and socially responsible player, Crédit Mutuel Alliance Fédérale's SMR approach is framed by social and societal commitments including but not limited to:

- ✓ Respect for Human rights and freedom of association and the right to collective bargaining;
- ✓ Promotion and facilitation of labour relations process;
- ✓ Responsible relations with members and customers;
- ✓ Diversity and equal opportunity;
- ✓ Banking inclusion.

Those SMR thematic commitments (detailed in section 3.1 Social and Mutualist Responsibility) ensure that all Eligible Loans comply not only with minimum social safeguards but more broadly with the Group's social, societal and environmental values.

4.3 Management of proceeds

In accordance with the evaluation and selection process presented above, an amount equivalent to the Green, Social or Sustainability Bond net proceeds will be allocated to Eligible Loans and managed by the Group's dedicated committee.

The Group will monitor and track the net proceeds through its internal accounting system. Pending the full allocation, unallocated proceeds may temporarily be invested in accordance the Group's liquidity guidelines in cash, deposits and money market instruments.

Crédit Mutuel Alliance Fédérale intends to designate sufficient Eligible Loans to ensure the outstanding balance related to the portfolio of Eligible Loans always equals the total balance of the Green, Social or Sustainability Bond proceeds. As such, if a portion of the designated Eligible Loans exits the Group's Portfolio (redeemed or maturing Loans) or cease to fulfil the eligibility criteria, the Group will strive to substitute those Loans with replacement Eligible Loans that comply with the Eligibility Criteria, as soon as reasonably practicable, within a maximum period of 12 months.

4.4 Reporting

In accordance with market best practices such as the International Financial Institutions joint communication on Harmonized Framework for Impact Reporting (June 2021)¹⁴, Crédit Mutuel Alliance Fédérale endeavours to produce a reporting and to update it upon any material changes that would affect the portfolio of Eligible Loans, annually and until the maturity of the relevant Green, Social or Sustainability Bonds.

The reporting will include allocation and impact reporting sections as per below:

Allocation reporting

1. Amount outstanding of the Green, Social or Sustainability Bond proceeds;
2. The balance of unallocated proceeds at the reporting end-period (if any);
3. Breakdown of the total amount of the portfolio of Eligible Loans per category;
4. Breakdown of the number of Eligible Loans per category
5. Breakdown by country

Impact reporting

Crédit Mutuel Alliance Fédérale commits on a best effort basis to report on relevant impact metrics, which may include:

| Eligible Categories | Impact Metrics |
|---|--|
| 1. Green Buildings | <ul style="list-style-type: none"> • Annual energy savings (MWh) • Estimated annual GHG emissions reduced/avoided (in tons of CO₂ equivalent) including a breakdown by climate zone and asset type¹⁵ |
| 2. Renewable Energy | <ul style="list-style-type: none"> • Breakdown of Renewable Energy loans by technology • Installed renewable energy capacity (MW) • Expected annual renewable energy generation (MWh) including a breakdown by country and by technology • Estimated annual GHG emissions reduced/avoided (in tons of CO₂ equivalent) including a breakdown by country, technology and project phase (e.g. projects under construction vs operating projects) |
| 3. Low Carbon Transport | <ul style="list-style-type: none"> • Estimated annual GHG emissions reduced/avoided (in tons of CO₂ equivalent) |
| 4. Local Development through SME financing | <ul style="list-style-type: none"> • Breakdown of the outstanding amount of Eligible Loans by region and by level of unemployment • Number of SMEs benefiting from the Eligible Loans, including a breakdown by market (farmers, professionals and companies) |
| 5. Affordable Housing | <ul style="list-style-type: none"> • Number of dwellings • Number of beneficiaries |
| 6. Access to Essential Services Healthcare | <ul style="list-style-type: none"> • Number of medical equipment |
| 7. Access to higher education and training | <ul style="list-style-type: none"> • Number of beneficiaries |

¹⁴ <https://www.icmagroup.org/sustainable-finance/impact-reporting/>

¹⁵ For example for residential buildings the asset type breakdown will include multi-family dwellings vs single-family dwellings

The allocation and impact reporting will be published on Cr dit Mutuel Alliance F d rale's and BFCM's website.

4.5 External review

a) Second-Party Opinion (pre-issuance)

Prior to issuance, Crédit Mutuel Alliance Fédérale has commissioned Moody's ESG Solutions to conduct an external review of its Green, Social or Sustainability Bond Framework and issue a Second Party Opinion on the Framework's environmental and social credentials and its alignment with the Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines.

The Second Party Opinion will be made available on BFCM's websites.

b) Verification of the reporting (post-issuance)

Annually and until the maturity of the relevant bonds, Crédit Mutuel Alliance Fédérale will make public on BFCM's website a limited or reasonable assurance report provided by its external auditor, or any other appointed independent third party, that an amount equal to the net proceeds of the Green, Social or Sustainability Bonds (as the case may be) is applied to finance or refinance Eligible Loans.

5 Appendices

Appendix 1: Eligible Green categories - Application of the EU Taxonomy

| Green bond principles Eligible Category | NACE Macro sector | NACE level | Code | Applicable economic activities with EU technical screening criteria for climate change mitigation |
|---|---|------------|--|--|
| Green buildings | F – Construction | 2 | F41, F43 | Construction of buildings |
| | L – Real Estate activities | | L 68 | Renovation of existing buildings Acquisition of buildings |
| Renewable Energy | D – Electricity, Gas, Steam and Air Conditioning Supply | 4 | D.35.1.1 | Production of Electricity from Wind Power Production of Electricity from Solar PV Production of Electricity from Concentrated Solar Power |
| Low Carbon Transport | F – Construction H – Transport and storage | 4 | F42.1.1, F42.1.2, F42.1.3 H49.3.1 H49.1.0 H49.2.0 H49.4.1 H49.3.9 H50.3.0 H50.4.0 | Infrastructure for low carbon transport Passenger cars and commercial vehicles Passenger rail transport Freight rail transport Public transport Freight transport services by road Interurban scheduled road transport Inland passenger water transport Inland freight water transport |

Appendix 2: SME definition

For the companies, in line with the EU recommendation 2003/361, the factors determining whether an enterprise is an SME are:

- staff headcount
- either turnover or balance sheet total

| Company category | Staff headcount | Turnover | or | Balance sheet total |
|------------------|-----------------|----------|----|---------------------|
| Medium-sized | < 250 | ≤ € 50 m | | ≤ € 43 m |
| Small | < 50 | ≤ € 10 m | | ≤ € 10 m |
| Micro | < 10 | ≤ € 2 m | | ≤ € 2 m |

Appendix 3: Exclusion list

- × Power production from fossil fuels and nuclear power
- × Fossil fuels exploration, production, trade and transformation
- × Production or trade in explosives, weapons and munitions
- × Production in alcoholic beverages
- × Production or trade in tobacco
- × Gambling, casinos and equivalent enterprises
- × Mining and extractive activities
- × Defense related activities
- × Animal fur manufacturing
- × Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where IFC considers the radioactive source to be trivial and/or adequately shielded.
- × Production or trade in wood or other forestry products other than from sustainably managed forests.
- × Fisheries and animal husbandry (excluding livestock) other than from sustainably managed sourced

6 Disclaimer

This document (**the Green, Social and Sustainability Bond Framework**) is intended to provide non-exhaustive, general information. This document may contain or incorporate by reference public information not separately reviewed, approved or endorsed by Crédit Mutuel Alliance Fédérale, BFCM or their affiliates and accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by Credit Mutuel Alliance Fédérale, BFCM or their affiliates as to the fairness, accuracy, reasonableness or completeness of such information.

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Any:

- i) failure to apply the net proceeds of any issue of Green, Social and Sustainability Bonds to any Eligible Loans;
- ii) withdrawal of any second party opinion or certification or any opinion or certification being superseded by an opinion or certification stating that Credit Mutuel Alliance Fédérale, BFCM or their affiliates have not complied, in whole or in part, with any matters on which the original opinion or certification had opined or certified; and/or
- iii) event or circumstances resulting in the Green, Social and Sustainability Bonds no longer being listed or admitted to trading on any stock exchange or securities market,

may have a material adverse effect on the value of Green, Social and Sustainability Bonds and the value of any other securities which are intended to finance Eligible Loans and could also result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose and as a result, may have to dispose of the Green, Social and Sustainability Notes at their prevailing market value.

INVESTMENT CONSIDERATIONS

No assurance is given by Credit Mutuel Alliance Fédérale, BFCM or their affiliates that the use of such net proceeds for any Eligible Loans will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws, investment policy or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any Eligible Loans.

Furthermore, it should be noted that there is currently no clear definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a "green", "sustainable", "social" or an equivalently-labelled project or as to what precise attributes are required for a particular project to be considered "green" or "sustainable" or "social"

or falling under such other equivalent label, nor can any assurance be given that such a clear definition or consensus will develop over time. Initiatives have been taken including by the European Commission to define a “taxonomy” for green bonds i.e. a systematic classification and definition of qualifying items. In this regard, it should be noted that on 18 December 2019, the Council and the European Parliament reached a political agreement on a regulation to establish a framework to facilitate sustainable development (the **Taxonomy Regulation**). Within the framework of the Taxonomy Regulation, the Technical Expert Group on sustainable finance (**TEG**) was asked to develop recommendations for technical screening criteria for economic activities that can make a substantial contribution to climate change mitigation or adaptation. On March 2020, the TEG (i) published its final report of the Technical Expert Group on Sustainable Finance for the EU Taxonomy (**TEG Taxonomy report**), setting out the TEG’s final recommendations for the EC and (ii) a proposed draft model linking the use-of-proceeds of EU Green Bonds to the Taxonomy Regulation, which set up a classification system for environmentally sustainable economic activities. Then, the Taxonomy Regulation has been further developed under the Regulation (EU) 2020/852 of the European Parliament and of the Council, of 18 June 2020, that was published in the Official Journal of the EU on 22 June 2020 (the delegated acts on the first two climate-related objectives (climate change mitigation and climate change adaptation) are required to be adopted by the Commission by 31 December 2020 and will apply from 1 January 2022). Under the Taxonomy Regulation, for an economic activity to be considered environmentally sustainable it has to (i) substantially contribute to one of the six environmental objectives determined under the EU Taxonomy Regulation, (ii) do no significant harm any of the other environmental objectives, (iii) be carried out in compliance with minimum safeguards and (iv) comply with technical screening criteria (link to the document : [EU Green bond standard - Usability Guide](#)). However no assurance or representation is given by Credit Mutuel Alliance Fédérale or BFCM as to the suitability or reliability for any purpose whatsoever of the EU Green Bond Standard Usability Guide.

These initiatives are still on-going, and no date can be given as to when they would adopt a guidance or rule which will apply across the green bonds market and users. Accordingly, no assurance is or can be given to investors that any projects or uses which are the subject of, or related to, any Eligible Loans will meet any or all investor expectations regarding such "green", "sustainable", “social” or other equivalently-labelled performance objectives or that any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses, which are the subject of, or related to, any Eligible Loans.

No assurance or representation is given by Credit Mutuel Alliance Fédérale, BFCM and their affiliates as to the suitability or reliability for any purpose whatsoever of any second party opinion or certification of any third parties (whether or not solicited by Credit Mutuel Alliance Fédérale, BFCM or their affiliates) which may be made available in connection with the issue and offering of any Green, Social and Sustainability Bonds and in particular to the extent to which Eligible Loans may fulfil any environmental, sustainability, social and/or other criteria. Currently, the providers of such second party opinions and certifications are not subject to any specific regulatory or other regime or oversight. Any such second party opinion or certification is only valid during a limited amount of time since the date that second party opinion was initially issued and is not, nor should be deemed to be, a recommendation by Credit Mutuel Alliance Fédérale and BFCM and its affiliates or any other person to buy, sell or hold any Green, Social and Sustainability Bonds. Prospective investors must determine for themselves the relevance of any such second party opinion or certification and/or the information contained therein and/or the provider of such second party opinion or certification for the purpose of any investment in such Green, Social and Sustainability Bonds. For the avoidance of doubt, any such second party opinion or certification is not, nor shall be deemed to be, incorporated in and/or form part of the Green, Social and Sustainability Bond Framework.

In the event that any Green, Social and Sustainability Bond are listed or admitted to trading on any dedicated "green", "environmental", "sustainable" or other similarly labelled segment of any stock exchange or securities market (whether or not a regulated market for the purpose of the Markets in Financial Instruments Directive 2014/65/EU),

or are included in any dedicated "green", "environmental", "sustainable" or other equivalently-labelled index, no representation or assurance is given by Crédit Mutuel Alliance Fédérale, BCM or their affiliates or any other person that such listing or admission, or inclusion in such index, satisfies whether, in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any climate projects. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another and that the criteria for inclusion in such index may vary from one index to another. No representation or assurance given or made by Crédit Mutuel Alliance Fédérale, BFCM or their affiliates or any other person that any such listing or admission to trading, or inclusion in any such index, will be obtained in respect of Green, Social and Sustainability Bond or, if obtained, that any such listing or admission to trading, or inclusion in such index, will be maintained during the life of Green, Social and Sustainability Bond. Additionally, no representation or assurance is given by Crédit Mutuel Alliance Fédérale, BFCM, and their affiliates or any other person as to the suitability of the Green, Social and Sustainability Bond to fulfil environmental and sustainability criteria required by prospective investors. Crédit Mutuel Alliance Fédérale, BFCM or their affiliates are not responsible for any third party assessment of the Green, Social and Sustainability Bond.

While it is the intention of Credit Mutuel Alliance Fédérale BFCM and their affiliates to apply the net proceeds of any Green, Social and Sustainability Bonds to Eligible Loans in, or substantially in, the manner described in the applicable Offering Documents and in the Green, Social and Sustainability Bond Framework, there can be no assurance that the relevant loan(s) or use(s) which are the subject of, or related to, any Eligible Loans will be capable of being implemented in or substantially in such manner and/or in accordance with any timing schedule and that accordingly there can be no assurance that such proceeds will be totally or partially disbursed for such Eligible Loans. There can be no assurance that such Eligible Loans will be completed within any specified period or at all or with the results or outcome (whether or not related to the environment) as originally expected or anticipated by Credit Mutuel Alliance Fédérale's Group. Any such event or failure by Credit Mutuel Alliance Fédérale and BFCM to apply the proceeds as intended will not constitute an event of default (however defined) under the Green, Social and Sustainability Bonds. Any such event or failure by Crédit Mutuel Alliance Fédérale, BFCM or their affiliates to apply the proceeds as intended will not constitute an event of default (however defined) under the Green, Social and Sustainability Bond.