

## Response by Crédit Agricole

First, **Crédit Agricole's commitment towards human rights** refers explicitly to the UN Human Rights Norms for Business.

<b>Crédit Agricole S.A. Group 2009 Human Rights Charter</b>	<b>UN Human Rights Norms for Business</b> <i>Transnational corporations and other business enterprises shall:</i>
<u>Recognition</u> : conducting a human resources policy that respects individuality, strives to promote plurality of talents and skills, and values diversity	
<u>Equality</u> : developing actions to <b>ensure equal opportunity and equal treatment</b> for all and to <b>prevent discrimination</b> in human resources management policy, whether in hiring, training, promotion, compensation, job security or working conditions	<b>2. ensure equality of opportunity and treatment, as provided in the relevant international instruments and national legislation as well as international human rights law, for the purpose of eliminating discrimination</b>
<u>Safety</u> : ensuring that the workplace <b>meets national health and safety standards</b> in the countries where the Group operates, <b>prohibiting the use of non-compliant safety systems</b> and <b>banning any type of forced or compulsive labour</b> , including <b>child labour</b>	<b>7. provide a safe and healthy working environment ... in accordance with the national requirements of the countries in which they are located</b> <b>4. observe international human rights norms for their security arrangements</b> <b>5. not use forced or compulsory labour</b> <b>6. respect the rights of children to be protected from economic exploitation</b>
<u>Partnership</u> : developing actions to <b>promote the freedom to create associations and/or trade unions, employee representation and collective bargaining rights</b>	<b>9. ensure freedom of association and effective recognition of the right to collective bargaining</b>
<u>Equity</u> : offering compensation and benefits that: 1) <b>provide a suitable standard of living and fair living conditions for employees and their families</b> ; 2) are consistent with risk management goals	<b>8. provide workers with remuneration that ensures an adequate standard of living for them and their families</b>
<u>Consistency</u> : carrying out <b>due diligence</b> vis-à-vis customers, suppliers and service providers to <b>ensure that the Group does not unwittingly participate in human rights violations, whether directly or indirectly</b>	<b>1. use due diligence in ensuring that their activities do not contribute directly or indirectly to human abuses, and that they do not directly or indirectly benefit from abuses of which they were aware or ought to have been aware.</b>
<u>Territories</u> : helping to <b>promote health, education, culture and respect for human rights in the regions where the Group operates</b>	<b>12. respect economic, social and cultural rights as well as civil and political rights and contribute to their realization</b>

It states that we will “carry out due diligence vis-à-vis customers, suppliers and service providers to ensure that the Group does not unwittingly participate in human rights violations, whether directly or indirectly”, i.e. our expectations cover not only our staff but also our business partners and other parties directly linked to our operations, products and services. This commitment was signed by our CEO, i.e. the most senior level of the bank.

First, Crédit Agricole carries out human rights **due diligence** in its own network. For example, in 2008, Banque Saudi Fransi (in Saudi Arabia) run an audit on the respect of human rights, with 4 themes: freedom of association and right of collective bargaining, risks of professional discriminations, children labor and risk of forced labor. Furthermore Crédit Agricole cooperates with unions. Its European Committee (CEE) allows the Group to interact with unions' representative, on a country per country basis if needed, as for Emporiki cession, and enhance the social dialogue even in countries with no unions' representatives.

Regarding **suppliers**, Credit Agricole S.A. has formalized a responsible purchasing policy structured around the following priorities: promoting implementation of responsible supplier relations; assessing suppliers on their CSR management system and on the products and offers proposed to the Group; and incorporating environmental and social criteria, for example by developing the use of the sheltered sector and disability friendly companies. Assessment of the supplier's CSR management system is entrusted to an independent third party expert, Ecovadis. The assessment consists of sending suppliers a questionnaire which is tailored to their business sector and includes 21 criteria grouped into four themes: the environment, human rights and social issues, ethics and management of their supply chain. Ecovadis' analysts verify and check the answers and the mandatory documentary evidence before cross-checking them with a database of documents collected from stakeholders such as unions, NGOs, etc. Once this analysis is complete, an assessment report is sent to the Purchasing department along with a CSR score out of 100. The score obtained is included in the usual multicriteria table and accounts for 10% in awarding the contract. If the results do not meet the requirements set by the Group Purchasing department, *i.e.* a score of less than 35/100, the Purchasing Committee must systematically decide whether or not to keep the supplier. The Purchasing department can also help a supplier with a low score to define a progress plan for CSR. The Purchasing department also uses these scores to monitor suppliers' key indicators which are relevant to its own policy: audit or assessment of suppliers as regards CSR, ISO 14001 and OHSAS 18001 certification, existence of a formalized code of ethics, participation in the Carbon Disclosure Project, formalization of a responsible purchasing policy, active alert procedure in place, reporting on health and safety indicators in place, energy consumption or greenhouse gas emissions, signatory of the United Nations Global Compact. At 31 December 2013, 993 suppliers involved in calls for tender and/or panels were asked to undergo assessment by Ecovadis. In total, 468 suppliers agreed to assessment. Crédit Agricole S.A. also assesses the CSR quality of the supplier's offer (product or service) by including technical sustainable development criteria, specific to each purchasing family, in the tender specifications. The supplier must show that their procedures comply with the stated principles during the whole life cycle of the project and provide documentary evidence of this.

Regarding transactions that are not project-related, Crédit Agricole CIB has been developing a due diligence process based on a **sensitivity screening** (assessment of whether the transaction is controversial or not) and **CSR sector policies**. Each time, the bank analyses the social and human rights commitments: labor rights and working conditions including compliance with International Labor Organization (ILO) core conventions, community health and safety, impact on local communities (physical or economical displacement of population), rights of first native or indigenous people on traditional lands, origin and condition of productions in the case of processing facilities (traceability processes), impact on cultural heritage... Both pillars apply to the whole financing and investment business of Crédit Agricole CIB. When an element of sensitivity or a risk of non-compliance with a policy is identified (including with respect to potential violation of human rights) the transaction/client is referred to the CERES as it is the case for the projects rated A under EP. Crédit Agricole's principles and rules governing financing and investment are specified in 12 **sectorial policies**, in line with the Group's CRS policy. They list all the environmental and social challenges in each sector, describe the main repercussions of these activities on water, air, land, energy, biodiversity and humans, and identify best practices recognized by the main international bodies and professional organizations, and therefore draw up a series of analysis and exclusion criteria.

Presently, the principles and rules defined apply to all of Crédit Agricole CIB's financing and investment activities in relation to coal-fired power, nuclear power, hydro-electric dams, oil, gas, shale gas, mining & metal, armament, transportation (air, rail and road), forestry and palm oil.

Regarding transactions that are project-related, 100% of transactions are covered by the Equator Principles (EP) as per Crédit Agricole CIB's procedures. According to the EP, borrowers are requested to develop their projects in compliance with the IFC Performance Standards (PS), and according to PS1 "The client, in coordination with other responsible government agencies and third parties as appropriate, will conduct a process of environmental and social assessment, and establish and maintain an ESMS appropriate to the nature and scale of the project and commensurate with the level of its environmental and social risks and impacts." This includes a specific human rights due diligence in high risk circumstances. Implementation of the EP is of the initial responsibility of the business line (cf. <http://www.ca-cib.com/group-overview/the-equator-principles-in-project-finance.htm>) and the front officers have been trained accordingly. They carry out the initial due diligence, assisted by a network of local EP correspondents within each Project Finance regional structuring centre in permanent collaboration with a coordination unit. In addition, Crédit Agricole S.A.'s Industry and Sector Research unit provides help and additional insight, adding its skills in environmental and technical issues and helping to refine the analysis and identification of risks depending on the business sector. An ad hoc committee (CERES) validates all EP rating and provides with a specific opinion for all A rated projects prior to the credit committee. For the purpose of the due diligence, all commercial financial institutions largely rely on reports prepared by independent external consultants. This covers both the assessment of potential risks and impacts and the preparation and implementation of any action plan deemed appropriate. According to the EP, an independent expert is requested for all A projects and, as appropriate, B projects. In the case of financings that are related to the construction or expansion of a project, but do not fall under the definition of Project Finance, Crédit Agricole CIB implements the Equator Principles on a best effort basis. The same process as for Project Finance transactions is followed but we would like to outline one major difference. As only a limited number of financial institutions are currently following the EP framework for those transactions, those doing so, including Crédit Agricole CIB, may not be in a position to request an independent expert. In order to favour the necessary leverage, CACIB has been working for almost two years for expanding the scope of implementation of the EP to the project-related corporate loans, as co-lead of the EP Association scope working group.

Finally, Crédit Agricole has processes in place for the **remediation** of any adverse human rights impact either direct (whistleblowing procedure) or indirect through an investment or financing, as, according to the EP, grievance mechanism are established for all category A and, as appropriate, category B projects located in non-OECD countries.