

Basic Policy for Customer-Oriented Business Conduct in Japan

I. Basic Policy for Customer-Oriented Business Conduct

Credit Agricole Corporate and Investment Bank (CACIB) provides professional financial services to customers using its international network in more than 30 countries.

CACIB emphasizes long-term relationships with customers built on trust and transparency. It is the global policy that our support and advice to customers should be driven by the long term even at the expense of short-term opportunities.

In Japan, CACIB Tokyo Branch and Credit Agricole Securities provide tailor-made financial solutions, based on high level of professional expertise and extensive experience aboard, mainly to financial institutions and large corporates, by properly grasping customers' needs through close communication.

This customer-oriented business conduct has been the basic policy of Credit Agricole Group since its establishment. In practice, CACIB adopted the approach described below, which would be reviewed and updated in response to development or change of market, economic, social and/or regulatory environment.

※Please refer to the business strategy in Japan.

[CACIB Tokyo Branch - Business Strategy](#)

[CA Securities Japan - Business Strategy](#)

II. Pursuit of Customers' Best Interest

CACIB has established this Code of Conduct including the following principles, stipulating that each employee should maintain highly qualified expertise and professional ethics, treat our customers faithfully and fairly, and seek customers' best interest based on a long-term relationship approach.

CACIB believes that it is possible to develop a long-term and stable relationship with customers by taking those actions, while ensuring stable profitability.

CACIB makes efforts to ensure the Code of Conduct becomes part of the corporate culture by discussing it at the annual compliance seminar with all employees.

1. Expertise and Challenges

CACIB employees should pay close attention to the market environment and regulations, strengthen their technical expertise, adapting it to the needs of our customers and contributing to CACIB's and to the Group's performances.

2. Knowledge and Adherence to Rules

CACIB employees should know and abide by applicable laws and regulations.

3. Responsibility and Integrity

CACIB employees should act with integrity and in a responsible manner analyzing the risks and consequences of our actions.

4. Commitment to Customer Service in the Long Term

CACIB employees should develop a long-term relationship with customers built on trust and transparency.

III. Appropriate Management of Conflict of Interest

With the diversification of services provided by financial institutions and the development of global financial conglomerates, there could be multiple competing and conflicting interests within a financial institution or financial group, which increases potential conflict of interest.

Under such circumstances, CACIB has established a Conflict of Interest Management Policy to prevent the interests of our customers from being unjustly impaired, by stipulating the type and criteria of potential conflict of interest, the scope of group companies concerned, the methods to manage potential conflict of interest, and the conflict of interest management system.

※Please refer to “Summary of Conflict of Interest Policy”

[CACIB Tokyo Branch - Summary Conflict of Interest Policy](#)

[CA Securities Japan - Summary Conflict of Interest Policy](#)

IV. Provision of Information from Customer-Oriented Point of View

CACIB makes efforts, when providing financial products or services, to explain the related potential risks in an accurate and straightforward manner in order for customers to make a proper decision and to ensure customers sufficiently understand the risks considering their knowledge and experience. Especially in case of highly complex products or other high risk products, CACIB endeavors to clearly show the potential loss or disadvantage based on the worst case scenario, using simulations or graphs.

In addition, CACIB makes efforts to ensure transparency regarding the fees as compensation for our service provided to customers in order for customers to make a fully informed decision.

When providing information to customers, CACIB endeavors to specify the information source, clarify whether facts or assumptions are presented, and ensure such information is accurate and not misleading.

V. Provision of Services suitable for Customers

CACIB provides tailor-made financial solutions mainly to financial institutions and large corporates and in principle does not do business with retail customers.

CACIB makes efforts to provide financial products or services suitable to customers by sufficiently understanding customers' purpose of transaction, knowledge, experience and financial situations through close communication with customers.

When distributing financial products to retail clients through distributors, CACIB endeavors to distribute products suitable to customers by properly grasping customers' needs and risk tolerance through close cooperation with distributors.

※Please refer "Solicitation Policy" as link to
[CACIB Tokyo Branch - Solicitation Policy](#)
[CA Securities Japan - Solicitation Policy](#)

VI. Framework for Motivating Employees Appropriately

CACIB endeavors to disseminate the concepts of the Code of Conduct, Conflict of Interest Management policy and other policies which stipulate that each employee should treat our customers faithfully and fairly and seek for customers' best interest by organizing the new joiner trainings, the annual compliance seminar and other ad-hoc trainings.

CACIB adopts an evaluation system which considers not only quantitative evaluation focusing on the result such as profits but also qualitative evaluation focusing on the process to achieve such results, according the same importance to both aspects. Also CACIB adopted the deferred bonus system which defers the incentive bonus for management and front-office staff for several years and also links the payments with the company's performance.

Accordingly, CACIB endeavors to develop frameworks for appropriately motivating employees along with an appropriate governance system, through trainings and evaluation/remuneration system, to encourage customer-oriented business conduct based on long-term relationship.

Progress

II. Pursuit of Customers' Best Interest

CACIB has made efforts to ensure the Code of Conduct becomes part of the corporate culture by discussing it at the Annual Compliance Seminar held in March 2023.

At the Seminar, all the mandatory employees, 216 staff, attended.

III. Appropriate Management of Conflict of Interest

CACIB has established the Conflicts of Interest Management Rule, and the Compliance Department is the department which is responsible for conflict of interest management. Being independent from the Sales divisions, Compliance Department collects transaction information of target companies as necessary, and centrally identifies and manages target transactions.

Transactions with a potential conflict of interest are appropriately reported to the Compliance Management Committee.

Conflicts of Interest Management Rule is posted on the company's intranet that can be viewed by all the employees, and the importance of management of conflicts of interest were explained during the Annual Compliance Seminar held in March 2023.

IV. Provision of Information and Services from Customer-Oriented Point of View

CACIB has been making efforts, when providing financial products or services to its clients, to explain important information and fees in an accurate and straightforward manner in accordance with the global and local rules, which are periodically monitored by Compliance.

In the Annual Compliance Seminar held in March 2023, it was explained that the importance of providing information that helps customers make appropriate investment decisions in a way that they can well understand.

V. Provision of Services suitable to Customers

CACIB has established procedures to ensure to provide financial products or services suitable to customers by sufficiently understanding customers' purpose of transaction, knowledge, experience and financial situations through close communication with customers.

In the Annual Compliance Seminar held in March 2023, the importance of Suitability Principle was explained.

When distributing financial products to retail clients through distributors, CACIB has been conducting on-going KYD (Know Your Distributor) in accordance with the global and local rules.

The number of CACIB's distributors as of October 2023 is 50 and CACIB conducted on-going due diligence for all the distributors.

When providing complex structured notes to distributors, CACIB provides "target market" and "fair value" to the distributors.

In case there is an administrative sanction or some concern related to a distributor, CACIB has suspended business with the distributor. Approval of management and compliance is necessary to restart business, after reviewing the implementation status of corrective action plans.

VI. Framework for Motivating Employees Appropriately

In addition to the Annual Compliance Seminar, all employees are required to take relevant training courses, which are monitored by Compliance. Compliance reports the status to management every quarter.

In the 2022 Appraisal, as every year in the past, CACIB has adopted an evaluation system which considers not only quantitative evaluation focusing on the result such as profits but also qualitative evaluation focusing on the process to achieve such results, according the same importance to both aspects. Also CACIB has adopted the deferred bonus system which defers the incentive bonus for management and front-office staff for several years and also links the payments with the company's performance.