

Environmental and social (E&S) policy of JSC “CREDIT AGRICOLE BANK”



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1. GOAL

The Environmental and Social (E&S) Policy of JSC "CREDIT AGRICOLE BANK" (hereinafter referred to as the Policy) is in line with the Crédit Agricole S.A. Group Project "2025 Ambitions", which is based on the Group's "Raison d'Etre": "Act every day in the interests of our customers and society". This new plan revolves around three dimensions: a Client Project aiming at better meeting our clients' needs and expectations, a Human Project focused on Group staff responsibility, and a Societal Project based on our commitments related to inclusion and energy transition.

2. POLICY OVERVIEW AND ITS OBJECTIVES.

2.1. CLEARLY DEFINED PRIORITIES.

In line with the Crédit Agricole S.A. Group's (the "Group") low carbon strategy, the Bank is pursuing an energy transition towards global neutrality in 2050, thereby contributing to the fight against climate change, and indirectly contributing to the achievement of sustainable development, biodiversity and human rights objectives. In general, the Bank seeks to contribute to the achievement of the 17 UN Sustainable Development Goals, while identifying three priority areas related to global social challenges:

- combating climate change;
- preservation of biodiversity;
- respect for human rights.

Like Crédit Agricole S.A., the Bank defines these as its main guidelines, driven by innovation in customer relations and by uniting the Bank's employees around the promotion of good practices and internal transformation. The Bank strives to achieve positive environmental and social impact in order to neutralize the indirect impact of its activities, i.e. to make the Bank's positive impact outweigh its direct footprint.

This strategy for increasing positive impact is based on clearly defined priorities:

- **Development of products and services:** development and implementation of financial products and services aimed at supporting sustainable development, such as energy efficiency loans, sustainable agriculture loans, etc. developed in accordance with the Principles of Sustainable Economic Activity.
- **Partnerships with international financial institutions:** establishing partnerships with international financial institutions, non-profit organizations and other stakeholders to jointly address sustainability issues and impacts.
- **Loan portfolio sustainability:** assessing and monitoring environmental and social risks in the loan portfolio to ensure portfolio stability and sustainability.
- **Internal control and reporting:** Establishing effective internal control and reporting systems to track, measure and report on sustainability impacts.
- **Employee engagement and training:** Conducting educational events and training for staff on the principles of sustainable development and the Bank's role in promoting sustainable development.
- **Cooperation with clients:** Active engagement with clients to promote the implementation of sustainable practices in their operations and to finance low impact and social projects.

The Bank strives to combine useful and loyal customer support with the requirements of banking regulation and Ukrainian legislation on environmental impact, a balanced and reasonable approach to direct and indirect environmental and social impacts of the Bank's operations, and responsible behavior toward employees and other stakeholders.

2.2 SUSTAINABLE DEVELOPMENT STRATEGY. KEY AREAS.

The Bank fully shares the goals of sustainable development and the objectives of the Group's Climate Strategy. In its Sustainability Strategy, the Bank has made the following commitments:

- a) **Develop sustainable financing.** By modifying and creating products and processes, the Bank is committed to green lending.

Given its mission to promote sustainable development and positive environmental impact, the Bank's policy is to create financial products and services that contribute to environmental sustainability. The Bank is committed to developing and offering products that promote the efficient use of resources, support biodiversity and reduce emissions. In addition, the Bank strives to develop financial solutions that address social needs and promote inclusive development, helping to reduce social inequalities and improve the quality of life of the Bank's clients and communities. All of the Bank's products and services will be carefully analyzed in terms of their environmental and social impact to ensure compliance with the highest standards of environmental, social and governance responsibility.

- b) **Reduce risks for the bank and the Group.** By integrating ESG into risk management, assessing the carbon footprints and preventing green washing.

The Bank aims to integrate environmental, social and governance (ESG) principles into its decision-making system and in particular into its lending activities, based on the concept of transition to sustainable development.

- c) **Become a leader in sustainable development.** By developing internal expertise and educating clients on sustainability issues.

3. ENVIRONMENTAL ASPECTS.

3.1. FIGHTING CLIMATE CHANGE. KEY CHALLENGES.

The work of the Intergovernmental Panel on Climate Change (IPCC) has demonstrated the existence of global climate change, its human origins and the levels at which greenhouse gas emissions must be reduced to keep the consequences of climate change within acceptable limits. One of the major difficulties lies in the extremely different levels of greenhouse gas emissions per person or unit of GDP in different countries and the legitimate growth ambitions of densely populated regions.

Under the United Nations Framework Convention on Climate Change (UNFCCC), international negotiations are taking place on the differentiated commitments to reduce greenhouse gas emissions for each country and the mechanisms to be put in place to achieve these targets. An important agreement was reached at the 21st Conference of the Parties (COP) held in Paris in 2015 with the global objective of limiting the increase in global temperature to below 2°C. This goal requires significant emission reductions compared to current levels. The individual commitments made by each country in 2015 are only a first step that should limit global warming to between 2.7 and 3°C according to the UNFCCC calculations. One of the major challenges for financial actors in the 21st century is to finance the development of an increasingly low-carbon economy that still meets the needs of the world's population. This necessarily gradual transition is essential and urgent if we are to keep climate disruption within acceptable environmental, social and economic limits.

Climate change also poses:

- risks to economic activity and populations (physical risks),
- transition risks or risks associated with possible legal actions.

3.2. THE BANK'S CONTRIBUTION TO THE FIGHT AGAINST CLIMATE CHANGE.

These risks relate primarily to customers, but the Bank must also assess them. Ultimately, the Bank must also reduce its direct carbon footprint.

3.3. PRESERVING BIODIVERSITY. KEY CHALLENGES.

An Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES), modeled on the IPCC, was established under the aegis of the United Nations in 2012 on to assist policymakers. As with the climate change, international negotiations have taken place within the framework of the Convention on Biological Diversity (CBD), negotiated under the auspices of the United Nations and adopted in Rio de Janeiro in 1992. The CBD is based on three pillars: the conservation of biodiversity, the sustainable use of resources, and the fair and equitable sharing of the benefits derived from genetic resources.

The COP 15 took place in Montreal in December 2022. The Kunming-Montreal Global Biodiversity Framework (GBF), adopted by the 196 parties to the Convention on Biological Diversity sets up a series of 23 targets and global goals for 2030 and 2050, among which:

- Effective conservation and management of at least 30% of the world's land, inland waters, coastal areas and oceans by 2030. This goal is also known as the '30 by 30' target;
- Restore 30% of degraded lands and oceans by 2030;
- Reduce both excess nutrients and the overall risk from pesticides and highly hazardous chemicals by half by 2030.
- Phasing out or reforming subsidies that harm biodiversity by at least \$500 billion per year by 2030;
- Maintain, enhance or restore the integrity, connectivity and resilience of all ecosystems, and significantly increase the area of natural ecosystems by 2050;
- Human-induced extinctions of known threatened species are halted, and the rate and risk of extinction of all species is reduced tenfold by 2050, and the abundance of native wild species is increased to healthy and resilient levels;
- Reduce the rates of introduction and establishment of other known or potential invasive alien species by at least 50 percent, by 2030.

Halting and reversing the loss of nature is thus an important component of the Policy in terms of sustainable development and social responsibility.

3.4. BIODIVERSITY POLICY.

The policy is designed to support sustainable development and effective biodiversity management in the agricultural sector, which is ensured through in-house expertise.

4. SOCIAL ASPECTS.

4.1. HUMAN RIGHTS. KEY CHALLENGES.

Human rights are defined as natural and fundamental human rights regardless of national, ethnic or legal context. They include fundamental freedoms (physical, family and religious, freedom to enjoy property rights, freedom of expression, etc.), social rights (labor, health, education, etc.) and collective rights (development, self-determination, etc.). These rights are universal, inalienable, indivisible and interdependent.

Their realization can lead to contradictions (social rights versus freedom, for example), they also imply obligations (respect for others, payment of taxes, etc.), and the conditions for their application are determined by international and national rules. In 1948, the UN

General Assembly adopted the Universal Declaration of Human Rights, which includes fundamental freedoms and social rights. In 2007, the General Assembly adopted a special declaration on the rights of indigenous peoples.

The primary responsibility for effective implementation of these rights lies with states. However, as the Guiding Principles adopted by the UN Human Rights Council in 2011, known as the Ruggie Principles, make clear, companies should respect these rights even when there is no local obligation to do so. These principles also affirm the need for a person who has suffered a violation of his or her rights to have access to judicial or administrative process, and to an out-of-court remedy to redress the alleged abuse.

The OECD Guidelines for Multinational Enterprises state that companies should exercise due diligence to "seek to prevent and mitigate adverse human rights impacts directly related to their operations, goods and services through a business relationship with another organization, even if they are not the cause of those impacts. This is a significant challenge for an institution that has many business relationships across multiple sectors.

4.2. THE BANK'S CHARTER OF EQUALITY AND HUMAN RIGHTS.

The Bank has a Charter of Equality that guarantees equal rights and opportunities for all employees. The Bank is committed to values that include diversity and equality regardless of gender, age, health status, race, color, national or social origin, language, religion, political or other beliefs, property or marital status.

For Credit Agricole, the principle of equality is one of the fundamental principles to which the Bank has adhered since the beginning of its operations in the Ukrainian market. The Bank is a flexible employer, offering its team comfortable working conditions, including the possibility of working in the office or remotely for those who need it.

By respecting and supporting human rights and implementing a non-discrimination policy, the Bank contributes to the development of society, ensures its own sustainability and long-term growth, and improves its organizational efficiency, effectiveness and innovation. Creating an inclusive environment allows us to foster a culture where diversity is respected, valued and integrated. The basis of the Charter of Equality of Credit Agricole Bank is the Constitution of Ukraine, the Law of Ukraine "On Ensuring Equal Rights and Opportunities for Women and Men", the Law of Ukraine "On Principles of Prevention and Combating Discrimination in Ukraine", the Universal Declaration of Human Rights, the European Convention on Human Rights, the European Charter for Equality of Women and Men in Local Life, the UN Convention on the Elimination of All Forms of Discrimination against Women, the International Framework Agreement of Credit Agricole S. S.A. with the International Trade Union Federation and the Code of Conduct of JSC "CREDIT AGRICOLE BANK", as well as the framework of the Diversity Policy of the Credit Agricole Group.

4.3. MANAGEMENT OF DYSFUNCTIONS AND REPORTING OF VIOLATIONS (WHISTLEBLOWING).

The Bank has a 'Whistleblowing system' - a system for reporting violations. Reports of violations may relate not only to fraudulent (economic) or corrupt practices, but also to violations of antitrust and environmental, labor or corporate ethics laws.

The Bank takes very seriously any incident that damages its values, ethical standards and reputation.

4.4. EMPLOYEE TRAINING.

The Bank pays special attention to the continuous professional development, knowledge and expertise of its employees. The Bank has a comprehensive training program, which includes:

- Internal training programs.
- E-learning courses.
- Internal conferences with expert speakers.
- Participation in external training events and programs.
- Specialized talent development programs.

4.5. SOCIAL RESPONSIBILITY PROGRAM 'WE CARE'.

The history of the We Care! program began in 2016. Today, it is a major strategic program with the support of top management, a budget of millions of dollars for good causes, and a high level of employee involvement. We Care! covers 4 main areas: charity, volunteering, caring for employees, and eco-initiatives.

Within 2 years of the beginning of the war Credit Agricole Ukraine, the international group of Credit Agricole and its regional banks have allocated about UAH 150 million to aid hospitals and victims of the war. The Group also suspended its activities in Russia and set up an emergency solidarity fund in the amount of 10 million euros

- UAH 21,600,000 for medical equipment for regional hospitals in the Khmelnytskyi, Lviv, Dnipropetrovsk, Chernihiv and Vinnytsia regions
- UAH 8,300,000 for the Zaporizhzhia Regional Clinical Children's Hospital
- UAH 8,000,000 for medical equipment for the Chernihiv Regional Hospital by Crédit Agricole Nord de France
- UAH 8,000,000 for an ambulance for a medical center in the Kharkiv region
- UAH 8,000,000 for medical equipment for the Chernihiv Regional Hospital by Crédit Agricole Nord de France
- UAH 8,000,000 for medical equipment and a generator for the intensive care unit of IPAG
- UAH 7,100,000 for the regional medical center for family health of the Dnipropetrovsk Regional Council by Credit Agricole S.A.
- UAH 6,200,000 to 2 family children's homes within the framework of the "Home for Children" project by the Group and Credit Agricole Ukraine

"Being part of the great international family, the bank is implementing its *raison d'être*, shared by the whole group: working every day in the interest of our customers and society. The time was scarce and we had to make instant decisions – since the start of the war we decided to save on our commercial budget and redirect the funds towards implementing the good deeds as much as possible. We have already realized many charity projects and we are not stopping there," Carlos de Cordoue, Chairman of the Management Board of Credit Agricole Ukraine.

More details about the charitable initiatives undertaken by the bank and the Group since the beginning of the war [is here](#).

5. SUSTAINABLE FINANCING POLICY.

5.1. PRINCIPLES AND GUIDELINES.

The Bank's sustainable customer financing policy focuses on the implementation of effective strategies, particularly in the agricultural sector.

Sustainable finance is defined as a process of providing financial services and investments aimed at supporting projects and initiatives that promote sustainable development and economic resilience. This approach includes considering environmental, social, and governance aspects in project evaluation and financing to ensure a positive impact on society and the environment. Sustainable financing also

involves supporting businesses that adhere to sustainability principles in their operations and promoting the development of innovative technologies and solutions aimed at reducing their carbon footprint and improving the quality of life.

The sustainable financing policy aims to support sustainable development and ensure a positive impact on the environment and society. The Bank strives to ensure that its financial decisions meet the highest standards of sustainability and take into account the needs of future generations.

5.2. ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT SYSTEM.

The environmental and social risk management system by industry is a comprehensive approach that covers various aspects and risks related to the company's impact on the environment and society. The assessment is carried out at the level of individual industries, the most important of which is agriculture.

In agriculture, the environmental and social risk management assessment includes an analysis of the impact of agricultural activities on soil, water resources, biodiversity and other aspects of the environment, as well as an assessment of the impact on society in terms of job creation, promotion of local community development and other social aspects.

Risk management assessment includes analysis of information provided by the client, interaction and site visits, negotiations with stakeholders and development of strategies to mitigate risks and improve business sustainability in the context of environmental and social requirements.

The Bank has a well-established lending process based on clear and transparent rules governed by the Bank's regulatory framework.

5.3. CUSTOMER SUSTAINABILITY AND RESPONSIBILITY ASSESSMENT (CSR).

The process of CSR from an environmental, social and governance perspective involves interviewing clients to collect information about their activities.

6. PROTECTION OF CLIENTS' INTERESTS.

6.1. PRIORITIZATION OF CLIENTS' INTERESTS.

The protection of clients' interests in the Bank is based on the requirements of the National Bank of Ukraine (NBU) to ensure the reliability and safety of financial services, including the rights of consumers of financial services, confidentiality of client information, as well as to ensure the availability and quality of financial services for all categories of clients. The Bank ensures full openness and transparency in its relations with customers and adheres to the principles of good faith and trust in all its activities, subject to confidentiality restrictions. The Bank has a secure process for establishing customer relationships and controlling the sale of market products.

Customer protection is also ensured by:

- a system of customer classification and segmentation and the use of appropriate approaches, services and financial products;
- adequate assessment of the customer's current and future ability to meet obligations under the financial product / loan agreement / etc. The Bank analyzes the borrower's loan application to ensure that the application is consistent with the credit risk exposure, policies, lending criteria, limits and relevant indicators.

These measures are part of the sales process to ensure that the financial instruments offered to customers meet their needs and risk profiles, including in terms of sustainable development.

The Bank has an effective decision-making system in place to ensure that customers are protected from poor quality financial services and their misuse, and to prevent the deterioration of their condition. This system includes a thorough analysis and evaluation of financial products and services offered to customers, taking into account their needs and risks. The Bank ensures control over compliance with the requirements of the law and the Bank's internal policies on the provision of financial services, and systematically monitors the quality and efficiency of these services. All the Bank's processes and control mechanisms are aimed at preventing any possible cases of non-compliance or illegal activities that may adversely affect customers. Accordingly, the Bank pays special attention to the development and improvement of processes and regularly trains its employees in order to ensure high quality and reliability of financial services for all its customers.

6.2. COMPLIANCE WITH BUSINESS ETHICS.

The Bank adheres to [the Crédit Agricole Group Ethical Charter](#) and the values it promotes. Within this framework, the Bank applies all the rules applicable to the Crédit Agricole Group: market integrity, customer protection, customer needs, loyalty and discretion.

The Bank has also adopted a Code of Conduct, which each employee of the Bank is required must respect and become familiar with. The Code of Conduct provides a general framework for what is expected of each employee of the Bank in his or her professional activities, as well as in his or her dealings with colleagues, clients, and business partners.

6.3. MANAGEMENT RELATED TO THE INTRODUCTION OF NEW PRODUCTS IN THE BANK'S COMMERCIAL ACTIVITIES.

The process of introducing new products and significant changes in operations is one of the key processes in the Bank's activities. It is a demanding and rigorous process that is an important component of protecting the interests of customers, namely preventing compliance risks in the process of selling products that could potentially mislead the consumer, supporting business units in their daily activities and protecting the Bank from the risk of non-compliance.

6.4. PREVENTING CONFLICTS OF INTEREST.

As a financial service provider (ISP) and a member of the Crédit Agricole Group, the Bank may be confronted with situations of conflict of interest.

In accordance with the MiFID Directive, the Bank follows the rules for the management of conflicts of interest in order to:

- Provide consistent and practical guidance on how to identify conflicts of interest based on the requirements of the MiFID Directive as well as local rules and regulations.
- Present the Bank's internal controls and systems related to the management of conflicts of interest and identify measures that allow it to protect the interests of its clients.
- Ensure that all stakeholders are informed of their duties and responsibilities with respect to the management of confidential and/or insider information.

All employees of the Bank undergo a mandatory training program in order to be able to identify all possible situations of conflict of interest that may arise in the Bank's activities and services.

The Markets in Financial Instruments Directive 2014/65/EU, known as MiFID II, aims, among other things, to enhance investor protection and transparency in financial markets. MiFID II requires the relevant Group's entities concerned to maintain and implement effective organizational and administrative arrangements, taking all reasonable steps to prevent conflicts of interest, in order to avoid harming the interests of their customers.

Employees of the Bank must act with integrity, loyalty and professionalism to serve the interests of clients and promote market integrity. Respect for the interests of clients is an important element in managing conflicts of interest that may affect them.

6.5. FAIR COMPETITION.

Within the framework of the Policy, the Bank supports fair competition and compliance with the requirements established by the National Bank of Ukraine (NBU) to ensure a fair and transparent financial services market. The Bank is committed to the principles of fair competition and to avoiding of any actions that may distort the market or harm other market participants. In particular, the Bank is obliged to comply with antitrust laws and other relevant regulations governing activities in the financial services market. The Bank's actions and decisions are always based on the principles of honesty, transparency and ethics, and comply with the requirements for protecting the interests of clients and consumers. The Bank is committed to conducting all banking activities in accordance with the highest standards of professional conduct and compliance with moral and ethical standards. The Bank's objective is to ensure a level playing field in the market and to promote healthy competition, which will improve the quality and accessibility of financial services for all customers.

6.6. FIGHTING CORRUPTION.

The Bank has zero tolerance for corruption and has adopted the Anti-Corruption Policy of JSC "CREDIT AGRICOLE BANK" approved by the Management Board and the Supervisory Board of the Bank. The Anti-Corruption Policy is based on the principles of transparency, openness and responsibility. The Bank regularly trains its employees on anti-corruption issues and the implementation of internal procedures and rules aimed at preventing corruption.

6.7. COMBATING MONEY LAUNDERING AND TERRORIST FINANCING AND COMPLIANCE WITH INTERNATIONAL SANCTIONS.

The Bank's Financial Monitoring Department is responsible for developing and maintaining a system of measures to prevent money laundering and terrorist financing, and to ensure compliance with international sanctions.

The Group's financial security system is based on the European obligations arising from the Fifth European Directive 2018/843 of May 30, 2018 on the prevention of the use of the financial system for the purposes of money laundering and terrorist financing, as transposed into French law. It applies to the entire Group, including its foreign subsidiaries.

6.8. COMPLAINTS FROM THIRD PARTIES.

The Bank has implemented a feedback system that helps to improve the quality and efficiency of its financial services and products. The Bank values the opinion of its customers and actively responds to their needs and wishes. Customers have the opportunity to express their views on various aspects of the Bank's activities, including the quality of services, efficiency of services, implementation of sustainability and responsibility. The Bank ensures the availability of communication channels, such as e-mail, telephone line and website, through which customers can send their suggestions, wishes and complaints. Based on the information received, the Bank analyzes and

responds to the needs of its customers, ensuring that banking services and products are improved to meet their needs and expectations. The Bank carefully examines each feedback and ensures timely response to all submitted suggestions and complaints in order to improve banking activities and meet customers' needs.

The Bank makes every effort to respond to complaints and suggestions received, subject to confidentiality restrictions.