

Principles for New Issue Allocations

1 General Objective

The objective of these principles is to provide guidance that confirms the allocation processes undertaken by GMD Syndicate when allocating bonds in the primary markets in line with issuers' objectives and to manage any potential conflicts of interest.

2 Core Principles

CACIB must take into consideration the customers' best interest and treat them fairly. The approach is the classification of investors into categories according to clear and documented criteria that balances their interests alongside those of the issuer. It is the sales' responsibility to review on a periodic basis that investors are classified correctly in Issuebook and inform GMD Syndicate of the necessary amendments to be made when needed.

This policy outlines the core principles used to assist in managing potential conflicts in the investor allocation process whilst maintaining an orderly market.

The primary objective of the allocation process is to distribute any new issuance to investors at an optimal price for the issuer and to allow investors to meet as closely as possible their investment objectives and appetite for new issuance. The allocation process needs to be transparent and consistent with the issuer's objectives, where disclosed, as well as to ensure an effective investor distribution and an orderly market.

Note that this process will exclude private placements and block trades without book building.

3 The Allocation Process

3.1 General factors and considerations

GMD Syndicate is responsible for leading the book-building, price-discovery and allocation processes.

The allocation principles shall be provided to the issuer upon request by DCM Origination, before GMD Syndicate agrees to undertake a bond allocation. The issuer should be provided with the relevant information about the proposed allocation methodology for the issue.

GMD Syndicate shall invite the issuer to participate in discussions such that GMD Syndicate can identify the interests of the issuer and to take these into account, (e.g. regarding diversification of investor zone or SRI focus considerations).

Where CA CIB is acting as Sole Bookrunner, or is otherwise solely responsible for drafting a proposed allocation to be provided to the issuer (e.g. lead left roles in the high yield market),

the draft allocation should be reviewed and signed off by a second Manager within Syndicate who has not been directly involved in the specific issuer's allocation proposal confirming agreement of allocations to be made. This review should take place before the proposed draft is sent to the issuer for approval. Any concerns raised as part of this process must be escalated to Compliance. The issuer may also choose to rely entirely on GMD Syndicate's proposal, suggest amendments, or even elaborate their own allocation plan without any syndicate involvement or advice. The actual allocation will only be released to investors after receiving formal approval from the issuer. The issuer is the final arbiter on allocations regardless of any proposals provided. It is DCM Origination's responsibility to keep a record of the issuer's formal sign off on the draft allocation proposal.

Many factors play a role in the final decision of the level of allocation and these will need to be considered by GMD Syndicate as they determine a draft of suggested allocation. The allocation decision should not be determined by only one factor, nor must it be determined by the amount of trading, commission or other income received or expected by Credit Agricole CIB from business with a particular investor.

Factors which are relevant and which can be considered in making allocation decisions include (but not exclusively and in no particular order):

- Generally - market conditions, targeted markets as discussed with the issuer
- The quantity and price at which the investor has expressed interest during the bookbuilding / price-discovery process.
- Whether a particular allocation would be beneficial for the issue, given Credit Agricole CIB's knowledge and experience of the investor's investment strategy (particularly as to quantum and time horizon) and purchasing capacity.
- Investors' interest in the transaction such as actively participating in roadshows, investor update calls, the quality / timeliness of feedback, prior reverse enquiry and other direct contacts.
- The investor's past dealing in other securities of the issuer or sector.
- Investor interest during and or following previous issues.
- The timing of the investor's interest.
- Any selling restrictions or other relevant legal or regulatory restrictions in jurisdictions with which the investor is connected.
- Objectives of investors (especially the anticipated time horizon for holding the securities), with preference given to those "non-trading" investors, such as Central Banks, Insurance Companies, Pension Funds and Asset Managers over and above professional investors such as but no limited to Hedge Funds, Bank Trading Desks or other similar "professionals". This consideration needs to be made in conjunction with the issuer whose preferences when given in relation to investors must be paramount.
- Issuer preferences where expressed such as investor type / geographical location.

Lead managers must be able to explain any individual allocation decision to the regulator upon request.

3.2 Treatment of Internal CACIB Group Orders:

- Private banking and other group entities must be treated as any third party account (including as to scaling back) unless specifically requested and agreed by the issuer.

3.3 Prohibited Allocation Practices & Conflict of Interest Management

The following practices would be considered abusive and therefore not permitted (this list is not exhaustive):

- **Tying:** is a practice which requires investors to purchase additional securities in the after-market as a condition of being allocated securities in an offering. Conditional offerings on or linked with a compensating benefit.
- **Spinning:** an allocation made to a senior executive or a corporate officer of an existing or potential issuer client, in consideration for the future or past award of business.
- Corporate officers cannot be allocated securities and should be precluded from personally profiting as this may conflict with their fiduciary duties and principles of the firm they represent.
- **Laddering:** an allocation made to incentivise the payment of a large amount of fees for unrelated services provided by the investment firm. For example, very high rates of commissions paid to the investment firm by an investment client, or an investment client providing very high volumes of business at normal levels of commission as compensation for receiving an allocation of the issue; and
- An allocation that is expressly or implicitly conditional on the receipt of future orders or the purchase of any other service from the investment firm by an investment client, or any entity of which the investor is a corporate officer.
- Sales employees should not influence the final recommendations on the pricing of the issue nor on the allocations to investors. They can provide information and guidance on investor demands and their opinions during the book building process, pricing and allocation, but Syndicate must be responsible for making the final allocation decision.

4 Communication with Investors Seeking Feedback

It would be permissible to communicate in general terms to investors via Sales. These communications must be fair, true and not misleading and provided only if necessary. Information provided to sales and trading staff must be consistent with information that has already been provided externally. However the precise allocation decisions for each transaction must not be provided unless the prior consent of the issuer and all investors to waive any confidentiality rights has been obtained.

Note any expressions of dissatisfaction should be treated in accordance with the CA CIB Complaints policy and Global Business Compliance Advisory should be informed.

5 Record Keeping

As Syndicate has the overall responsibility for the allocation process, it should keep a record of the allocations made for each deal on which it is Bookrunner. Particular attention must be given to instances where there is a non-standard factor for allocating bonds that is not covered by this policy or where there is some other material exception or departure from normal practice (such as issuer's allocation objectives). In such cases, Syndicate should

ensure it is able to support the rationale for its decision. Any changes made by the issuer must also be documented.

6 Transparency and Disclosure of Interest to Issuers

Most issues on which Credit Agricole CIB is a Bookrunner are Pot issues. These generally require syndicate members to disclose the names of their investors to the other Bookrunners. As stated previously, GMD Syndicate, jointly with the other Joint Bookrunner Banks, will first submit a suggested allocation sheet to the issuer and will only release the allocations to investors after receiving potential amendments and formal approval from the issuer. Syndicate must ensure that name disclosure and any discussion around potential investors is not made to other banks or the issuer in accordance with anti-competition laws if this would compromise client confidentiality and/or the investor has requested confidentiality.