

European Defense Financing Framework

To Support European Defense

Crédit Agricole CIB

October 2025



Table of contents

I.	About Crédit Agricole CIB.....	3
II.	Introduction of Crédit Agricole’s Group Corporate Social Responsibility (“CSR”) Sector Policy for Defense and Security.....	3
III.	Rationale for a Defense Financing Framework	4
IV.	The Defense Financing Framework	5
A.	Use of proceeds	5
B.	The process of selection and evaluation.....	8
C.	Management of Proceeds.....	10
D.	Reporting.....	10
E.	Post external review	10

I. About Crédit Agricole CIB

Crédit Agricole Corporate and Investment Bank (“Crédit Agricole CIB” or the “Bank”) is the corporate and investment banking arm of Crédit Agricole S.A. Group (the “Crédit Agricole Group” or the “Group”), the 10th largest banking group worldwide in terms of balance sheet size (The Banker 2024). Supported by more than 13,200 employees across Europe, the Americas, Asia-Pacific, the Middle-East and North Africa, the Bank offers to nearly 3,600 clients (large corporates and medium-sized companies, financial institutions and private equity and infrastructure funds) a broad range of products and services in capital markets, investment banking, structured finance and corporate banking.

II. Introduction of Crédit Agricole’s Group Corporate Social Responsibility (“CSR”) Sector Policy for Defense and Security¹

The Group recognizes the right of members of the United Nations to individual and collective self-defense, as defined in Article 51 of the United Nations Charter of 26 June 1945, and specified in Article 1 of United Nations General Assembly Resolution 3314 of 14 December 1974. The exercise of this right requires the possibility of maintaining a sovereign armed force that is equipped through the production or purchase of armaments, as well as the implementation of collective security arrangements that have been created within the framework of international law.

The Group recognizes the responsibility of each State to regulate the international arms trade in compliance with its international obligations, and to prevent any circumvention of these requirements. This responsibility involves establishing and implementing a national control system and includes the obligation to respect and ensure the respect of international humanitarian law, in accordance with the Geneva Conventions of 1949, among others, and to respect and ensure respect for human rights in accordance with the Charter of the United Nations and the Universal Declaration of Human Rights, among others. The Group calls on all States to strengthen their national control systems on the basis of the best practices as defined by the Arms Trade Treaty².

The Group welcomes and encourages the initiatives taken by the international community to regulate the arms trade, to promote disarmament, to eliminate categories of weapons that are incompatible with international humanitarian law and to prevent the proliferation of weapons of mass destruction, while taking into account international security conditions and any strategic developments. As a European banking institution based in France, the Group is in step with the Council of the European Union's Common Position 944/2008, which came into force on 24 December 2014, that defines the common rules governing the control of exports of military technology and equipment based on criteria defined by the Arms Trade Treaty, and with France's proactive stance on disarmament, arms control, and nonproliferation.

¹Document available here: <https://www.credit-agricole.com/en/pdfPreview/205839>

² [The Arms Trade Treaty | Home Page](#)

The Group recognizes that the defense industry and arms trade carry specific risks that have long been identified by the international community: corruption and illegal acquisition of interests, misappropriation and trafficking of arms, proliferation of weapons of mass destruction, certain weapons' intrinsic discrepancies with regard to international humanitarian law, excessive public expenditure, particularly for developing countries, the illicit accumulation of arms that can feed organized crime networks or contribute to terrorism and the destabilization of States, and their use for internal repression, international aggression, or serious violations of international humanitarian law that could contribute to regional instability.

As a banking institution that actively finances the defense, industrial, and technological industries of the countries in which it operates, and by providing international guarantees for the arms trade, the Group may be exposed to some of these risks.

The Group recognizes that the legitimate concerns of civil society stakeholders have played an important role in ensuring that international regulation helps to improve the control of the arms trade, while preserving the right of States to ensure their security and self-defense. The Group remains attentive to the concerns of civil society related to the risks associated with financing the arms industry and arms trade.

The Group is aware of its responsibility in this area and exercises its corporate due diligence in accordance with the criteria defined in the Group's CSR Sector Policy Defense and Security.

III. [Rationale for a Defense Financing Framework](#)

The Group is also aware of the importance of financing defense activities in Europe in order to maintain diplomatic strength on the international stage, to promote stability, participate in peacekeeping and manage crisis and conflicts in relation to the Strategic Compass for stronger EU security and defense in the next decade³ approved in 2022 by the European Council, which defines an ambitious plan of action for strengthening the EU's security and defense policy by 2030.

The defense industry is essential for regional security and European sovereignty. By establishing a Defense Financing Framework (the "Framework"), Crédit Agricole CIB aims to stimulate financing in this sector and support defense at a European level by providing transparency on the use of funds from financing instruments issued by Crédit Agricole CIB under this Framework.

In an international context marked by growing geopolitical tensions, public and financial players are mobilizing to support the defense industry in Europe, while emphasizing and strengthening the risk management, exclusion and controversy management processes necessary to reduce the negative externalities that may be associated with the industry. This Framework is part of this approach.

In addition, Crédit Agricole CIB emphasizes that the defense industry can be a driver of innovation, economic stability, and job creation and retention at various skill levels,

³ [A Strategic Compass for a stronger EU security and defense in the next decade - Consilium](#)

promoting the reindustrialization of our regions and linked to a network of SMEs offering services and products.

This Framework provides transparency on the financing of defense-related activities by presenting the necessary eligibility and exclusion criteria, while also referencing international treaties, European Union and national regulations, as well as Crédit Agricole CIB's robust internal quantitative and qualitative risk management processes, which enable the refinancing of high-quality assets related to the defense sector.

For the avoidance of doubt, transactions covered by this Framework are not intended to be presented as being aligned with the Principles of the International Capital Market Association (ICMA)⁴ or to be considered as Sustainable Finance transactions.

Disclosure associated with “Use of Proceeds” instruments covered by this Framework promotes transparency regarding Crédit Agricole CIB's exposure and financing role in relation to a key sector, while highlighting the various protective measures put in place to manage the specific risks associated with the defense sector.

IV. The Defense Financing Framework

The purpose of this document is to provide a framework for the financing of products that promote Crédit Agricole CIB's support to European defense. It provides transparency on the following four pillars:

- the use of funds by defining eligible assets (defined below)
- the process for selecting and evaluating eligible assets
- management of proceeds
- reporting

This Framework serves as a reference for the issuance of European defense support bonds (“European Defense Support Bonds”) as well as for any additional financing instrument (such as deposits and loans) issued by Crédit Agricole CIB (together, “European Support Defense Debt”).

Crédit Agricole CIB will be the issuing entity, as well as the originator and the manager, of the eligible assets financed or refinanced by such European Support Defense Debt. The liabilities issued under this Framework will be subject to Crédit Agricole CIB's general policies in terms of financial and liquidity risk management and the Group's CSR sector policy Defense and Security.

A. Use of proceeds

The funds allocated to each European Defense Support Bond or other financing instrument will be used exclusively for the financing and refinancing, in whole or in part, of loans,

⁴ Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines - ICMA

financing instruments or investments aimed at supporting European⁵ defense ("Eligible Assets")⁶.

The combination of all Eligible Assets will constitute the portfolio of Eligible Assets (the "Defense Portfolio").

To be considered as an Eligible Asset a transaction needs to meet all the following criteria:

- The borrower⁷ is an Eligible Borrower, and
- direct counterparties involved in the transaction are located in Eligible Locations related to the Eligible Financial Instruments, and
- the transaction is an Eligible Financial Instrument, and
- the transaction is related to an Eligible Activity (all defined below).

Eligible Borrowers

Eligible Borrowers can be public institutions or companies of any size:

- Borrower should be aligned with one of the following criteria:
 - Member of the Aerospace, Security and Defence Industries Association of Europe (ASD)⁸, or
 - member of a French defense-related trade union⁹, or
 - listed in the European register of certified defense-related companies CERTIDER¹⁰, or
 - active in one of the Eligible Activities.
- Borrowers should comply with the laws and regulations of each country in which they operate.
- Borrowers should comply with the requirements for obtaining export or re-export licenses, with the international conventions ratified by the countries in which they operate, as well as with all regulations applicable to the trade in arms, security equipment and services, and dual-use goods.

For companies, Borrowers may be:

- listed or private companies headquartered or listed in the Eligible Locations; or
- companies owned at least 50% by one or more governments of the Eligible Countries.

⁵ For the purposes of this Framework, Europe is defined as the European Union, the United Kingdom, Norway, Ukraine, Iceland, Switzerland and Greenland.

⁶ Note that some assets may be used as collateral for non-labelled covered bond. In this case, the Eligible Assets will not be (re)financed by the covered instrument but by the Defense Instrument only.

⁷ In this Framework, borrowers mean "financed entities" through one of the eligible instruments and locations.

⁸ More information about: Aerospace, Security and Defence Industries Association of Europe [available here](#). When the borrower is selected based on the ASD list, only non-financial companies will be made eligible.

⁹ GICAT : Groupement des Industries françaises de Défense et de Sécurité terrestres et aéroterrestres (French Land and Air-Land Defense and Security Industries Association), GICAN : Groupement des Industries de Construction et Activités Navales (French Naval Construction and Activities Industries Association), GIFAS: Groupement des Industries Françaises Aéronautiques et Spatiales (French Aerospace Industries Association)

¹⁰ [Certider](#): companies certified under Directive 2009/43/EC simplifying the terms and conditions for the transfers of defence-related products within the EU

Eligible Locations/ Countries

The European Union, the United Kingdom, Norway, Ukraine, Iceland, Switzerland and Greenland.

Eligible Financial Instruments and geographical restrictions

Any general corporate purpose financing for a company or a borrower with headquarters in an Eligible Country or any dedicated financing, such as project finance, export finance, trade finance, etc., for which the end user or beneficiary is an entity located in an Eligible Country. See Appendix A for more information and examples.

For financing to an Eligible Borrower¹¹, Crédit Agricole CIB will only recognize a portion of the financing as eligible, based on a proxy focusing on the portion of the company's group revenue related to defense.

Eligible Activities

Eligible activities ("Eligible Activities") include all activities related to the development, manufacture, production, acquisition, storage, maintenance repair, operations, training, refit, upgrade, supply, transfer, import, export, trade, brokerage, and use of the equipment of any of the following materials and systems:

Type of eligible materials and systems
Military aircraft (either fixed wing or rotary blade) and including drones and air to air refuelling aircraft
Naval vessels including submarines (nuclear and diesel powered), surface vessels, surveillance and logistics supply vessels, amphibious assault ships and coastal defense vessels)
Land vehicles including those carrying weapons and missiles and missile launchers
Air defense systems
Command, control, computers, communications, cyber, intelligence, surveillance and reconnaissance systems
Electronic systems and components for air, sea, land and space domains
Power management systems for military operations
Weapons, ammunition and missiles
Logistics assets including storage centres

¹¹ When the financing is not identified as only and clearly dedicated to Eligible Activities in the defense sector.

Assets, technology and systems for the prevention and protection of civilians and military personnel from chemical, biological, radiological or nuclear threats
Space based assets such as satellites, launch rockets, ground stations

For the avoidance of doubt, nuclear weapons are eligible under the scope of this Framework when they are in line with the exclusion list below.

In the context of this Framework, Crédit Agricole CIB follows the Group's CSR sector policy Defense and Security, particularly in the context of the following exclusions.

Extracts from the <u>CSR sector policy Defense and Security</u> The Group excludes a certain number of weapons and equipment from its activities because they are banned by international conventions or European Union regulations. It concerns: • nuclear weapons of States that are unauthorized to hold them under the 1970 Non-Proliferation Treaty, • biological or toxin weapons as defined by the 1972 Convention, • chemical weapons as defined by the 1993 Paris Convention, • non-locatable fragmentary weapons and blinding laser weapons covered by Protocols II and IV of the Convention on specific conventional weapons of 2 December 1983 and 30 July 1998, • anti-personnel mines as defined by the 1999 Ottawa Convention, • equipment that has "no practical use other than to inflict capital punishment, torture or other cruel, inhuman or degrading treatment or punishment", as defined by the EU Council Regulation 1236/2005 , • cluster munitions as defined by the 2008 Oslo Convention. The Group will not take part in any transaction involving these excluded weapons and equipment and their key and dedicated components. ... the Group also excludes the direct supply of products or services to entities involved in the development, manufacture, production, acquisition, storage, commercialization, transfer, disposal, import, export, trading, brokering, transfer and use of the weapons and equipment excluded in point 4.1.1 (see the sectoral policy) as well as their key and dedicated components, including any investment in market instruments issued by companies that would be excluded under the previous point.
--

For avoidance of doubt, all the exclusion and criteria presented in the CSR sector policy Defense and Security apply to this Framework.

B. The process of selection and evaluation

All Eligible Assets financed under this Framework comply with the Crédit Agricole Group and Crédit Agricole CIB's standard due diligence, which includes compliance with the Crédit

Agricole Group's CSR sector policy Defense and Security, as well as compliance with all applicable environmental and social regulatory requirements.

This Framework is in line with the commitments described in part 1 of the Group's CSR sector policy Defense and Security.

Environmental, Social and Governance ("ESG") related risk analysis is carried out at the level of each business unit, in liaison with Crédit Agricole CIB's dedicated Compliance teams (Ethics Advisory Group) and ESG risk management teams (Environmental & Social Risks). Enhanced due diligence is performed by these teams whenever the transaction or the counterparties are assessed as sensitive, and/or when a reputational risk is identified.

As a reminder, the Group is committed to managing the specific risks arising from certain weapons and equipment, from counterparties involved in financing such weapons and equipment and from any related transactions, and from the end use of the weapons. The Group implements enhanced due diligence procedures, its primary concern being the compliance with national legislation, European regulations and United Nations, European Union and Office of Foreign Assets Control (OFAC) embargoes and sanctions. When the analysis goes beyond specific legal obligations, it is carried out on a best effort's basis and depends on the quality, accuracy and timeliness of the information provided to it by its counterparties or available through open sources.

Risk profile assessments

The risk profiles of customers and transactions are assessed in accordance with the Group's CSR sector policy Defense and Security (cf. section 4.2 Assessment of Risk Profiles) which details the assessment performed on the risk profile of assets, customers, direct counterparties, and the final destination of the transaction.

Please note that weapons exports are highly regulated in European countries, requiring, in some cases, the obtention of governmental licenses (i.e. arms transfer and export licenses). These national regulatory mechanisms make it possible to regulate arms exports and avoid, as far as possible, their involvement in controversial situations that contradict the objectives of respect for human rights, international law, the fight against corruption, etc. In addition to national regulations, European regulations, such as the Council Common Position 2008/944/CFSP of 8 December 2008¹², and Regulation (EU) 2021/821 of the European Parliament and of the Council of May 20, 2021¹³, establish rules on governance and controls on exports of military equipment and weapons. All these laws also complement international initiatives to which European Union member states are parties, such as the United Nations Arms Trade Treaty (ATT) and multilateral agreements such as the Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies¹⁴.

Governance of the Framework

In the event of questions about ESG issues relating to eligible financing, the relevant committee at Crédit Agricole CIB will be responsible for analyzing the financing file tracking the Defense Portfolio and may decide to exclude Eligible Assets from the Defense Portfolio. This would also apply in the case of a controversy.

¹² [Council Common Position 2008/944/CFSP of 8 December 2008](#)

¹³ [Regulation \(EU\) 2021/821 of the European Parliament and of the Council of 20 May 20, 2021](#)

¹⁴ [Home - The Wassenaar Arrangement](#)

C. Management of Proceeds

Crédit Agricole CIB's teams are responsible for monitoring the allocation of funds to Eligible Assets on a nominal equivalence basis, as well as managing the Defense Portfolio.

Crédit Agricole CIB has set up an internal information system to track the allocation of funds from "European Defense Instruments" issues until their maturity.

On a bi-annual basis, Crédit Agricole CIB ensures that the total amount of funds raised through bonds, as well as any dedicated defense instruments, is less than the total amount of Eligible Assets.

Pending full allocation of the funds or in the unlikely event of a shortfall in Eligible Assets, Crédit Agricole CIB undertakes to hold the funds in Group Treasury in accordance with the Group's general internal policy and, as far as possible, to invest them in government bonds issued by Eligible Countries.

D. Reporting

Allocation Report

Crédit Agricole CIB will publish on its website an annual report, at the latest at the end of the year following the first issuance of European Defense Support Bonds and until full allocation, providing details the allocation of funds raised through European Defense Support Bonds where relevant and within the limits of the confidentiality rules applying to such financing.

Crédit Agricole CIB undertakes to collect, keep and share the following data on the funds raised:

- the total amount of Eligible Assets available,
- the total amount of Eligible Assets allocated,
- the potential amount of unallocated funds, if any,
- the breakdown of companies/borrowers financed by type of sector,
- the breakdown of companies/borrowers by geographical areas, and
- the number of eligible export loans/credits and any additional information highlighting the defense funding contribution to Eligible Countries.

E. Post external review

Crédit Agricole CIB will publish the main features of its allocation reporting in the Crédit Agricole CIB Universal Registration Document which is subject to the external auditors' review.

Non exhaustive list of Eligible Financial Instruments and geographical restrictions

Type of financing	Geographical restriction to focus on European defense
Direct financing to Eligible Borrowers seen as "general corporate purpose" instruments	Borrowers with headquarters based in an Eligible Country
Loans for specific defense equipment acquisitions either guaranteed or insured by a sovereign's Export Credit Agency	Borrowers with headquarters based in an Eligible Country and only for projects in Eligible Countries
Loans for financing a defense project specifically through a dedicated loan	European ¹⁵ companies or borrowers with headquarters based in Europe and only for projects in Europe
Discounting of receivables to provide working capital to Eligible Borrowers	European companies with headquarters based in Europe
Crédit Agricole CIB's equity investments in European funds whose investment criteria is focused on defense and European sovereign protection	European funds with investment criteria which is focused on defense and European sovereign protection
Equity bridge loans to financial sponsors at the fund level or at the limited liability partnership level where such borrowing is to finance funds whose investment criteria includes defense, public security or sovereign resilience	European private equity or European infra sponsors for European companies with headquarters based in Europe
Leverage buyout loans to finance Eligible Borrowers acquired by private equity funds	European companies with headquarters based in Europe and Europeans sponsors
Inventory financing to finance stock held on Eligible Borrowers' or projects' balance sheets	European companies with headquarters based in Europe

¹⁵ For the purposes of this Framework, Europe is defined as the European Union, the United Kingdom, Norway, Ukraine, Iceland, Switzerland and Greenland and 'European' refers to these countries.

