

# Non-financial performance

ANNUAL REPORT 2020  
CRÉDIT MUTUEL GROUP



ANNUAL REPORT 2020

# **NON-FINANCIAL PERFORMANCE STATEMENT CRÉDIT MUTUEL GROUP 2020**

CONFÉDÉRATION NATIONALE DU CRÉDIT MUTUEL

This statement is prepared voluntarily within the framework of the regulatory annual reports and the new requirements for the disclosure of non-financial information under Ordinance no. 2017-1180 of July 19, 2017 and its implementing decree, Decree no. 2017-1265 of August 9, 2019, transposing Directive 2014/95/EU of October 22, 2014 on the disclosure on non-financial information.

It forms an integral part of the Group's management report and presents a consolidated view of its business model, the main risks relating to major non-financial issues, the policies and checks performed to address them and the key performance indicators. A selection of non-financial information is audited by an independent auditor.

For full information, please refer to the non-financial statements of the groups.

# Close to our customers

For over a year, France and the world have been living through an unprecedented crisis that combines a global economic and social shock, whose mechanisms are understood, with a public health emergency whose scale and impact remain uncertain.

Via short-time work schemes and government-backed loans (under the PGE scheme), the French state and the private sector have acted to preserve the economic and social fabric and promote solidarity above all other considerations.

All over the country, Crédit Mutuel, with the engagement of its 83,200 employees and 22,000 mutualist elected officers, has faced the crisis head-on. To preserve the fundamentals, the Group granted nearly 138,000 government-backed loans totaling €20.6 billion to businesses in 2020; it also carried out major solidarity actions, such as paying out €179 million in the form of the "Prime de relance mutualiste" (mutualist recovery bonus), a no-strings-attached, one-off recovery bonus, and took numerous other steps to support the most vulnerable industries and population groups.

As a solidarity bank, the Group continued, despite the health situation, to act on the commitments it made in late 2019 in favor of the Sustainable Development Goals and the Paris Agreement and in line with its signing of the UNEP-FI Principles for Responsible Banking (PRB), in order to give sustainability greater weight within its business model.

These choices, which may entail extra costs in the short term, will enable it to contribute to a more sustainable future. As the climate crisis grows, the Crédit Mutuel group has thus exited from coal, put ambitious sector policies in place, taken part in climate stress tests and adopted at Confederation level, in 2020, a specific governance system and roadmap for the efficient oversight of sustainability risk management.

In the current economic and social crisis, Crédit Mutuel defends the values of solidarity inherent in a cooperative, mutual organization that, amid these circumstances, has proved both its resilience and its compatibility with the pursuit of long-term universal goals: the health of people, of the economy and of the environment.

The year 2020 will go down as the year in which these issues were etched more deeply into our governance, our organization and the means we deploy to monitor our progress along the path we have set. We take pride in the recognition we enjoy in our markets, and seek to merit it for an increasing number of reasons.

2021 must be the year of recovery and acceleration. Because the actions we take should not be to the detriment of society, this recovery must be quick and must be combined with the transformation of our economic and social model. This is how we will navigate the health, economic, social and environmental crisis we face – and also build an ever more responsible, resilient and long-term model.

This is the commitment of the Crédit Mutuel group. Underpinned by our cooperative, mutual values, we will work even harder, not only for the recovery but for sustainable overall performance that benefits us all.



Nicolas Théry  
Chairman

Pierre-Édouard Batard  
CEO

|  |           |  |           |
|--|-----------|--|-----------|
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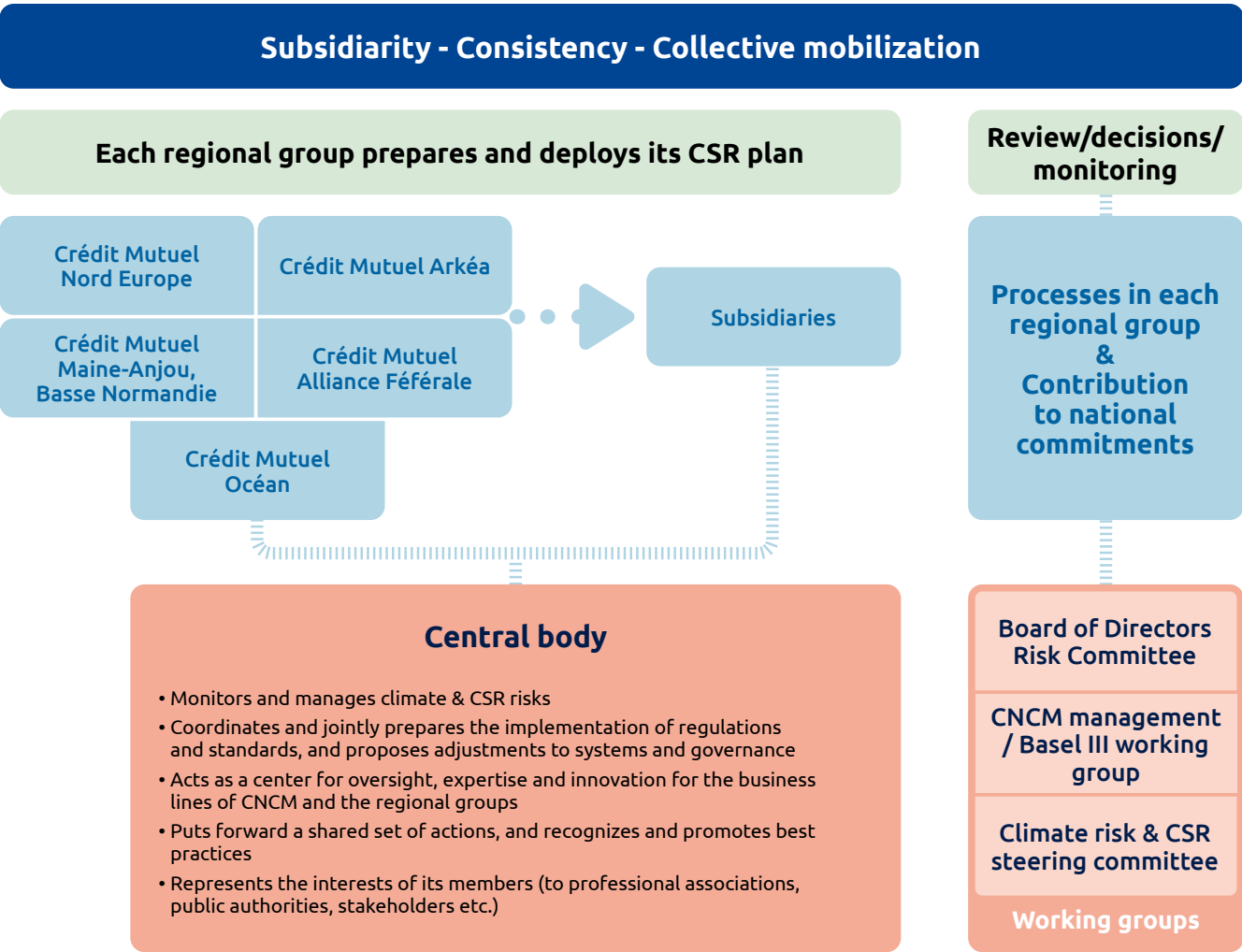
# Straight to the point

## Our CSR and climate risk governance: 2020, a pivotal year

The year 2020 saw the formal implementation of a group-level governance system and road map. These were established jointly with the five regional groups<sup>(1)</sup> and approved by the national executive and supervisory bodies:

- 12/11/2020: Climate risk and CSR steering committee;
- 12/16/2020: Basel III working group (chief executives);
- 12/17/2020: Risk committee (sub-committee of the Board of Directors);
- 01/06/2021: Board of Directors.

### GENERAL PRINCIPLES



### DEDICATED FUNCTION

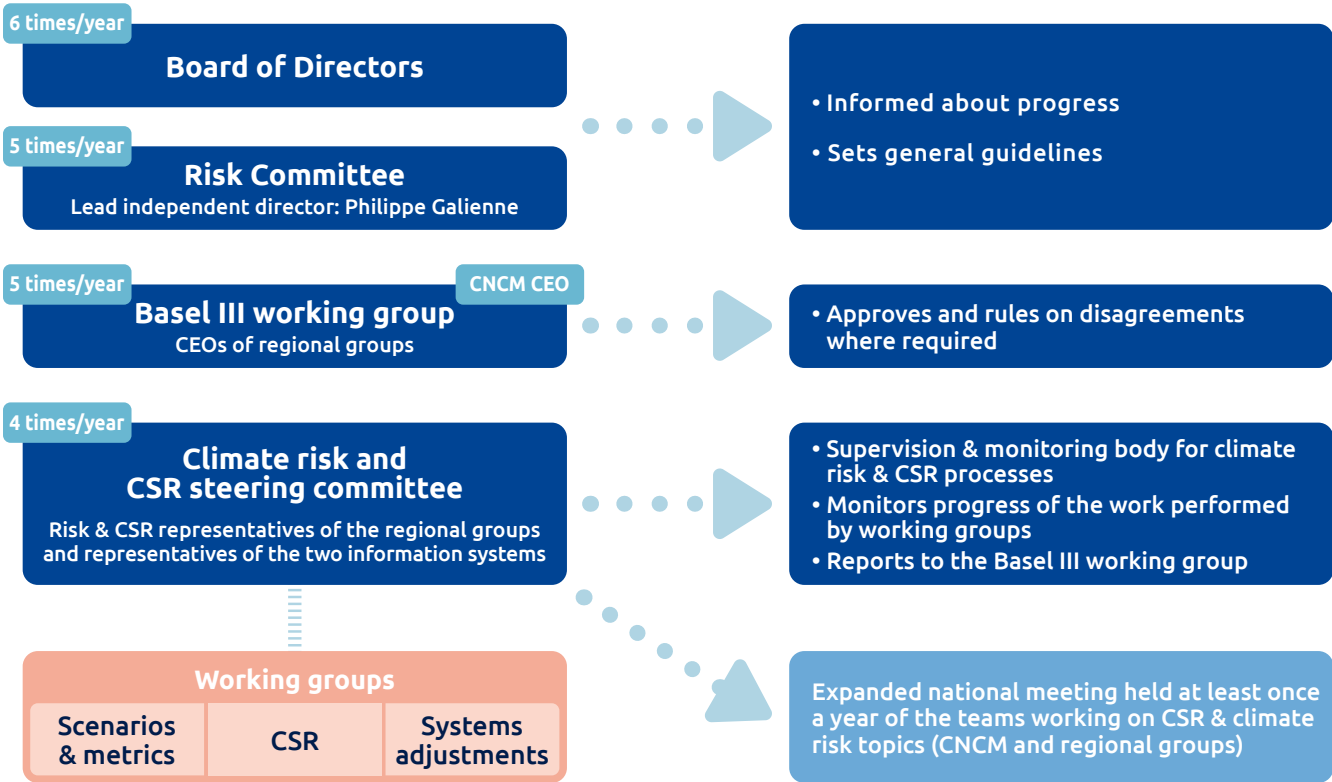
Since January 1, 2020, the CSR department of Confédération Nationale du Crédit Mutuel (CNCM) has reported to the Risk Department. This CSR & climate risk division:

- monitors and manages climate & CSR risks;
- coordinates and jointly prepares the implementation of regulations and standards, and proposes adjustments to systems and governance;

- acts as a center for oversight, expertise and innovation for the business lines of CNCM and the regional groups;
- puts forward a shared set of actions, and recognizes and promotes best practices;
- represents the interests of its members (to professional associations, public authorities, stakeholders etc.).

### COMMITTEES & WORKING GROUPS

Overall coordination: CNCM CSR & climate risk division



(1) Crédit Mutuel Alliance Fédérale (CMAF), Crédit Mutuel Arkéa (CMA), Crédit Mutuel Nord Europe (CMNE), Crédit Mutuel Océan (CMO), Crédit Mutuel Anjou-Basse-Normandie (CMMABN).

On June 23, 2020, the Group’s regional directors approved the formation of a “Climate risk & CSR” steering committee, comprising the risk directors and/or CSR directors of each regional group and the system owners/operational managers of the two IT systems.

The steering committee meets four times a year and reports to the Basel III Working Group, which is made up of the CEOs of the groups and the CEO of CNCM.

Three topical working groups have been set up, each including experts in the relevant field:

- a “Scenarios and metrics” working group for stress tests and reporting;
- a “CSR” working group made up of the CSR representatives of the regional groups;
- a “System adjustments” working group on upgrading IT and other systems to meet CSR and climate needs;

Working group participants are appointed by each of the five regional groups.

Oversight is provided by the risk committee and Board of Directors, which approve the overall guidelines. Risk committee meetings are attended by a lead independent director for climate and CSR matters.

Our roadmap

The Crédit Mutuel Group’s CSR roadmap for 2021-2022 has three key action areas:

- **SUSTAINABILITY** - Directing our action towards the long-term

- **REPORTING** - Developing relevant and tangible measurement tools
- **CLIMATE** - Aligning our businesses with the Paris Agreement climate targets

This shared roadmap aims to capitalize jointly on the initiatives we have taken and manage the issues we have in common (particularly regulatory issues):

- it is updated annually to take account of regulatory changes, the expectations of the regional groups and CNCM’s business line departments, and ideas put forward by the working groups;
- it is approved annually by the national executive and supervisory bodies;
- it is overseen by the climate risk & CSR committee, with regular updates on the progress of projects to the executive and supervisory bodies.

It is based on:

- fulfilling regulatory requirements;
- goals expressed by management;
- the Group’s external environment;
- the expectations and practices of internal and external stakeholders;
- the needs and practices of the regional groups and business lines.

Lastly, it sets out the agreed priorities for the actions to be taken.

Twelve projects have been scheduled and prioritized, with start dates from the first half of 2020 to the first half of 2022:



Our commitments

The Crédit Mutuel has made commitments that require to meet the highest international standards:

| Date signed | Measure                                     | Signed by   | Commitments made  |
|-------------|---|---|---|
| 2003        | Global Compact – Advanced level             | CNCM  | Respect human rights and international standards on labor, environmental protection and the prevention of corruption.   |
| 2019        | Principles for Responsible Banking (PRB)    | CNCM  | - Align our strategy with the United Nations Sustainable Development Goals (SDGs) and the Paris Climate Agreement.<br>- Orient our businesses towards more inclusive finance and a sustainable economy.<br>- Be transparent about their positive and negative impacts on people and the planet.   |
| From 2009   | Principles for Responsible Investment (PRI) | Asset management: Federal Finance Gestion (2009), <sup>(2)</sup> La Française group (2010), <sup>(3)</sup> Crédit Mutuel Asset Management (2012), <sup>(4)</sup> CIC Private Debt (2014), <sup>(5)</sup> Arkéa Capital (2019) | The six Principles for Responsible Investment are a voluntary and aspirational set of investment principles that offer a menu of possible actions for incorporating ESG issues into investment practice.  |
| 2020        | Poseidon principles                         | CIC<br>CM Alliance Fédérale   | Qualitative framework for assessing the alignment of financial institutions' ship finance portfolios with climate targets. The Poseidon Principles are consistent with the greenhouse gas (GHG) emissions reduction strategy adopted by the member states of the International Maritime Organization (IMO) in April 2018, which aims to reduce shipping's total annual GHG emissions by at least 50% by 2050, with a view to zero emissions in the longer term. |

Our participation in finance sector initiatives

Crédit Mutuel actively contributes to initiatives taken by the French and European finance sector.

It participates in various specific working groups set up by European banking organizations to contribute to progress on sustainable finance, particularly the work performed by the EACB (European Association of Co-operative Banks).

At the national level, Crédit Mutuel actively participates in the work of the FBF (Fédération Bancaire Française/ French Banking Federation) on climate risk prevention:

- via the monthly Climate Commission meetings, attended by representatives of the Risk & CSR departments of every major French bank, as well as commissions dealing with this issue on an occasional basis (e.g. the retail banking commission, chaired by CNCM chairman Nicolas Théry);
- via the various working groups set up by the FBF on this issue (coal exposures, Climate Finance Day, the Sustainable Finance Observatory etc.).

Lastly, Crédit Mutuel also takes part in the sector’s responses to the numerous ESG consultations at European level.

(2) See: [https://stpublic.blob.core.windows.net/pri-ra/2020/Investor/Public-TR/\(Merged\)\\_Public\\_Transparency\\_Report\\_Federal%20Finance\\_2020.pdf](https://stpublic.blob.core.windows.net/pri-ra/2020/Investor/Public-TR/(Merged)_Public_Transparency_Report_Federal%20Finance_2020.pdf)  
(3) See: [https://stpublic.blob.core.windows.net/pri-ra/2020/Investor/Public-TR/\(Merged\)\\_Public\\_Transparency\\_Report\\_La%20Fran%20Group\\_2020.pdf](https://stpublic.blob.core.windows.net/pri-ra/2020/Investor/Public-TR/(Merged)_Public_Transparency_Report_La%20Fran%20Group_2020.pdf)  
(4) See: [https://stpublic.blob.core.windows.net/pri-ra/2020/Investor/Public-TR/\(Merged\)\\_Public\\_Transparency\\_Report\\_Cr%20dit%20Mutuel%20Asset%20Management\\_2020.pdf](https://stpublic.blob.core.windows.net/pri-ra/2020/Investor/Public-TR/(Merged)_Public_Transparency_Report_Cr%20dit%20Mutuel%20Asset%20Management_2020.pdf)  
(5) See: [https://stpublic.blob.core.windows.net/pri-ra/2020/Investor/Public-TR/\(Merged\)\\_Public\\_Transparency\\_Report\\_CIC%20Private%20Debt\\_2020.pdf](https://stpublic.blob.core.windows.net/pri-ra/2020/Investor/Public-TR/(Merged)_Public_Transparency_Report_CIC%20Private%20Debt_2020.pdf)



Our achievements this year

| Project area  | Our national achievements in 2020  |
|---|--|
| Governance and acculturation                                  | <ul style="list-style-type: none"><li>• The CSR and climate risk management function was incorporated into the risk department at national level</li><li>• The governance system and consolidated roadmap for climate and ESG issues was established and was approved by the executive and supervisory bodies</li></ul>  |
| Global Compact commitments                                    | <ul style="list-style-type: none"><li>• Our CSR reporting was upgraded to “Advanced” level in late 2020: <a href="https://www.globalcompact-france.org/participants/208">https://www.globalcompact-france.org/participants/208</a></li></ul>   |
| Reporting   | <ul style="list-style-type: none"><li>• Publication of information on our climate commitments on the website of the Sustainable Finance Observatory: <a href="https://observatoiredelafinancedurable.com/fr/">https://observatoiredelafinancedurable.com/fr/</a></li></ul>   |
| Incorporating climate/ESG criteria into risk management tools | <ul style="list-style-type: none"><li>• The decision was taken to incorporate environment and climate risk into the risk map (transition risk and physical risk) and work was begun</li></ul>  |
| Green assets  | <ul style="list-style-type: none"><li>• Outstanding amounts that play a role in the energy transition were identified (use of funds held in the Livret de Développement Durable et Solidaire and Livret A passbooks)</li></ul>   |
| Stress tests  | <ul style="list-style-type: none"><li>• We participated in the ACPR's climate exercise, under which the CSR and risk teams designed a method for modeling the CO<sub>2</sub> emissions trajectories of the industries we finance. This work is based in particular on external climate data, such as that obtained from Eurostat, the French National Low Carbon Strategy, regional climate, air and energy plans and ADEME.</li></ul> |

In this unusual year

Facing an unprecedented health crisis, the Crédit Mutuel Group showed the strength of its mutualist model and its local banking network by providing concrete responses to urgent local problems.

Right from the first lockdown in March 2020, our local banks and branches have remained open for all our customers. Mobilizing in support of its members and customers, Crédit Mutuel acted with supervisory authorities and the government and to develop schemes that were immediately available all over the country. Crédit Mutuel granted the first government-backed loan under the PGE scheme the very next day after the Order of March 23, 2020. Over the year as a whole, 137,400 professionals and businesses benefited from emergency cash flow loans with an average amount of €150,000. At December 31, 2020, Crédit Mutuel Group's outstanding PGE loans totaled €20.6 billion. Issued to professionals and businesses hit by the fall in activity linked to the health crisis, these loans were crucial to safeguarding jobs and the real economy. Alongside these measures, 1.8 million loan repayments totaling €3.6 billion were deferred to enable economic operators to survive the peak of the health crisis.

Loans were also arranged for many personal customers and members suffering a significant drop in income. Facilities were granted by all Crédit Mutuel federations and by their subsidiaries, including where the initial agreements did not provide for them.

Over €200 million was paid out in exceptional support measures, including the prime de relance mutualiste (“mutualist recovery bonus”) paid by Assurances du Crédit Mutuel and a €23 million contribution made to the VSE/ SME solidarity fund by Assurances du Crédit Mutuel and Suravenir. Assurances du Crédit Mutuel and Suravenir also granted over €6 million in various support measures such as premium refunds.

The banking networks took numerous local initiatives, such as the release of supplementary finance for SMEs and mid-tier firms (Crédit Mutuel Arkéa), solidarity and support funds for the most vulnerable sectors, the signing of partnership arrangements with government-certified organizations to help customers in difficulty (Crédit Mutuel Océan), measures and schemes aimed specifically at young people (Crédit Mutuel Alliance Fédérale, Crédit Mutuel Maine Anjou et Basse-Normandie and Crédit Mutuel Nord Europe), and the E-Retrait Banque cardless withdrawal facility (Euro-Information) which enables customers without a cash card to obtain cash from ATMs without incurring charges.

In this year of great disruption, our employees showed the strength of their commitment, particularly the customer advisors who toiled daily in the banking networks to ensure that essential services were provided to their customers, even during the strict lockdown. In recognition of the unfailing commitment of our employees, we kept faith with our workforce by, depending on the network, paying an exceptional purchasing power bonus (called the “Covid-19 mobilization bonus”), maintaining our collective and/or personal pay raise policies, signing quality of life at work agreements, and so on. For the Crédit Mutuel Group as a whole, salaries rose by 2.1% in 2020.

Meanwhile, despite the situation, our elected officers remained fully committed to keeping the group's democratic governance running: 100% of 2020's general meetings were held, either physically or online.

Outside the course of business, Crédit Mutuel took numerous solidarity actions around the country to reduce the effects of the crisis. The federations gave their support, among others, to Protection Civile 53, to the Institut Pasteur in the medical field, and to Secours Populaire, Restos du Coeur, the Red Cross, the ADMR (a national care services network), Emmaus and Secours Catholique in the social field. Support for students took the form of donations of computers (CMMABN), the payment of a “mutualist support payment” of €150 to students and apprentices whose student loan was in the pre-repayment phase, and deferring the start of the repayment phase (CMAF, CMNE), etc. Budgeted support for clubs and the voluntary sector and our musical and cultural sponsorship arrangements were also upheld. For amateur sports, they were even increased. Locally, Crédit Mutuel also supported the efforts of associations to help them survive a period that was dominated by the cancellation of fundraising events, falling membership numbers and reduced sponsorship.

The Stages Jeunes project at Crédit Mutuel Maine Anjou et Basse Normandie (CMMABN)

The current health crisis is making things particularly tough for students, in their studies and especially in their search for internships. For this reason Crédit Mutuel Maine Anjou et Basse Normandie stepped in during 2020 to offer some twenty internships to students in its region, which began in 2021. As a responsible employer, CMMABN was intent on doing its bit to support young people in their studies.

UNPRECEDENTED EFFORTS

€20.6bn  
of PGE (State  
guaranteed loans)  
granted to over  
137,400 businesses  
hit by the fall in activity

€1.8m  
repayments deferred,  
totaling  
€3.6bn

Over 200m  
in unilateral solidarity  
measures  
First  
to offer the mutualist  
recovery bonus

INITIATIVES TAKEN ALL ACROSS OUR REGIONS

**Crédit Mutuel Alliance Fédérale**

Local relationships maintained with **7 million customer appointments** across all communication channels

**€17m** contribution to the Solidarity Fund

**€4.8m** in mutualist aid for students

**Crédit Mutuel Nord Europe**

**Mutualist aid** for students and apprentices

**Support for clubs and associations** with Pay Asso charges waived

**Crédit Mutuel Arkéa**

Donation of **€6.1m by insurers** to the VSE/SME solidarity fund

**Redistribution of €2.4m** in insurance premiums

**Solidarity budget for 2020 doubled to €4.2m** for private individuals, businesses and clubs & associations

**Assurances du Crédit Mutuel**

Over **25,000 professionals and businesses** supported by the mutual recovery bonus (prime de relance mutualiste)

**Crédit Mutuel Océan**

**Support for call centers** to handle surges in call numbers

**“Budget points” established** for vulnerable customers

**Crédit Mutuel Maine-Anjou et Basse Normandie**

**Assistance for young people** via a specific solidarity fund

**Equity investment** to support growing businesses affected by the health crisis



# Who we are

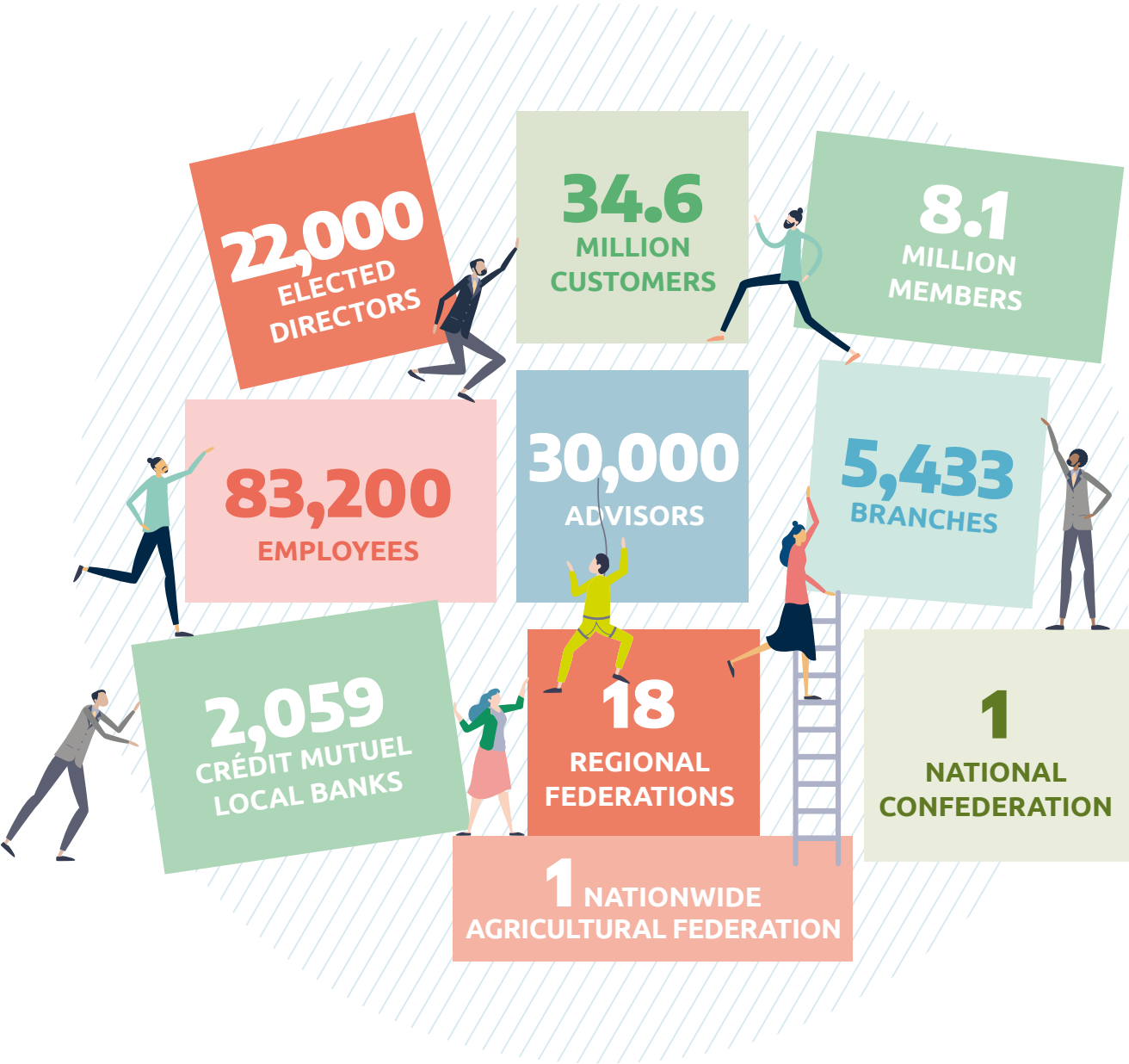
## Our business model

The Crédit Mutuel Group is made up of a range of regionally based cooperative banking and financial institutions with strong roots in the French regions and the country as a whole. These regional institutions have numerous subsidiaries, particularly in the insurance, asset management and consumer credit businesses. The Group has an international presence, mainly in Europe and in particular in Germany, Belgium, Spain and Luxembourg.

The operating subsidiaries belong to the cooperative groups, which belong in turn to their 8.1 million members.

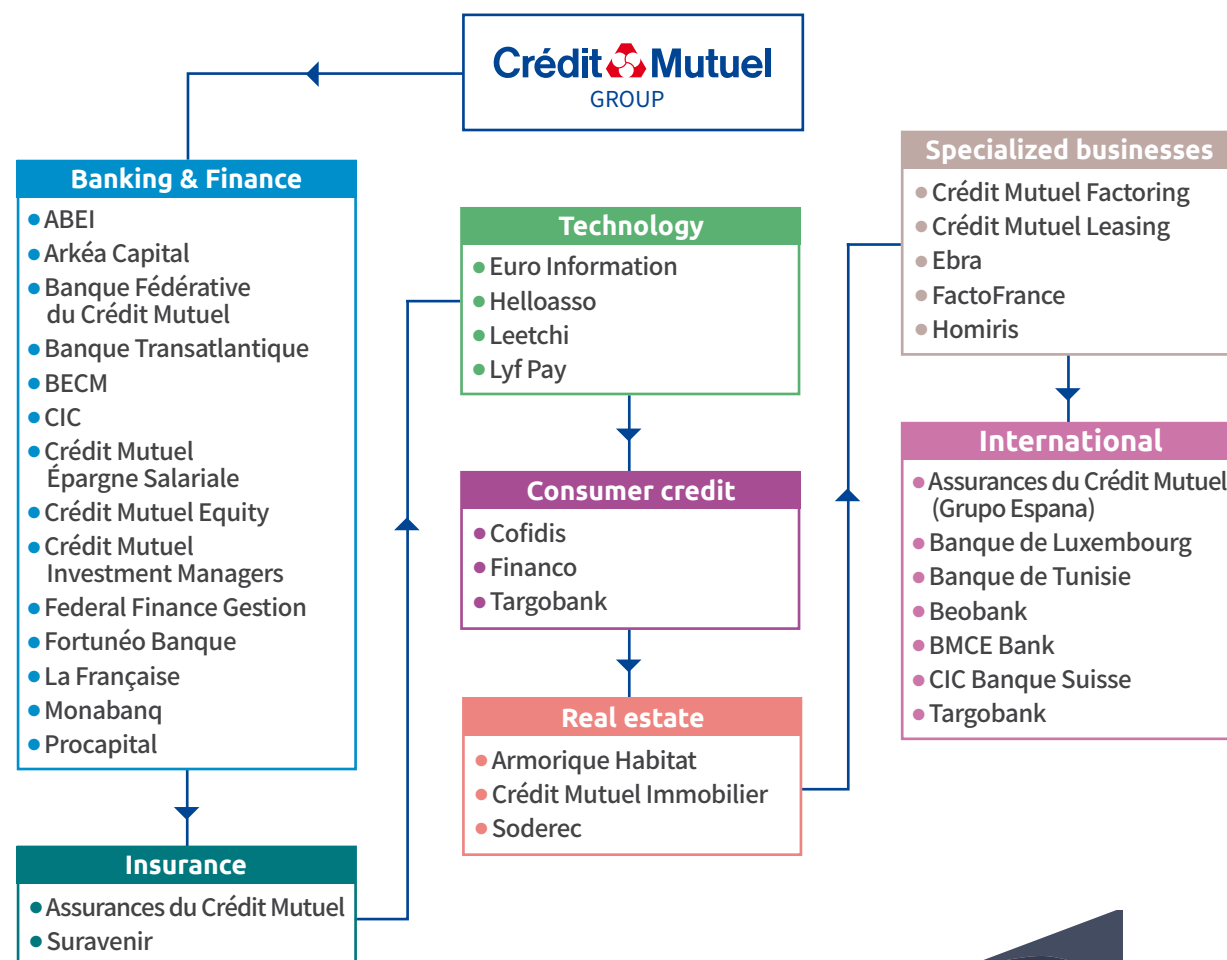
**KEY FEATURES**

Dense geographical coverage, a skilled and committed network, decentralized governance that favors closeness to the ground, decisions taken at the level of our local banks: the trust that our members and customers place in us comes from an agile and relevant organization focused on people and expectations.



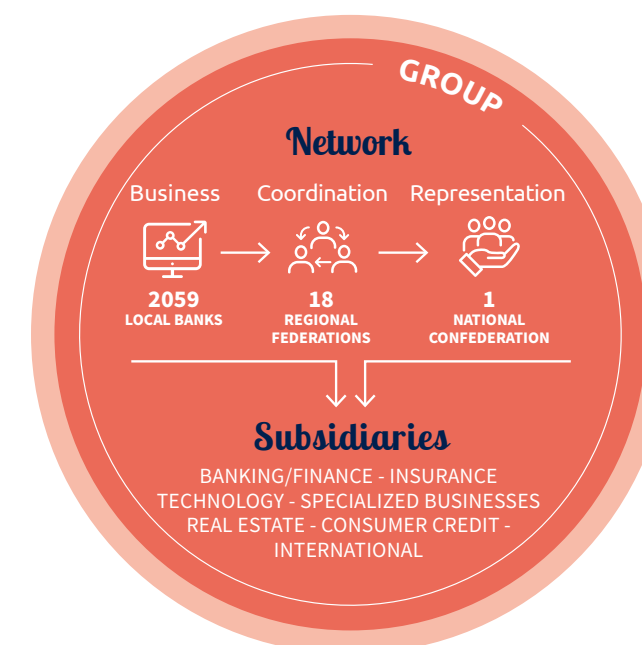
## MAIN SUBSIDIARIES AND PARTNERSHIPS: STRONG SENSE OF COOPERATION BETWEEN THE GROUP'S BUSINESS LINES

With a successful presence all across the country, the Crédit Mutuel Group also brings its advantages to bear internationally. It is continuing to expand in Europe and around the world, with the same aims and values that it successfully upholds in France: responsibility, sustainability, and understanding local issues.



## THE STRENGTH OF A DECENTRALIZED COOPERATIVE GROUP

The Group is using its expertise and responsiveness to meet the new needs and habits of all its different customers. The benefits of this cooperative growth model, in which members and customers are central to everything we do, give us the means to support them through the accelerated transformations of the world to come. The strength of our networks and their closeness to customers result from a business model based on subsidiarity, in which over 90% of decisions are taken locally. This responsiveness endows Crédit Mutuel with the ability to respond effectively to the needs of the real economy. Sharing resources, risks and skills gives us the agility that is indispensable in a constrained and structurally disrupted environment. This high-performing model proves its worth year after year, and continues to guide our aims for tomorrow.



With a culture of strong local responsibility, the Group's cohesion is provided by the Confédération Nationale du Crédit Mutuel, whose fundamental purposes are defined by law in the French Monetary and Financial Code. On that basis, it represents its member institutions and companies in relations with regulators, ensures the cohesion and smooth operation of the network, makes sure that laws and regulations are applied and provides administrative, technical and financial oversight of the organization and management of its members.

The Confédération Nationale du Crédit Mutuel (CNCM) is thus in charge of<sup>(6)</sup>:

- collectively representing the Crédit Mutuel mutual banks to uphold their shared rights and interests;

- providing administrative, technical and financial oversight of the organization and management of each Crédit Mutuel local bank;
- taking all necessary steps to ensure the proper functioning of Crédit Mutuel, notably by promoting the establishment of new local banks or closing down existing banks, either by merging them with one or more other banks or through voluntary liquidation.

The exact details of these purposes are set out in CNCM's articles of association, in which the object clause specifically states that CNCM is responsible for:

- ensuring the Group's prudential soundness by ensuring stability and financial robustness;
- representing the interests of its members to the best of its ability, notably in discussions with professional federations and the public authorities;
- protecting and promoting the Crédit Mutuel brand.

As an association, CNCM has neither customers nor a commercial business. Its members are the regional federations and the Fédération du Crédit Mutuel Agricole et Rural. Its Board of Directors prepares the Confederation's annual financial statements and the national consolidated financial statements, and draws up the accompanying management reports.



(6) Quoted from the French Monetary and Financial Code.



SERVICES: QUALITY IN EVERYTHING  
AND FOR EVERYONE

**No. 1**  
IN FRANCE FOR  
REMOTE SURVEILLANCE  
**508,000**  
CUSTOMERS



**Insurance**  
**2<sup>nd</sup>**  
LARGEST BUSINESS LINE  
IN THE GROUP



  
**547,000**  
CLUBS &  
ASSOCIATIONS

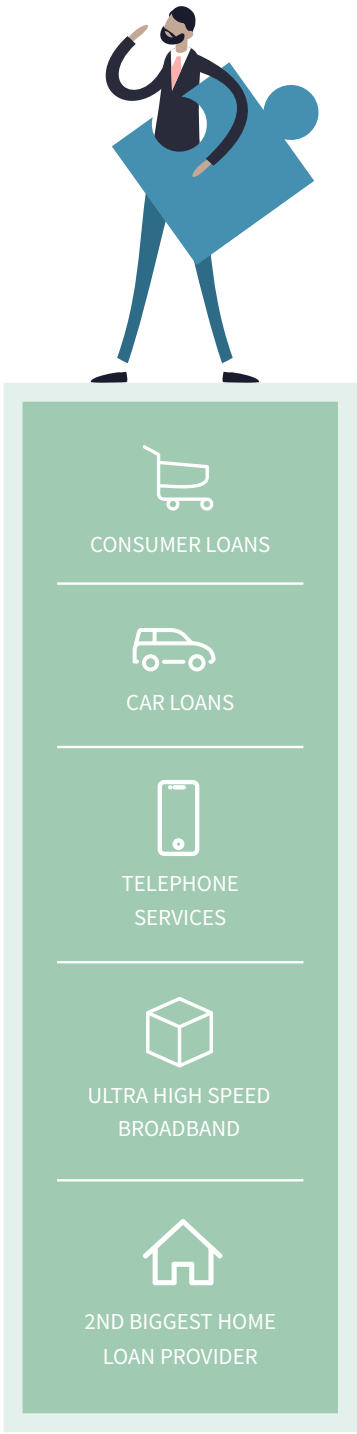
**Real estate:**  
HIGH ADDED  
VALUE OFFERS  
AND SERVICES

**20%**  
OF THE FRENCH  
FACTORING MARKET

**Equipment  
& Property  
Leasing:**  
LEADING PLAYER  
IN LEASE FINANCE  
FOR BUSINESSES

  
**1,754,831\***  
BUSINESSES

  
**No. 2 Bank**  
FOR THE FARMING SECTOR



THE BANK FOR ALL

Crédit Mutuel provides daily support to all its customers – personal customers, professionals, businesses, farmers and non-profits – through a range of innovative services designed to meet their needs and through decisions taken primarily (over 90%) at local level.

Corporate and investment banking accounts for 5.5% of NBI for the operational sectors (Retail Banking, Insurance, Corporate, Asset Management/Private Banking).



A major impact on the economy and regions

The amount of capital managed by the Group's various business lines make it a fundamental in the economy, as shown by the figures below.

| Economic impact - Key figures (€ billions) |                                 | 2019   | 2020     |
|--|---------------------------------|--------|----------|
| BANKING                                    | Loans receivable from customers | 490.16 | 530.61   |
|  | Home loans                      | 252.02 | 271.05   |
|  | Consumer loans                  | 49.36  | 50.66    |
|  | Equipment loans (VSEs)          | 116.39 | 121.66   |
| INSURANCE                                  | Insurance technical reserves    | 165.69 | 168.76   |
| ASSET MGMT.                                | Assets under management         | 149.97 | 144.28   |
| GROUP                                      | Total balance sheet assets      | 930.92 | 1,021.61 |

This performance is made possible by the group's firm local roots and the commitment shown by its workforce.

| Employment and regional impact - Key figures 2019 2020 |                          | 2019   | 2020   |
|--|--------------------------|--------|--------|
| EMPLOYMENT   | Average workforce (FTEs) | 82,794 | 83,194 |
| REGIONAL   | Number of branches       | 5,527  | 5,433  |

As a leading banking & insurance provider and retail bank, the Crédit Mutuel Group offers a wide range of services (banking, insurance, real estate, personal and workplace savings schemes, phones, leasing etc.) locally to a customer base of personal customers, professionals and businesses of all sizes. Its primary goal is to provide its customers with high-quality relations and service, which are the key to trust and growth.

\*Crédit Mutuel Group, French banking networks.

# Our goals

**RESPONSIBILITY, PROXIMITY, SOLIDARITY**

The Group's values of solidarity, proximity and responsibility have their foundation in its cooperative origins. Created for the benefit of its members, a cooperative necessarily has a long-term business model. Its profits are not paid back to its owners as dividends, but kept in reserve as security for the future. The capital supplied by members is remunerated in accordance with the limits set by law. A cooperative is thus founded on the involvement of its members. Within the Group, our 8.1 million members thus elect 22,000 directors, who play a part in the affairs of their local bank and in some cases in regional and national decision-making. This community represents the first of the Group's stakeholders, and it is the one that best expresses the expectations of the society to which it belongs. The Group thus attaches the greatest importance to this community, which it hopes will be diverse, dynamic and capable.

Crédit Mutuel is proud of its business model, and promotes it through its active membership of French and international cooperative organizations (CoopFR, EACB, Coopératives Europe, International Coopérative Alliance).

Crédit Mutuel fully adheres to and upholds the seven cooperative principles:

PRINCIPLE NO. 1:  
VOLUNTARY AND OPEN MEMBERSHIP

PRINCIPLE NO. 2:  
DEMOCRATIC MEMBERS CONTROL

PRINCIPLE NO. 3:  
ECONOMIC PARTICIPATION OF MEMBERS

PRINCIPLE NO. 4:  
AUTONOMY AND INDEPENDENCE

PRINCIPLE NO. 5:  
EDUCATION, TRAINING AND INFORMATION

PRINCIPLE NO. 6:  
COOPERATION BETWEEN COOPERATIVES

PRINCIPLE NO. 7:  
CONCERN FOR COMMUNITY

Each entity in the Group implements these fundamental guidelines in accordance with its economic impact and the nature of its business, but always with one consistent goal: to create and maintain lasting relations with members and customers. Within the framework of its corporate social responsibility and its ethics and compliance policies, the Group undertakes to conduct its affairs with competence, care, honesty and fairness.

**As a bank for all customers**, the Group's businesses pay special attention to people in vulnerable positions, whether they are personal or business customers, both directly and through partnerships with specialist organizations, and has made public commitments in this regard. The regional groups are also actively involved in microlending, in order to help people return to or remain in employment. This both helps individuals and sustains the economic momentum in our regions.

**As a bank for all regions**, Crédit Mutuel's local presence means it plays a fundamental role in local economies, as an employer and as the finance provider to the economic fabric: people, farming, businesses, clubs & associations and housing, including social housing bodies and local authorities. With a strong commitment to new technology and AI, Crédit Mutuel aims to offer all its members a structure that combines the best of physical presence with the best of digitalization. Through products, services and communication channels to suit every customer, Crédit Mutuel aims to make its regional groups a reference point that spans the generations. Digitalization will not undermine our local presence, which we intend to keep strong.

As a responsible bank and in line with its attachment to the cooperative model, the Group does everything in its power to ensure that it is never liable for events that would bring that model into disrepute. With this in mind, our groups perform due diligence and have systems in place (including whistleblower systems) for reporting the existence or crystallization of risks. Systems for preventing money laundering and the financing of terrorism, not to mention the safety of property and persons, are consequently day-to-day priorities.

This entire edifice could not operate without the involvement of available and capable elected officers. To ensure this is the case, the Group runs training programs and actively stimulates cooperative management and governance.

The year 2020 will go down as the year in which non-financial issues became integral to the Group's governance (see the sections "Straight to the point" "Our CSR and climate risk governance: 2020, a pivotal year"). Given the European requirements, the extent of the work, especially on climate issues, means that the work begun on our roadmap will be continued through 2021.

The disruptions caused by the 2020 crisis have reinforced the Group's aims and confirmed its values, which are expressed daily mainly through:

- **responsiveness and assistance for all our customers;**
  - Personal customers, professionals, businesses large and small from farmers to manufacturers, vulnerable customers, in the city and in the countryside... with the emphasis on proximity and responsiveness.
  - Fair treatment for our customers and partners, and for the stakeholders affected by our businesses.
- **a positive employment policy;**
  - In terms of pay (salaries, bonuses, profit-sharing), but also in terms of equality of opportunity and career

advancement, training and protection. As an employer, the Group aims to be solidarity-focused ("donate a day" scheme, solidarity leave), inclusive (disability) and actively engaged in the digitalization of society.

- **a real commitment to a livable natural environment.**
  - By taking action on the Group's direct climate footprint, by continuing efforts to evaluate and reduce the negative effects of its businesses and by helping our customers make the transition.

## Identifying our non-financial risks to pinpoint our priorities

Since 2019, CNCM has drawn on an analysis of its main ESG (environmental, social and governance) risks to identify which CSR issues are the most strategically relevant. This analysis has enabled us to define a universe of CSR risks, divided into three types:

- risks specific to banking and financial activities;
- risks associated with running a business;
- risks specific to the role of an employer.

This classification allows risks to be summarized in a way that echoes the non-financial risk maps drawn up by the regional groups. Risks have been defined based on regulations, market practices, the assessment criteria used by ratings agencies and CSR and reporting standards; a score is assigned to each risk. With a view towards continuous improvement, this analysis is revised annually, which led in 2020 to the restructuring of certain topics.

This work will continue in 2021 with the working groups put in place under the new structure.

With respect to non-financial issues, the Risk Department is in charge of monitoring the commitments made on the Group's behalf by the CNCM Board of Directors (adherence to the Global Compact and to the Principles for Responsible Banking), which act as a set of limits applicable to the Group as a whole and reflect the common values shared by all its members.

Furthermore, environmental, social and governance risks have been brought within the scope of the Risk Department (RD) as from January 1, 2020. These risks are handled by a dedicated climate risk and CSR team, whose role in particular is to help integrate ESG risks into "traditional" risk management tools such as the national risk map. Some ESG risks had already been fully or partly integrated into the risk map within the operational risk and compliance risk categories.



The table below sets out the overall architecture of non-financial risk as it currently stands:

| Risks specific to banking and financial activities                           |   | Relevance <sup>(7)</sup> | SASB topic <sup>(8)</sup>   |
|--|---|--------------------------|---|
| CONTROVERSIAL BUSINESS RELATIONS   |   |                          |   |
| 1  | Controversial country                                       | ■ ■                      | Business ethics   |
| 2  | Controversial sector  | ■ ■ ■                    | Business ethics, Product design & lifecycle management, Physical impact of climate change, Systemic risk management   |
| 3  | Controversial counterparty                                  | ■ ■ ■                    | Business ethics   |
| 4  | Climate change  | ■ ■ ■                    | Physical impact of climate change, Systemic risk management   |
| PRODUCTS AND SERVICES IN LINE WITH SOCIETAL EXPECTATIONS                     |   |                          |   |
| 5  | Products and services that live up to customer expectations | ■ ■ ■                    | Business ethics, Product design & lifecycle management  |
| Risks associated with running a business                                     |   | Relevance <sup>(1)</sup> | SASB topic <sup>(2)</sup>   |
| GOVERNANCE AND SOCIETAL COMMITMENTS  |   |                          |   |
| 6  | Cooperative model   | ■ ■ ■                    |   |
| COMPLIANCE & ETHICS  |   |                          |   |
| 7  | Fair operating practices                                    | ■ ■ ■                    | Customer privacy, Data security, Selling practices & product labelling, Access & affordability, Business ethics, Management of the legal & regulatory environment |
| Risks specific to the role of an employer                                    |   | Relevance <sup>(1)</sup> | SASB topic <sup>(2)</sup>   |
| EMPLOYMENT   |   |                          |   |
| 8  | Training  | ■ ■                      |   |
| 9  | Equality and inclusion                                      | ■ ■ ■                    | Employee engagement, diversity & inclusion  |
| 10   | Remuneration and employee dialogue                          | ■ ■                      |   |
| ENVIRONMENTAL FOOTPRINT OF OUR OPERATIONS – MANAGEMENT OF OUR DIRECT IMPACTS |   |                          |   |
| 11   | Direct environmental footprint of the Group                 | ■                        | Systemic risk management  |

(7) ■■■: regarded as a major issue for the Group. ■■: considered to be a significant issue for the Group. ■: merits attention.  
(8) SASB (Sustainability Accounting Standards Board), a non-profit organization whose aim is to develop standards for sustainability accounting. Topics considered likely to be significant for financial sector businesses.

# Measures and results

## Risks specific to banking and financial activities

### Controversial business relations

| 1 Controversial country   |   |  |
|---------------------------|---|--|
| Potential risk identified | Risk of controversy: some countries, in addition to those subject to international sanctions, may appear to show insufficient respect for human rights, apply unfair tax rules, or be notoriously susceptible to corruption.<br><i>Topic that only concerns corporate and investment banking, asset management and insurance.</i> |  |
| Prevention measure(s)     | <b>Nationally:</b><br>– Prohibited/watch lists managed by CNCM compliance function<br>– Permanent regulatory watch (within multiple structures: compliance, risk etc.)  | <b>At regional group level:</b><br>– Watch lists and prohibited lists<br>– Use of in-house or external rating systems that include ESG criteria when setting country exposure limits (partially implemented) |
| Key indicators            | Country exposure.<br>– Calculation of HDI score of NBI by country<br>– Calculation of CPI score of NBI by country   |  |

### LIMITED FOREIGN OPERATIONS

Country reporting, as required by regulations and presented in the financial report, provides an indication of the Group's firm concentration on France and, outside France, the European Union.

| Country reporting – Group activities |                                 | 2019  | 2020  |
|--------------------------------------|---------------------------------|-------|-------|
| France                               | Percentage of workforce         | 83.5% | 88.1% |
|                                      | Percentage of NBI               | 79.7% | 83.6% |
|                                      | Percentage of profit before tax | 84.6% | 71.1% |
| European Union                       | Percentage of workforce         | 99.2% | 99.2% |
|                                      | Percentage of NBI               | 98.1% | 97.8% |
|                                      | Percentage of profit before tax | 97.8% | 99.6% |

The Group also regularly calculates two composite indices that enable it to weight the HDI (Human Development Index) or CPI (Corruption Perception Index) according to the workforce and NBI for each country. As the geographical spread of the Group’s activities remains stable, these

indices are not calculated every year. They were calculated in 2020 based on 2020 publications by the United Nations Development Program (HDI) and 2021 publications by Transparency International (CPI), the results being as follows:

| Country reporting – Group activities               |   | 2019   | 2020   |
|--|---|--------|--------|
| HDI <sup>(9)</sup><br>Human Development Index      | Benchmark value (France)                    | 0.901  |        |
|  | Value weighted by net banking income        | 0.907  | 0.907  |
|  | Value weighted by workforce                 | 0.905  | 0.905  |
|  | Value weighted by profit or loss before tax | 0.906  | 0.912  |
| CPI <sup>(10)</sup><br>Corruption Perception Index | Benchmark value (France)                    | 69     |        |
|  | Value weighted by net banking income        | 70.256 | 70.345 |
|  | Value weighted by workforce                 | 69.721 | 69.716 |
|  | Value weighted by profit or loss before tax | 70.158 | 70.691 |

Sources:  
2019: Transparency International and UNDP 2018 – 2019 Crédit Mutuel Group financial statements  
2020: Transparency International 2021 and UNDP 2020 – 2020 Crédit Mutuel Group financial statements

For the regional groups, international business with foreign countries is based on a threefold system of limits.

The **first** level of limits concerns financial security provisions applicable on a country level.

For financial security, the Group has put a system in place to identify transactions that may originate from an offense subject to a prison sentence of more than one year, from tax fraud or from the financing of terrorism. The system notably includes a specific structure with the appointment of AML-CFT officers<sup>(11)</sup>; processes for understanding business relations, the oversight of transactions and third parties, internal procedures, risk classifications and a system of controls.

For instance, classifications take account of risk assessments drawn up according to the nature of the product or service, the proposed transaction terms, the distribution channels used, the features of the customers, their geographical location, and the country or territory of origin or destination of the funds. For the latter, the risk levels for each country are assessed on the basis of lists published by FATF (Financial Action Task Force) and the European Commission, the features of their taxation system, their systems for

preventing money laundering and the financing of terrorism, their perceived level of corruption, and the existence of international sanctions or restrictions against them.

Operationally, these classifications contribute to the adoption of an appropriate surveillance level for business relations connected with high-risk countries, involving the screening of transactions originating from or destined for countries subject to EU sanctions. The compliance function draws up and regularly updates a list of sensitive countries for which an institution may be required to fulfill specific due diligence obligations on business relations and transactions. In some cases, all relations and transactions may be prohibited.

The **second** level of limits is based on a financial appraisal of the counterparty. The **third**, which is currently being deployed in the group with the highest level of international exposure (Crédit Mutuel Alliance Fédérale), is based on an ESG analysis of the counterparty’s country and may lead to a reduction in second level limits. This rating process is based on research work carried out by Notre Dame University<sup>(12)</sup> (see box).

Incorporating ESG issues into country risk

In connection with the rise of climate change related risks with a potential impact on countries and their economies, research on climate risk assessment has enabled an ESG component to be incorporated into the setting of the Group’s country limits. These limits set a ceiling on the exposure levels that the Group will accept in respect of the counterparties it deals with in each country. Country limit calculations thus take account of the Notre Dame Global Adaptation Index (ND-GAIN), which reflects: - the vulnerability of countries to climate change (“vulnerability”), based on 36 quantitative and qualitative criteria covering the main topics of health, food, ecosystems, habitat, access to water and infrastructure; - their ability to adapt to these changes (“readiness”), based on nine economic, social and governance criteria.

Limits may be adjusted downwards, sometimes considerably so, on the basis of the index score. Limit calculations are dynamic and are revised as a minimum in accordance with the annual updates to the index. Ad hoc adjustments may also be made to ensure that any new project a country puts in place specifically to combat climate change can be promptly taken into account, so that countries that proactively seek to improve their resistance to current and future climate changes are not penalized. This measure forms part of an iterative system for evaluating climate risk monitoring and will be adjusted in line with the progress of the related work projects under way at Crédit Mutuel Alliance Fédérale.

In the context of the risk measurement and monitoring system, the risk committee is regularly informed of exposures by country.

Upstream of this operational management of counterparty risk, the CSR team monitors general developments and publishes a weekly letter and briefings to alert staff to new events on a widely accessible intranet site. This has been the practice for more than ten years.

Controversial sector

| 2 Controversial sector    |   |  |
|---------------------------|---|--|
| Potential risk identified | Risk of controversy: some economic sectors carry out activities that are sensitive with respect to societal issues, such as war, climate change, human and employment rights, etc.<br><i>Topic primarily concerns large transactions or transactions with major clients (corporate and investment banking, asset management, insurance) but may be expanded to cover the whole of the portfolio with the implementation of the European taxonomy.</i> |  |
| Prevention measure(s)     | <b>Nationally:</b><br>– Monitoring developments, raising awareness<br>– Participation in industry consultations and tests initiated by regulators   | <b>At regional or individual subsidiary level:</b><br>– Sector policies<br>– Development strategy<br>– Investment selection process (ESG) and certification of marketed products<br>– Use of in-house or external rating systems |
| Key indicators            | Allocation of risks by sector (see Financial Report)<br>Percentage of funds invested by investment management companies where ESG criteria formed part of the selection process<br>Reports drawn up by the Group’s institutional investors pursuant to Article 173 of the LTECV (Law on the Energy Transition for Green Growth)   |  |

(9) <https://www.populationdata.net/palmares/idh/>  
(10) <https://transparency-france.org/wp-content/uploads/2019/01/IPC-2018-Europe.pdf>  
(11) Anti-money laundering/combating the financing of terrorism.  
(12) <https://gain.nd.edu/>





## MEASURES TO COMBAT CLIMATE CHANGE

The Group's businesses may be invited to take part in transactions involving sensitive industries, giving rise to social and environmental risks. The Group is keen to act responsibly in relation to these issues and thus seeks to keep control over the use of its funds in these sectors. Within the Group, each financial entity (federal bank, asset management company, insurance company) is responsible for drawing up its own sectoral policies in accordance with its business lines, exposures and risk assessment.

The two entities with exposure to the coal industry have made commitments accordingly. Having committed to withdrawing from coal financing by 2030, Crédit Mutuel Alliance Fédérale has drawn up a sector policy to enable this commitment to be put into practice. The same is true for Crédit Mutuel Arkéa, which has committed to a worldwide exit from coal by 2030 and in 2021 tightened its finance and investment policy for businesses with links to coal (in terms of both mining and power generation).

Crédit Mutuel Alliance Fédérale has also made strong commitments in relation to the climate, and strengthened and expanded its sectoral policies in 2020:

- coal sector policy (see above);
- unconventional oil & gas policy;
- transport sector policy.

Recently published, this last policy concerns transport by air (airlines and aircraft purchases), sea (shipbuilding and shipbreaking) and road (vans and trucks) and aims to limit the granting of finance strictly to the least carbon-intensive assets. It marks a continuation of the commitment made by CIC in 2019 when it became a signatory to the Poseidon Principles.

Other sector policies are also in place for:

- mining;
- civil nuclear power;
- defense and security.

These commitments made by groups that conduct significant levels of business with the industries concerned encourage the other groups to fall into line with the measures adopted.

In application of Article 173 of the Law on Energy Transition for Green Growth, the insurance (ACM, Suravenir) and asset management (Crédit Mutuel Asset Management, Federal Finance Gestion, La Française) subsidiaries have developed expertise in assessing the climate impact of their investments. Each of them reports accordingly in its annual report<sup>(13)</sup>.

Society's great sensitivity to climate issues and the implementation of the commitments arising from the Paris Agreement have led regulators (the EBA and ACPR) to conduct pilot exercises to measure banks' exposure to climate risk, which were coordinated by Confédération Nationale du Crédit Mutuel. Coordination was carried out via working groups and enabled the regulators' demands to be dealt with operationally for the Group as a whole. It also enabled us to take greater ownership of climate change issues and the associated methodologies and opened up the possibility of introducing new sectoral policies.

Lastly, the Group wishes to be able to offer savings products to its customers that are in keeping with societal issues: green and solidarity-focused products that enable them to follow investment principles that are in line with their convictions. The Group naturally sells the regulated passbook products that are designed to support sustainable development and solidarity (LDDS) and fund social housing (Livret Bleu/Livret A). It manages and markets solidarity employee savings funds and investment funds made up of stocks selected from an investment universe that incorporates environmental, social and governance criteria.

The transparency of these funds will be further enhanced by implementation of the European Disclosure Directive. Where relevant, the investment management companies seek to obtain independent certification of these funds as follows:

- SRI and/or Greenfin certification for public investment funds;
- CIES certification for employee savings funds;
- Finansol certification for solidarity products: Livret d'épargne pour les autres (Crédit Mutuel and CIC), FCP France Emploi (Crédit Mutuel Asset Management), Livret solidaire (Crédit Mutuel Arkéa).

## Interview: responsibility at La Française

### How does La Française translate its commitments into responsible practices?

*"In a world that is going through a period of disruption marked by economic, social and now health-related crises, our group is resolutely committed to ethical and sustainable practices as an actor, investor and employer. This approach commits us and requires us to apply the same demands to ourselves as we apply to our investment choices."*

*"These disruptions require us to make an effort to set new benchmarks and activate new performance drivers, with the aim of having a positive effect on both profitability and social and environmental impacts. We are convinced that in the long term, investment cannot be profitable unless it is sustainable. We aim to create value on an individual level in terms of the return on investment and collectively via its social and environmental impact."*

### How would you define your skills?

*"The activities of the La Française group are organized around two pillars, namely real estate assets and financial assets. The sustainability dimension has been present in La Française for around a decade."*

*"In terms of real estate, we began including ESG criteria in our investment choices and real estate management very early on. SCPI Grand Paris Patrimoine was one of the first funds to obtain real estate SRI certification after it was introduced."*

*"In terms of financial assets, La Française AM intends for its entire range of open-ended funds to be 100% sustainable investment by the end of 2022. Seven of our equity, debt and money-market funds are SRI-certified, underlining our strong focus on sustainable investment strategies and more specifically on low-carbon strategies in equities, debt and sovereign bonds. We are thus able to offer a sustainable range covering multiple investment types."*

*"All of this was made possible by the choice we made to have our own research center, La Française Sustainable Investment Research (LF-SIR). This ESG research team has brought in databases and developed in-house models to carry out non-financial analyses of companies we wish to invest in, in terms of sustainable development and more specifically in terms of their exposure to climate change. In this regard, and because we are keen to engage in dialogue with companies, our research now includes an innovative process for measuring low carbon trajectories (LCTs). This model enables us to tell whether businesses in industries with high GHG emissions are in line with the Paris Agreement, which is a major plus for our fund management in terms of assessing the risks and opportunities linked to climate change."*

Laurent Jacquier Laforge, Global Head of Sustainable Investing, La Française group

| Responsible savings and solidarity savings (in € millions)  | 2019                | 2020    |
|---|---------------------|---------|
| Assets under management   | 147,969             | 144,277 |
| SRI investments   | 5,114               | 16,748  |
| SRI-certified investments   | 1,051               | 11,794  |
| Total funds invested using ESG selection criteria <sup>(14)</sup>   | 33,788              | 36,775  |
| Assets in CIES-certified solidarity employee savings plans  | 817                 | 558     |
| Assets in LEA (Livrets d'épargne pour les autres) passbook accounts, excluding capitalized interest <sup>(14)</sup> | 165 <sup>(15)</sup> | 234     |
| Assets in Livret A Bleu passbook accounts   | 48,554              | 54,223  |
| Assets in LDDS (sustainable development) passbook accounts  | 17,162              | 18,996  |

(13) GACM: <https://www.acm.fr/fr/document/Rapport-ESG-GACM-2019.pdf>

Suravenir: <https://www.suravenir.fr/wp-content/uploads/2020/05/Rapport-LTE-au-31-12-2019.pdf>

Crédit Mutuel AM: <https://www.cmcic-am.fr/partage/fr/CC/CM-CIC-AM/telechargements/ESG-article-173.pdf>

Federal Finance Gestion: [https://www.federal-finance-gestion.fr/gestion/actifs/upload/docs/application/pdf/2020-06/finance\\_responsable\\_loi\\_transition\\_energetique.pdf](https://www.federal-finance-gestion.fr/gestion/actifs/upload/docs/application/pdf/2020-06/finance_responsable_loi_transition_energetique.pdf)

La Française: [https://www.la-francaise.com/fileadmin/docs/Publications/Rapport\\_Climatique\\_et\\_Responsible\\_2020.pdf](https://www.la-francaise.com/fileadmin/docs/Publications/Rapport_Climatique_et_Responsible_2020.pdf)

(14) Excluding Crédit Mutuel Alliance Fédérale.

(15) 2019 data for Crédit Mutuel Alliance Fédérale, restated to include CIC which was excluded from 2019 data collection.

Controversial counterparty

| ③ Controversial counterparty |  |  |
|------------------------------|--|--|
| Potential risk identified    | Risk of controversy: an individual counterparty may harm the image of a financial institution, either because the institution has entered into business relations with the counterparty or, conversely, because it has obstructed the establishment of such relations. |  |
| Prevention measure(s)        | <b>Nationally:</b><br>General monitoring and alerts  | <b>And at the level of each institution:</b> <ul style="list-style-type: none"><li>- Know-your-customer (KYC) procedure</li><li>- Training</li><li>- Transaction monitoring (AML-CFT)</li><li>- Tax fraud prevention</li><li>- Active non-discrimination and inclusion policy</li><li>- Use of in-house or external rating systems</li><li>- Risk mapping for each institution that takes account of the risks specific to its business.</li></ul> |
| Key indicators               | Number of suspicious activity reports (AML-CFT)<br>AML-CFT anti-corruption training (percentage of persons trained, number of hours)<br>Amount of fines<br>OIB (Observatoire de l'inclusion bancaire) indicators   |  |

Regardless of their business sector, country of residence or nature, the Group may come under pressure as a result of entering into relations with a counterparty or, conversely, because it refuses to do so.

To protect the interests of customers, counterparties and the Group, Confédération Nationale du Crédit Mutuel and the regional groups have put in place a structure and operational procedures that take account of the applicable regulations.

FINANCIAL SECURITY

Every entity in the Group thus performs due diligence as soon as it enters into relations, for example by following the new customer acceptance policy that sets out the activities/sectors for which it will not provide finance (e.g. excusing or inciting terrorism, hate speech, pedophilia, pornography, gambling). This is based in particular on an analysis of the profile of the business relationship.

The various financial security measures taken within the Group, whether implemented in an operational, internal control or governance reporting framework, are intended to contribute effectively to the prevention of money laundering, fraud, tax evasion and the financing of terrorism, as well as to compliance with financial, economic and trade sanctions (see the section on “Fair operating practices”).

When entering into new relations, strict rules are applied that conform to the legislation on the prevention of money laundering and terrorist financing. In addition, the procedures put in place and the results obtained are regularly audited by the authorities. The need to comply

with these rules means that training is provided to all personnel: in 2020, 96% of employees had completed their AML-CFT training.

CUSTOMER PROTECTION

The protection of customers’ interests is of major concern to Crédit Mutuel, which is committed to acting fairly and following fair business practices towards its members and customers. The measures implemented in each regional group and their subsidiaries aim to ensure that their interests are respected at all stages, from product design to the handling of any complaints, so as to prevent any discrimination in access to financial or insurance products and services.

NON-DISCRIMINATION

The Crédit Mutuel Group strives to combat all forms of discrimination on the basis of the criteria defined by law, such as origin, gender, age and political opinion, in respect of all groups (employees, customers, suppliers, etc.). These principles are incorporated into binding ethical standards applied within the Group’s entities (codes of conduct, ethical charters, internal rules, etc.).

VULNERABLE CUSTOMERS

As a regional, relationship-focused bank, Crédit Mutuel acts on its commitments in favor of banking inclusion and the protection of the least well-off. A cap has been set on returned payment and unauthorized overdraft fees for customers identified as financially vulnerable. Our networks have also undertaken to promote a specially designed product offering for these customers.

As regards eligibility for this product offering, the regional groups publish the criteria they use to detect financial vulnerability, to which are added the regulatory criteria as modified by Decree no. 2020-889 of July 20, 2020.

Crédit Mutuel Alliance Fédérale, Crédit Mutuel Arkéa and Crédit Mutuel Nord Europe announced on June 11, 2020, on February 1, 2019 and in August 2020 respectively that they would exempt customers holding these accounts from returned payment and overdraft fees, thus going beyond the regulatory obligations. Crédit Mutuel Alliance Fédérale has also formally set out its approach in a vulnerable customers engagement policy, which is available on its website.

In total, more than 400,000 customers<sup>(16)</sup> identified as financially vulnerable benefit from a cap on their returned payment and overdraft fees. As a result of the health crisis, the efforts made in favor of these customers were stepped up:

- all returned payment fees were waived for vulnerable customers holding Crédit Mutuel Facil'Accès accounts (Crédit Mutuel Alliance Fédérale and Crédit Mutuel Nord Europe);
- returned payment and unauthorized overdraft fees were capped at €20 per month for customers holding vulnerable customer accounts (Crédit Mutuel Océan and Crédit Mutuel Maine-Anjou et Basse Normandie);
- at Crédit Mutuel Arkéa, returned payment and overdraft fees had already been waived for customers holding vulnerable customer accounts before the health crisis.

CHECKS ON EXISTING COUNTERPARTIES

The Group offers a range of responsible and/or solidarity products in which customers can invest and endeavors to be an active investor<sup>(17)</sup> in the businesses in which it holds shares on its customers’ behalf. It reports on its activity in these businesses via the voting policy reports drawn up by its asset management companies.

| Shareholder engagement  | 2019   | 2020   |
|---|--------|--------|
| SRI - Voting policy - Number of shareholders’ meetings in which the company took part | 1,423  | 1,548  |
| SRI - Voting policy - Number of resolutions put to the vote                           | 20,672 | 25,903 |
| SRI - Voting policy - Number of resolutions approved                                  | 15,701 | 18,823 |
| SRI - Voting policy - Resolution approval rate  | 76.0%  | 72.7%  |

Climate change: a major risk

| ④ 4 Climate change        |   |  |
|---------------------------|---|--|
| Potential risk identified | Risk that our business may have a negative impact on climate change<br>Risk in relation to businesses linked to climate change<br>Controversies   |  |
| Prevention measure(s)     | <b>Nationally:</b> <ul style="list-style-type: none"><li>- organization of the risk department</li><li>- incorporation of climate risk into risk management tools</li><li>- participation in finance industry initiatives</li></ul><br>Attentiveness to societal issues                       | <b>At regional group level:</b> <ul style="list-style-type: none"><li>- adjustments to IT systems</li><li>- sector policies (see section on “Controversial sectors”)</li></ul> |
| Key indicators            | Index of the average vulnerability of our loan portfolio to physical risk, based on the ND-Gain vulnerability indicator<br>Indicators on the financing of the energy transition (see section on “Products and services that live up to customer expectations”)<br>Results of ACPR stress test |  |

(16) Figure for 2019. The unusual circumstances in 2020 generally led to a reduction in this number, which is currently being analyzed.  
(17) The voting and reporting policies of the investment management companies can be consulted on their websites.

UNDERSTANDING  
THE CONSEQUENCES FOR CLIMATE  
CHANGE OF DOING BUSINESS  
AND USING PRODUCTS AND SERVICES

DEFINITIONS

Climate change and environmental damage are sources of structural changes that could have an effect on economic activity and consequently on the financial system. Climate and environmental risks encompass two main risk factors:

- **Physical risk** refers to the financial effects linked to the consequences of climate change (in particular, the proliferation of extreme climate events and gradual shifts in the climate) and environmental damage (such as air, water and ground pollution, water stress, the loss of biodiversity and deforestation). Physical risk can be classed as “acute” when it derives from extreme events such as droughts, floods and storms, and “chronic” when it results from gradual changes such as rising temperatures, rising sea levels, water stress, the loss of biodiversity, changes in soil use, habitat destruction and the scarcity of resources.

Its consequences may be direct, such as damage to real estate assets or reduced productivity, or indirect, such as supply chain disruption.

- **Transition risk** refers to the financial loss an institution may incur as a direct or indirect result of the process of adapting to a low-carbon, more environmentally sustainable economy. It may derive from, for example, the adoption of climate and environmental policies, from technological progress or from changes in market sentiment or preferences.

OUR VISION

At Crédit Mutuel:

- we are convinced of the importance of the **risks and opportunities** linked to climate change and have made these issues a priority;
- our aim is to **align our businesses** with the Paris Agreement climate targets;
- climate change is a **medium and long term** risk and quantifying its effects on our businesses is complicated;
- our stance is not only to adapt but also to **profit from** our expertise in order to provide solutions.

OUR ACHIEVEMENTS

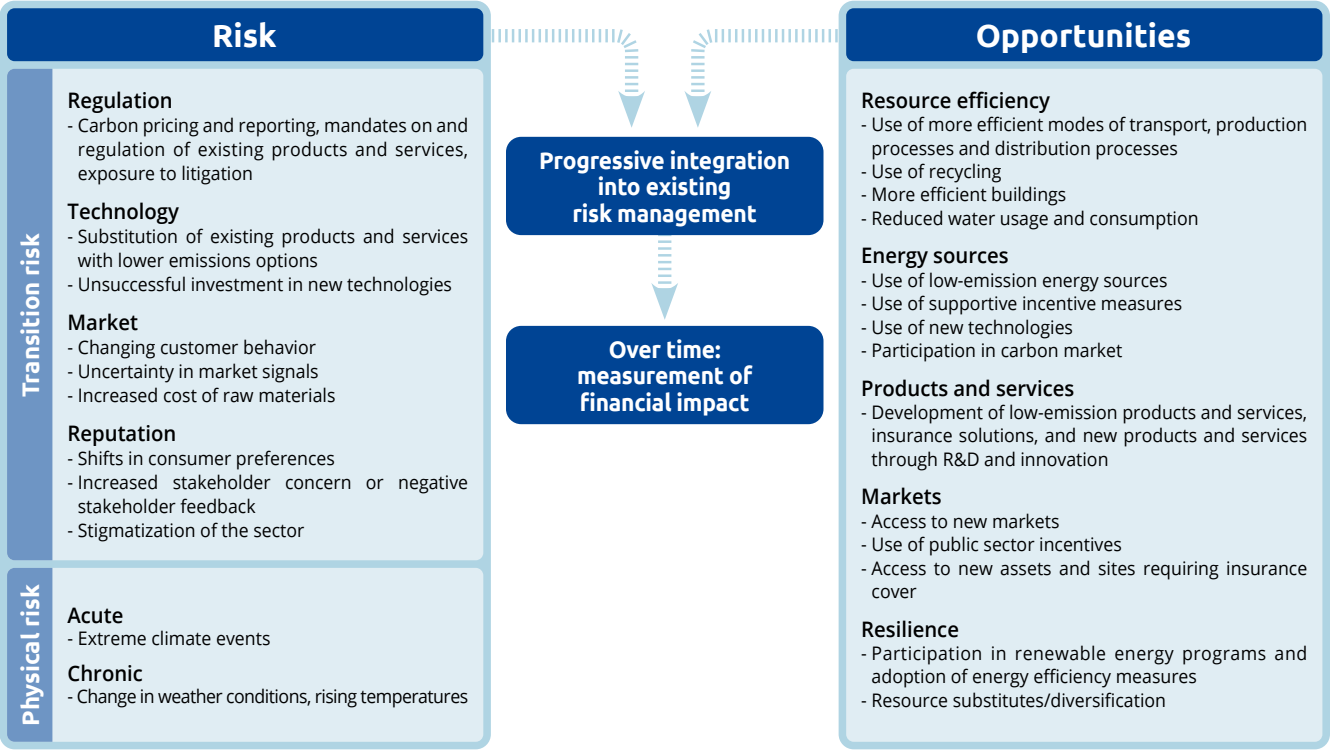
Our general nationwide monitoring system for climate/ ESG risk is consistent with the increasing requirements in this regard, which are visible in:

- the **climate stress tests** carried out as from 2020 (ACPR and EBA);
- the ACPR recommendations published on May 25, 2020 in the form of **a guide to best practices for the governance and management of climate risk** by banking institutions;
- the European Banking Authority, which has been tasked in particular, under Article 98(8) of Directive 2013/36/EU (as amended by Directive 2019/878/EU - “CRD V”) with delivering **a report on the potential inclusion of ESG risks in the Supervisory Review and Evaluation Process (SREP)** by June 2021;
- the ECB, which has published a guide on climate-related and environmental risks setting out its **supervisory expectations relating to risk management and disclosure**;
- guidance from the Network of Central Banks and Supervisors for Greening the Financial System (**NGFS**);

- the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures)<sup>(18)</sup>;
- the enhancement of climate and ESG **regulation** (EU Directive on non-financial reporting, European action plan on financing sustainable growth, the French Law on the Energy Transition for Financing Sustainable Growth, PACTE Law, Law on the Duty of Care, Sapin II Law, etc.);
- the **recommendations of independent third party auditors** in their annual audits of the ESG reports of the institutions (CNCM and regional groups);
- the **expectations of our stakeholders** (agencies, NGOs, investors etc.);
- a **desire for consistency** at the national level in how these risks are dealt with.

With this in mind, Crédit Mutuel has stepped up climate risk prevention and management, to which five of the twelve projects on its roadmap are devoted (see section on “Our roadmap”).

(18) The TCFD was set up by the G20 at COP21 to produce recommendations on financial transparency in relation to climate issues. Chaired by Michael Bloomberg, its final report was published in June 2017, setting out the climate-related disclosures expected in corporate annual reporting in four thematic areas: governance, strategy, risk management, and metrics and targets (see Carbone 4's summary of the TCFD final report: <http://www.carbone4.com/tcfd-reporting-climat-entreprises-prend-dimension-strategique>).





Its commitment to the topic is already giving rise to concrete achievements<sup>(19)</sup>:

| GOVERNANCE <sup>(20)</sup>   | STRATEGY   |
|--|--|
| <ul style="list-style-type: none"><li>- Implementation in 2020 of a dedicated governance structure:<br/>Climate risk and CSR steering committee<br/>&gt; Basel III committee (chief executives)<br/>&gt; Risk committee &gt; Board of Directors</li><li>- A lead independent director for these topics has been appointed to the Board of Directors and the risk committee</li><li>- A dedicated CSR and climate risk division has been set up within the risk department, which leads three working groups on the topic</li><li>- Frequent familiarization sessions on the topic (interventions, newsletter, Intranet, briefing notes etc.)</li></ul>   | <ul style="list-style-type: none"><li>- Signing at Group level of the PRB (Principles of Responsible Banking) and the Global Compact (end of 2019)</li><li>- Risks and opportunities in relation to climate risk were identified and published in 2020</li><li>- Approval of the joint roadmap by the governance bodies at the end of 2020</li><li>- Participation in the ACPR stress test exercise, involving a variety of scenarios and leading to the design of a method for modeling the CO2 emissions trajectories of the industries we finance<sup>(21)</sup>.</li><li>- Climate/environmental objectives set in the strategy plans of the regional groups</li></ul>   |
| RISK MANAGEMENT  | INDICATORS AND TARGETS   |
| <ul style="list-style-type: none"><li>- ESG risks have been mapped in connection with the Statement of Non-Financial Performance since 2019</li><li>- The consolidated roadmap approved in 2020 includes a dedicated project on incorporating climate/ESG risks into the risk management tools</li><li>- Climate and environmental risks were incorporated into the national risk map in 2020 (physical risk and transition risk).<br/>The impacts of risks on “standard” risk categories are also examined</li><li>- Sector policies on sensitive industries are in place in the regional groups and our two largest regional groups take ESG into account in lending decisions</li><li>- As of 2020, we perform a self-assessment of our practices in the light of the ECB Guide on climate-related and environmental risks and the associated action plans, ensuring that the issues are fully covered in our current roadmap</li></ul> | <ul style="list-style-type: none"><li>- Identification and specific monitoring of coal financing in accordance with our commitments (2020)</li><li>- GHG emissions (scopes 1, 2 and 3) are published in the Statements of Non-Financial Performance of the regional groups</li><li>- Publications on the website of the Observatoire de la finance durable, making public the commitments made by and key figures for financial actors in relation to the subject (2020)</li><li>- The consolidated roadmap approved in 2020 includes a dedicated project on developing tangible climate indicators</li><li>- We calculate the average vulnerability of our loan portfolio to physical risk, based on the ND-Gain vulnerability indicator (see box on next page), as part of the monitoring of the geographical concentration of our exposures</li></ul> |

(19) Analysis matrix inspired by the TCFD (Task Force on Climate-related Financial Disclosures).  
(20) A specific note on the governance of climate/ESG (environmental, social and governance) risk has been approved by the governing bodies  
(21) This work is based in particular on external climate data, such as that obtained from Eurostat, the French National Low Carbon Strategy, regional climate, air and energy plans and ADEME.

Participation in the ACPR climate stress test

During the second half of 2020, the Crédit Mutuel Group took part in the climate stress test conducted by the ACPR.

The objectives of this exercise were to familiarize financial institutions with climate risk and to measure the vulnerability and costs that would result from non-compliance with the Paris Agreement.

Based on three transition scenarios (orderly, delayed transition and sudden transition), Crédit Mutuel projected changes in its balance sheet at five-year intervals from now until 2050. On the basis of these projections, models were developed to identify which industries were the most vulnerable to climate shocks and had the potential to cause material impacts for the bank in terms of risk (provisioning).

Responding to this exercise, which covered an unprecedented time horizon (2020-2050), drew on skills that ranged across a wide section of the bank, including the risk, CSR, statistics and markets teams.

The initial results, which will be included in the ACPR’s consolidated analysis in the second half of 2021, bear out the assumption that banks urgently need to engage with the climate (the cost of an orderly transition is less over a long time horizon). Although Crédit Mutuel has already made firm commitments on the financing of coal and fossil fuels, this exercise also enabled us to identify certain industries as being more vulnerable to the energy transition and to quantify the impacts on Crédit Mutuel.

Crédit Mutuel Arkéa:  
publication of a climate strategy for 2020-2024<sup>(22)</sup>

Crédit Mutuel Arkéa has set targets for combating global warming for the period from now until 2024, because the impact of climate issues on the business models of financial services groups, their business lines and stakeholders is becoming ever more clearly apparent.  
The Arkéa group's Board of Directors has pinpointed two areas for deploying its strategy in response to the climate issue:  
- increasing the Group’s commitment to the climate via businesses and regions;  
- incorporating the climate as a performance and risk factor into the management of the Group’s activities.

(22) [https://www.cm-arkea.com/banque/assurance/credit/upload/docs/application/pdf/2021-04/strategie\\_climat\\_avril2021\\_1\\_1.pdf](https://www.cm-arkea.com/banque/assurance/credit/upload/docs/application/pdf/2021-04/strategie_climat_avril2021_1_1.pdf)



Crédit Mutuel Alliance Fédérale: measurement and disclosure of the carbon footprint of its large corporate loan portfolio and the financial investments held by its insurance and asset management businesses.

METHODOLOGY

Under the revised strategic plan, Crédit Mutuel Alliance Fédérale has enhanced its environmental aims and undertaken to reduce the carbon footprint of its corporate lending and investment portfolio by 15% between now and 2023. To achieve this goal, Crédit Mutuel Alliance Fédérale calculates the carbon footprint of the loans (23) in its large corporate lending portfolio and the financial investments it holds in the course of its insurance and asset management businesses. The purpose of this evaluation is to incorporate “carbon” issues into investment policies and measure high-emission investments so as to enter into a constructive dialogue with the companies concerned, in line with the Group’s climate strategy.

Crédit Mutuel Alliance Fédérale has selected La Française Sustainable Investment Research (LF SIR) to measure the carbon footprint of its lending and investment portfolios (except Crédit Mutuel Asset Management). LF SIR is a research team specializing in sustainable investing which has developed an in-house methodology for quantifying carbon emissions.

RESULTS FOR 2020

The carbon footprint of loans reduced by 10.3% between 2019 and 2020, on the basis of a wider scope (information collected in order to estimate the carbon emissions of businesses that do not report them). This fall was due partly to an improvement in the coverage of the portfolio by the carbon data of French companies with low emissions and partly by the reduction in credit lines granted to the companies identified as the most carbon intensive despite not being active in fossil fuel energy (which represent less than 6% of the carbon footprint). The geographical distribution is in line with the general profile of business customers for Crédit Mutuel Alliance Fédérale, which works primarily with French companies: 52% of the carbon footprint is concentrated on French businesses.

| Carbon footprint  | 2018  | 2019  | 2020  |
|---|-------|-------|-------|
| Carbon footprint (tCO <sub>2</sub> /€m lent)                                  | 348.0 | 286.0 | 256.6 |
| Carbon intensity of the portfolio (total emissions/total revenue)             | 351.0 | 288.0 | 209.3 |
| Weighted average carbon intensity (proportion of *Carbon intensity portfolio) | 387.1 | 286.9 | 299.1 |

TAKING ACCOUNT OF PHYSICAL RISK

BREAKDOWN OF EXPOSURES BY COUNTRY

When we monitor the concentration of our exposures by geographical region, we calculate an average score for the vulnerability of our loan portfolio to physical risk, based on the ND-Gain vulnerability indicator.

Crédit Mutuel’s exposures are concentrated in France (83%) and a limited number of countries in Western Europe (Germany, Belgium, Spain and Luxembourg) which have little exposure to acute climate events. Calculating the average vulnerability score for our portfolio using the ND-Gain vulnerability index for each country in which the Group has exposures yields the following result for the past four years:

|                                 | 12/31/2017 | 12/31/2018 | 12/31/2019 | 12/31/2020 |
|---------------------------------|------------|------------|------------|------------|
| Net exposures                   | 734,625    | 72,123     | 839,514    | 943,991    |
| ND-Gain reference year          | 2015       | 2016       | 2017       | 2018       |
| ND-Gain score for France        | 0.3082     | 0.3094     | 0.3095     | 0.3096     |
| ND-Gain score for CMG portfolio | 0.3128     | 0.3136     | 0.3133     | 0.3135     |

The score is stable and correlates with the vulnerability score for France as a whole, given the geographical spread of our exposures. This puts our exposures in a low vulnerability zone (i.e. below the score of 0.41 for moderate vulnerability<sup>(24)</sup>).

INCORPORATION INTO COUNTRY LIMITS

In accordance with ECB expectations, a system of geographical caps has been put in place for Crédit Mutuel Alliance Fédérale in order to limit the concentration risk for individual countries to an acceptable level, as set in the risk appetite framework (RAF).

ESG topics and issues (including the climate) are thus incorporated into country risk.

Products and services that live up to customer expectations

| 5 Products and services that live up to customer expectations |   |   |
|---|---|---|
| Potential risks identified                                    | Products fail to live up to customers’ expectations and needs, risk of losing customers<br>Risk that customers are sold products that are unsuited to their risk profile or to their financial means, expectations or needs<br>Risk of inadequate customer service<br>Risk of deficient customer service<br>Failure to participate in financing that benefits customers’ needs and the needs of society |   |
| Prevention measure(s)   | Nationally:<br>– Publication of a newsletter<br>– Attentiveness to society’s needs<br>– Organization by market  | At regional group level:<br>– Partnership arrangements<br>– Organization by market<br>– Density of the distribution network<br>– New products committee |
| Key indicators  | Distribution of microloans<br>Market indicators (farming, social housing, microloans)<br>Amount of lending to renewable energy projects<br>Listening to stakeholders<br>Complaints/mediation<br>Awards obtained   |   |

(23) Scope of analysis limited to businesses (excluding retail and property-holding vehicles). Exclusions: central administrative bodies, local authorities, sovereigns and project loans to SPVs; Receivables outstanding on corporate loan portfolio, excluding undrawn commitments.

(24) ACPR report, “Les groupes bancaires français face au risque climatique” (French banking groups facing climate change risk), 2019.

AS THE BANK FOR ALL, WE OFFER RESPONSIBLE PRODUCTS

In lending, the Group strives to adapt its business to the needs of its customers. To achieve this, each regional group or subsidiary identifies the specific skills needed in each market to ensure that the response given to customers is based on a real understanding of their needs. At the national level, the markets and studies department is also structured around specialists for each market. This ability to appreciate customer needs enables the Group to be, among other things, the second-largest bank in the farming sector and a major player in the financing of social housing (over and above the funds deposited in regulated passbook accounts that are lodged with the Caisse des Dépôts et Consignations). To provide more precise responses to specific requirements, such as microlending, the Group relies on national or local partnerships with bodies specializing in the field.

NO. 2 BANK FOR THE FARMING SECTOR

Deeply rooted in the regions with a presence in small communities<sup>(25)</sup>, the Crédit Mutuel Group, through its 18 regional federations and the Fédération du Crédit Mutuel Agricole et Rural, a driving force in the French agricultural economy and rural life. In the 18 regional federations, specialist teams, including nearly 1,000 agriculture advisors, provide personal advice to farmers on a day-to-day basis and support them in their businesses and projects. Crédit Mutuel Group aims to build lasting relationships of trust with its farming customers, founded on the professionalism of its advisors and the engagement of its elected officers.

A nationwide federation dedicated to farming, the Fédération du Crédit Mutuel Agricole et Rural, is a sign of the Group's long-standing and continuing commitment to farming and the rural community.

Particular attention is paid to helping new entrants to the farming business settle in. With nearly 50% of farmers due to reach retirement age in the next ten years, the handover to the next generation is a crucial factor in maintaining viable, livable and sustainable farming in all regions. For this reason, the majority of Crédit Mutuel local banks (all except Crédit Mutuel Arkéa) propose to offer a charter of 10 commitments to help new farmers make their plans a reality.

Some federations (Crédit Mutuel Maine-Anjou et Basse-Normandie and Crédit Mutuel Océan, via a joint subsidiary, and Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest in partnership with the SAFER land agencies) also offer "farmland carry-over" arrangements that allow

new farmers to defer land purchases and so avoid burdening themselves with too much debt at the start of their careers.

For more than 10 years, Crédit Mutuel has also shown its support for agricultural colleges by sponsoring a video competition called "Je filme le métier qui me plait" (Filming the job I love). Students produce videos that seek to promote a particular aspect of farming or rural life. The winners receive grants from the federations that enable them to fund study trips or learning activities. This initiative is also sponsored by the Ministry of National Education, Youth, and Sports, the Ministry of Labor, and the Ministry of Higher Education, Research and Innovation. It is also supported by the French Agricultural Academy, to which a presentation on the subject was given at its public weekly sessions in March 2021 (<https://www.academie-agriculture.fr/actualites/academie/seance/academie/the-communicationcollective-des-filieres-agroalimentaires?030321>).

Crédit Mutuel is also firmly committed to helping its customers carry out projects related to the environmental transition and new consumer expectations.

Several groups (Crédit Mutuel Alliance Fédérale and Crédit Mutuel Arkéa) offer preferential financing solutions to support these projects thanks to support from the European Investment Bank (EIB).

Such projects can also benefit from preferential guarantee terms, thanks to the commitment made by all the Crédit Mutuel federations to the National Initiative for French Agriculture (INAF), a scheme launched by the Ministry of Agriculture with support from the European Investment Fund (see box).

The agreement signed in 2018 with crowdfunding website Blue Bees also aims to facilitate the financing of the social and environmental transition in the farming sector.

The Group's commitment to the energy transition has a large audience among farming customers, who account for a significant proportion of the renewable energy equipment projects we have financed.

As part of its desire to maintain a lasting link with the farms that are the life blood of rural areas, the Group pays particular attention to helping these customers through short-term difficulties. The year 2020 was especially testing for some agricultural producers, who had to deal with the commercial

effects of successive lockdowns, poor harvests linked to the summer heatwaves or plant diseases, or health problems with livestock.

During these crises, the Group is committed to offering tailored solutions to its customers in all situations, aiming

to ensure they remain solvent and maintain their capacity to invest in preparation for the future. Several solutions were offered, including deferred loan repayments and government-guaranteed PGE loans, which were made available with no additional margin or charges.

What is the INAF guarantee fund?

Officially launched on December 4, 2019 at the Ministry of Agriculture, the guarantee fund called the National Initiative for French Agriculture (INAF in French) is intended to help with the transformation of farming by financing farmers' investment projects. It offers preferential financing terms and reduces the amount of the personal guarantees that farmers are required to provide when requesting capital investment loans from banks. Based on national and European funds, INAF will cover €1.1 billion in loans over the next four years. Crédit Mutuel Group has agreed to distribute 31% of this amount.

The money will be used to finance projects such as enabling new farmers to set up in business, diversifying existing businesses or improving the economic, social and environmental performance of farms.

"Our networks have agreed to prioritize the granting of these financial instruments to young farmers and to large-scale projects. This guarantee is a genuine tool to serve the development of farming in France. Our Crédit Mutuel Group will distribute it in that spirit," emphasized Jean-Louis Bazille, Chairman of the Fédération du Crédit Mutuel Agricole et Rural, at the project launch.

A BANK COMMITTED TO SOCIAL HOUSING

The Group has a long-standing association with social housing (in which the deposits held in Crédit Mutuel's Livret Bleu passbook accounts are required to be invested) and is an important participant in the market for "social rental loans" (prêts locatifs sociaux - PLS) and "social rent-to-buy loans" (prêts sociaux de location-accession - PSLA). In 2020, it distributed around one third of the entire PSLA budget (€600 million) made available to banks.

The Group thus provides concrete support to social housing providers. It is also active in this sector via two subsidiaries, Atlantique Habitations, a subsidiary of Crédit Mutuel Loire-Atlantique and Centre Ouest, and Armorique Habitat, a subsidiary of Crédit Mutuel Arkéa. Via these three channels, the Group's entities contribute significantly to the development of decent housing for local populations.

| Financing of social housing                                   | 2019  | 2020  |
|---|-------|-------|
| Outstanding regulated social loans (PLS, PSLA) – (€ millions) | 2 039 | 1 550 |

MICROLENDING BANK

The Group aims to be a major player in the economic life of its regions. Alongside its national partners Adie, Initiative France, and France Active, it plays a significant role in maintaining employment and helping those

excluded from the job market to return to work. Together with these partners, Crédit Mutuel enables vulnerable customers to obtain financial support in the form of microloans as well as personal assistance..

(25) Agglomerations of less than 5,000 inhabitants.

| Personal microloans with assistance   | 2019        | 2020       |
|---|-------------|------------|
| Number of microloans granted during the year                                      | 1,310       | 852        |
| Amount of microloans financed during the year (€)                                 | 3,071,777   | 2, 088,001 |
| Business microloans with assistance<br>In partnership with Adie                   | 2019        | 2020       |
| Number of applications processed  | 3,708       | NA         |
| Amount of credit lines provided (euros)   | 12,875,000  | NA         |
| Business microloans with assistance<br>In partnership with France Active Garantie | 2019        | 2020       |
| Number of new microloans financed   | 1,676       | NA         |
| Amounts guaranteed (euros)  | 65,487,932  | NA         |
| Nacre scheme - Number of loans paid out with an additional loan from the Group    | 416         | NA         |
| Nacre scheme - Amount lent (euros)  | 14,608,814  | NA         |
| Business microloans with assistance<br>In partnership with Initiative France      | 2019        | 2020       |
| Number of complementary bank loans granted  | 4,097       | ND         |
| Amount of complementary bank loans granted  | 311,181,162 | ND         |

At the same time, several federations have set up enterprise foundations or associations under the name “Créavenir”, to provide unsecured, zero-interest “honor loans”, repayable advances, grants and/or guarantees to help start up and support economic activities in their regions.

The distribution of personal or business microloans reflects our goal of creating and consolidating jobs for those excluded from the labor market (jobseekers, social security claimants, the disabled, etc.). To date, over 200 regional agreements have been signed all over the country with social inclusion organizations, among them CCAS, Secours Catholique, UDAF, Secours Populaire, Restaurants du Coeur, and departmental councils to provide support to our customers and obtain suitable advice in all circumstances. Crédit Mutuel Océan, meanwhile, provides assistance in the form of one-off microloans to finance essential goods, mobility, training and housing and help people find and stay in work. Since 2005, Crédit Mutuel Nord Europe has distributed microloans via its “Caisse Solidaire” to customers who are ineligible for ordinary loans due to their lack of solvency. The loans, for amounts ranging from €300 to €5,000 over periods from 6 to 60 months, fund needs linked to mobility, training, and domestic equipment. The solidarity schemes operated by Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest are run by the federations, which coordinate projects for borrowers in their regions.

## A BANK COMMITTED TO CLUBS & ASSOCIATIONS

Crédit Mutuel remains the preferred partner for clubs and associations in banking, insurance and services. Because Crédit Mutuel is a cooperative and has no stock market listing, it has greater availability to provide loans and services to clubs and associations, and so play an active role in sustaining local life, of which they are key part.

Crédit Mutuel provides associations with:

- a full range of banking and insurance products, online services and mobile phones;
- management aids: a quarterly information letter, guides on specific subjects, legal and tax services offered in partnership with a law firm, all provided regularly or on demand;
- the website [www.associatheque.fr](http://www.associatheque.fr), which offers information and services to managers of nonprofits to help them with the day-to-day running of their associations (legal, tax, accounting news etc.);
- “solidarity products” such as the “Passbook for others” (Livret d’épargne pour les autres - LEA), a unique Crédit Mutuel product that enables savers to donate part or all of their interest to one or more associations chosen from partners that provide humanitarian aid, protect children, fight poverty and combat exclusion in all its forms

| The bank for nonprofits  | 2019    | 2020    |
|--|---------|---------|
| Number of nonprofit customers (clubs and associations, labor unions, works councils, etc.) | 540,018 | 547,000 |

## A BANK COMMITTED TO TRANSITION

As a retail bank committed to the energy transition, the Group helps personal and business customers who are taking steps to consume and generate energy more responsibly:

| Financing for the energy transition – Retail banking  | 2019                | 2020                    |
|---|---------------------|-------------------------|
| Number of renewable energy projects financed (professionals and farmers) <sup>(26)</sup>  | 51 <sup>(27)</sup>  | 1,273                   |
| Amount of loans granted to professionals and farmers (€ millions)   | 5.3 <sup>(27)</sup> | 174.4                   |
| Loan receivables related to projects contributing to the energy transition or climate footprint reduction – New housing meeting RT 2012 and ECO PTZ standards) (€m) | NA                  | €32,471m at end 01/2021 |
| Number of zero-interest eco-loans granted during the year   | 11,967              | 13,211                  |
| Total amount of zero-interest eco-loans granted during the year   | 152,997             | 164,677                 |

This commitment is reflected in the strategies of the various regional groups, such as Crédit Mutuel Alliance Fédérale’s strategic plan for 2019-2023, “ensemble#nouveau monde”, which provides for a 30% increase in loans for high climate impact projects<sup>(28)</sup>, and the climate strategy published by Crédit Mutuel Arkéa.

## A BANK CLOSE TO ITS CUSTOMERS – A BANK THAT LISTENS

While the Group has been committed to providing digital resources for many years, it does so in addition to maintaining a dense network of branches in physical proximity to its customers. These two channels enable it to respond to customer expectations via a mutually complementary approach.

| Physical network               | 2019  | 2020  |
|--------------------------------|-------|-------|
| Branches – cooperative network | 2,998 | 2,968 |
| Branches – subsidiaries        | 2,529 | 2,465 |

Each regional group handles customer complaints either locally or at federation level, according to its preferences. Complaints are thus followed up in the most appropriate way for each organization (see section on “Fair operating

practices”). Two ombudsman schemes are in place for the Group, one of which covers four federal banks and their subsidiaries, the other covering one federal bank. Overall, the Group’s ombudsman figures are as follows:

| Banking mediation   | 2019 | 2020 |
|---|------|------|
| Number of eligible claims submitted to the bank ombudsman | 755  | 778  |
| Number of decisions in favor of the customer              | 238  | 277  |

## Crédit Mutuel Nord Europe (CMNE) listens to its customers

Launched in June 2020, “Lab CMNE” is a collaborative digital platform on which customers can speak out about topical issues such as digitalization or what they expect from the bank after the lockdown. They can give their opinions, present their ideas, and comment on or like the ideas of other participants. The staff of Crédit Mutuel Nord Europe examine their customers’ ideas and comments and come up with products and services that are in tune with customer expectations.

(26) “Professionals” covers all the projects of independent professionals, regardless of whether their project is personal or business-related.

(27) 2019 data is unavailable for Crédit Mutuel Alliance Fédérale – The data gathering methodology was refined for 2020.

(28) Initially concerns corporate banking, in particular project financing.



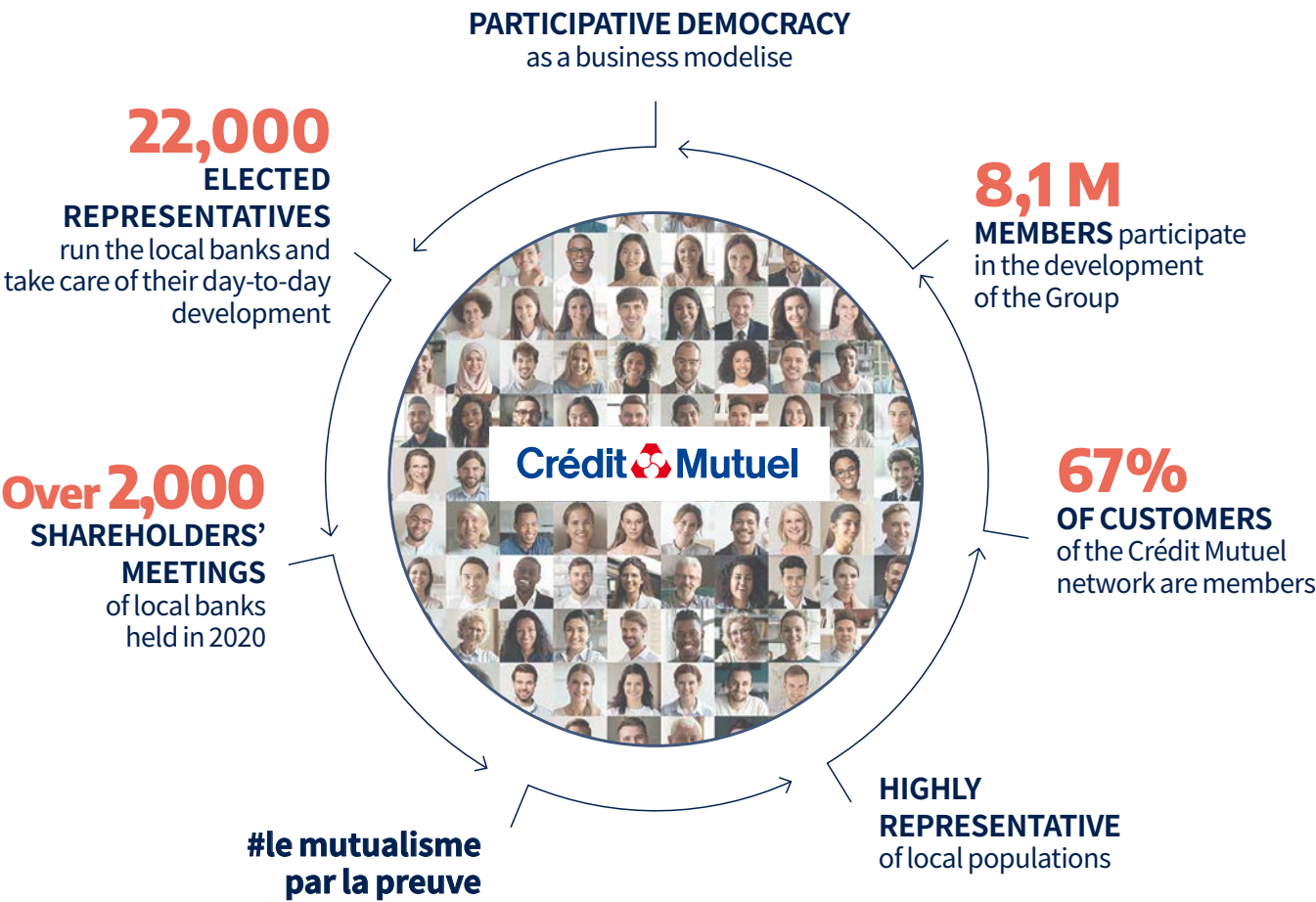
Risks associated with running a business

GOVERNANCE

Defending our cooperative model

| 6 Cooperative model       |   |  |
|---------------------------|---|--|
| Potential risk identified | Risk of lack of training for elected officers<br>Risk that membership is unattractive   |  |
| Prevention measure(s)     | <b>Nationally and regionally:</b><br>– Training of elected officers<br>– Coverage of the distribution network   | <b>Regionally:</b><br>– Cooperative review |
| Key indicators            | Number of elected officers trained and length of training<br>Rate of membership and rate of increase of membership<br>Diversity (age, gender, socioeconomic group) of directors<br>Rate of participation in general meetings<br>Participation in the local ecosystem: rural network, service of underprivileged neighborhoods |  |

French cooperative banks



As a mutual bank, Crédit Mutuel takes all its decisions with its members and customers in mind. In its development it remains true to its founding values of local proximity, solidarity, and social responsibility.

Crédit Mutuel's values are fundamental to its identity. They set it apart and affirm the relevance of its development model, which is founded on an organization made up of cooperative entities and subsidiaries with cooperative identity and collective governance at its heart.

- 18 regional federations and one federation for agriculture;
- 5 federal or inter-federal banks;
- 2,059 local banks;
- 8.1 million members and 10.5 million customers (CM cooperative group);
- 21,653 directors, of whom 39.8% are female.

- Following the shareholders' meetings held in 2020, 1,283 new directors were elected by the members, of whom 46.9% were female.

In accordance with their articles of association and their corporate purpose, the cooperatives do not distribute dividends to shareholders. Members' equity contributions are remunerated in accordance with a strictly defined legal framework. Most of the fruits of the business and of the efforts made by everyone in the Crédit Mutuel Group are thus retained in reserves and so serve to bolster the Group's financial soundness. The same principle also applies to subsidiaries without cooperative status, which pay dividends to the cooperative institutions that are their shareholders. Ultimately, the vast majority of the Group's profits remain within the Group, aiding its development and its capital base, as shown in the table below:

| The cooperative economy                               | 2019  | 2020  |
|---|-------|-------|
| Total net profit (€ millions)                         | 3,858 | 3,141 |
| Net profit attributable to the group (€ millions)     | 3,775 | 3,070 |
| Percentage of net profit retained in the Group        | 97.8% | 98.6% |
| Percentage of prior year net profit added to reserves | 95.4% | 100%* |

\* In 2020, owing to the ECB's ban on the distribution of cash dividends by European banks in relation to their 2019 profits, members were remunerated in shares. Consequently, 100% of the profit was reinvested in capital and reserves.

It is thus the implementation of the seven cooperative principles that gives the Group its financial strength and enables it to take concrete action that serves the real economy, employment and the construction of the future.

Our attachment to this model is expressed first and foremost by our desire to develop an active membership, as represented by the diversity of our directors. A key moment in cooperative life, the shareholders' meetings of local banks were forced to adapt to the circumstances in 2020, with many of them taking place by conference call.

The Group explicitly desires to modernize its governance by enhancing gender diversity and by including employee representatives among the directors. Along with our comrades in the other cooperative banks, we defend this business model in which directors are the elected representatives of our member customers in our relations with the ECB.

Our organization, in which responsibility is borne at the local level, is an asset, for instance in lending, where the majority of decisions are taken at the level of the local banks. Local autonomy, together with the protection of a Group with a strong brand and robust solidarity arrangements, proved its effectiveness during a difficult 2020.

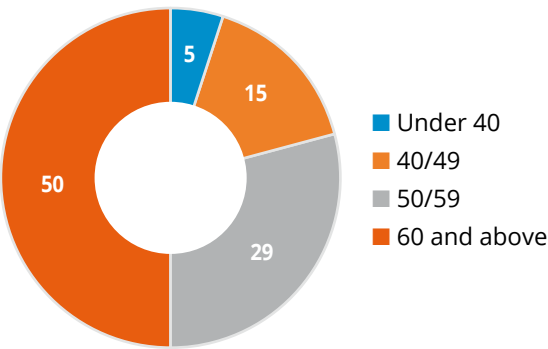
| Members and customers   | 2019       | 2020       |
|---|------------|------------|
| Number of customers of the local banks  | 11,944,044 | 11,983,107 |
| Number of customers of the local banks who are adults or legal entities (non-minor customers) | 10,294,480 | 10,509,382 |
| Number of members   | 7 901 615  | 8,094,795  |
| Membership rate   | 76.8%      | 77%        |
| Rate of increase in membership  | 0.17%      | 2.44%      |



| Participation in shareholders' meetings                                    | 2019      | 2020                      |
|--|-----------|---------------------------|
| Number of members invited to the shareholders' meeting of their local bank | 7,893,788 | 3,039,350 <sup>(29)</sup> |
| Number of members attending in person or by proxy                          | 383,359   | 23,109 <sup>(29)</sup>    |

Due to the health crisis, the shareholders' meetings of local banks were held remotely in 2020. Comparison with the prior year is therefore not meaningful.

LOCAL BANK DIRECTORS BY AGE GROUP (%)



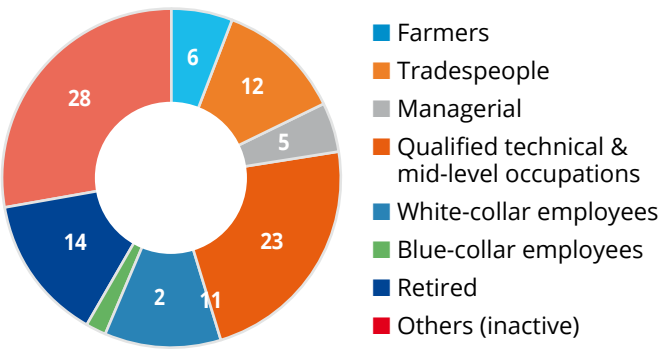
The Crédit Mutuel tracks the level of female representation among its elected officers at all positions and levels. It monitors in particular the changes that occur when directors are appointed or reappointed at shareholders' meetings.

| Female representation                              | 2019  | 2020  |
|--|-------|-------|
| Among local bank directors                         | 37.6% | 39.8% |
| Among local bank chairs                            | 36.6% | 39.9% |
| Renewal  | 2019  | 2020  |
| Percentage of women among new local bank directors | 48.1% | 46.9% |
| Percentage of women among new local bank chairs    | 31.9% | 35.7% |

This vitality of cooperative life, which is a goal for all of us, led Crédit Mutuel Maine-Anjou et Basse-Normandie to launch a cooperative action whereby every board of directors carried out a self-assessment to re-examine its composition, leadership, and knowledge and the actions it takes in its local area. Each board then set priority actions to meet the needs identified in its local area.

At Crédit Mutuel Océan, the new measures that resulted from the exercise carried out in 2019 were approved at an extraordinary shareholders' meeting in May. They will serve to enhance the governance of the federal bank and ensure the autonomy of Crédit Mutuel Océan. A study of the federation's purposes and structure will strengthen representativeness within the mutual organization as well as its banking governance.

LOCAL BANK DIRECTORS BY SOCIOECONOMIC GROUP (%)



Lastly, an exercise has been begun to consider how to call for candidates for the 2021 elections in a way that ensures the collective competence of the federal bank and the federation.

The Crédit Mutuel is keen to give its directors the capabilities they need to carry out their roles. It operates suitable training programs in this regard. In 2020, however, the worldwide situation had considerable effects on achieving this aim. Particular attention is paid to supporting young elected officers in the first few years of their service, which takes the form of a detailed training course on the Group's business lines. These training courses, some of which lead to external qualifications, go beyond regulatory obligations and strengthen the sense of commitment among elected officers.

| Training of local bank directors                                    | 2019   | 2020   |
|---|--------|--------|
| Number of directors taking at least one training course in the year | 10,427 | 5,215  |
| Percentage of directors receiving training                          | 55.6%  | 29.6%  |
| Total number of hours of training provided                          | 47,327 | 18,376 |
| Hours of training per director trained                              | 4,5    | 2,96   |

Crédit Mutuel Alliance Fédérale: The first “bank with a mission”

Crédit Mutuel Alliance Fédérale has adopted a *raison d'être* (mainspring) in line with its values: “Ensemble, écouter et agir” (Listening and acting together). It has also become the first bank to adopt “Entreprise à Mission” (business with a mission) status, making five long-term commitments that aim to affirm its identity and its values and to mobilize skills and energies around a shared goal:

- As a cooperative and mutualist organization, we support our customers and members to the best of their interests.
- As a bank for everyone, members and customers, employees and elected officers, we act on behalf of each person and reject discrimination in any form.
- Respectful of each person's privacy, we make sure that technology and innovation benefit people.
- As a community-oriented company, we contribute to regional development.
- As a responsible company, we strive for a fairer, more sustainable society.

15,000 mutual elected officers and 72,000 employees played an active part in the creation of this *raison d'être* and the five missions. Crédit Mutuel Alliance Fédérale has entrusted the performance of these missions to the Mission Committee and the independent third party put in place by Caisse Fédérale de Crédit Mutuel, whose reports are examined by the Board of Directors and the shareholders' meeting at least once a year. Performance of the missions is monitored by the Mission Committee and through checks performed by the independent third party. The Mission Committee reports monthly on the performance of its monitoring tasks to the Board of Directors.



**STRONGLY EMBEDDED IN THE REGIONS**  
While the network of local banks and branches is designed primarily to meet the expectations of our customers, the Group also takes account of the economic impact it has in the regions where it operates, for instance on jobs and regional tax revenues. It plays a galvanizing role, chiefly in rural areas. It is for this reason that the Group states that over 90% of lending decisions are made locally.

The Group regularly draws up a list of branches in communities of less than 5,000 inhabitants on the basis of independent sources<sup>(30)</sup>. The most recent assessment showed that nearly 30% of our sites are located in communities with less than 5,000 inhabitants. This percentage varies, largely in accordance with the Group's historical locations, and is higher in the West-North-East arc than in the West-South-East arc, as shown in the table overleaf:

(29) Excluding Crédit Mutuel Alliance Fédérale.

(30) Sources: INSEE and Infostat.

| Percentage of sites in communities of less than 5,000 inhabitants |       |
|---|-------|
| Auvergne-Rhône-Alpes  | 20.8% |
| Bourgogne-Franche-Comté   | 33,0% |
| Brittany  | 38.9% |
| Centre-Val de Loire   | 30.3% |
| Corsica   | 33.3% |
| Grand Est   | 55.3% |
| Hauts-de-France   | 19.2% |
| Île-de-France   | 2.7%  |
| Normandy  | 40.0% |
| Nouvelle-Aquitaine  | 22.5% |
| Occitania   | 6.3%  |
| Pays de la Loire  | 39.8% |
| Provence-Alpes-Côte d’Azur  | 3.5%  |
| National average  | 29.5% |

The Group also measures its service provision in the 98 zones franchises urbaines (deprived urban areas in which tax breaks apply), determining how many of them have a branch located either in the zone or close nearby. 47% of them are served by at least one branch.

Ethics and compliance

| 7 Fair operating practices |   |
|----------------------------|---|
| Potential risks identified | Risks related to corruption, lobbying, communications, the duty of care, privacy and data protection. Breaches of laws, regulations or professional practices that give rise to sanctions and harm our reputation, leading potentially to a loss of customers   |
| Prevention measure(s)      | <b>Nationally:</b><br><b>LOBBYING:</b> measurement system and declaration to the High Authority for Transparency in Public Life (HATVP)   |
|                            | <b>Nationally and regionally:</b><br><b>CORRUPTION:</b> staff training, transaction monitoring, accounting monitoring<br><b>FAIR COMMUNICATIONS:</b> control procedures for communications:<br>- director of publication, appointed officers (information of a marketing nature, information with regulators);<br>- statutory auditors/independent third party (accounting and non-financial information);<br>- approval by the Board of Directors. |
|                            | <b>Regionally:</b><br>SUPPLIERS AND SUBCONTRACTORS: due diligence plan, supplier relationship charter   |
|                            | <b>In our IT systems (system owner and clients):</b><br>PRIVACY: technical security measures, Compliance & Internal Control Officer / DPO, GDPR training  |
| Key indicators             | Training (anti-corruption and training on compliance topics more generally, IT system security): budget, number of hours, number of employees concerned.<br>“Dashboard” summary of IT system security<br>Attestation by independent third parties, regulatory reporting<br>Amount of fines<br>Percentage of revenue by supplier covered by specific provisions (“responsible supplier” charter).  |



Fair operating practices should ensure that the principles of integrity and fair dealing are upheld between the business and its stakeholders, especially its customers and competitors. This is an essential part of implementing any CSR process. It covers action areas as diverse as preventing corruption, implementing responsible policies, fair communications and competition, the promotion of social responsibility in the value chain (with suppliers and subcontractors), the security of customer and employee data, market integrity and the prevention of money laundering and the financing of terrorism.

Crédit Mutuel strives to conduct its business in compliance with the applicable laws and regulations, and has put a structure in place that corresponds to this objective and to its principles of proximity and subsidiarity.

The organization of the compliance system is set out in a “general decision” (DCG no. 2-2017) passed by the Board of Directors of CNCM in order to define and lay down the scope of intervention of the compliance functions at Confederation and regional level. The decision states that compliance risk prevention in the Group comprises the following areas in particular:

- financial security (anti-money laundering and combating the financing of terrorism; compliance with embargoes, restrictive financial measures and asset freezing rules; tax compliance);
- marketing practices and the protection of customers (including the protection of personal data);
- conduct, ethics, preventing corruption and the prevention of conflicts of interest;
- market integrity.

The central body, in cooperation with its affiliates, exercises the rights specifically conferred upon it either via the general decision referred to above or by the regulations, particularly those on financial security. Pursuant to that decision, and in cooperation with the Crédit Mutuel regional groups via an enhanced governance structure, the Confederation’s compliance function is in charge, in particular at Group level, of coordinating and overseeing the compliance function generally and also of ensuring that regulatory watch reports are circulated regularly, preparing a compliance risk map, laying down framework procedures (along with the associated risk classifications, where appropriate) and for establishing a common permanent control base for compliance, in addition to a system of documentary checks. Lastly, it represents the Crédit Mutuel Group at the consolidated level vis-à-vis authorities and market bodies.

In accordance with the principle of subsidiarity, each regional group remains responsible for organizing its own internal control and for ensuring that it has a system in place that complies with the regulations and the standards set at Group level. This will cover the control of local banks and second-level bodies (federations, and federal and inter-federal banks) and all banking and non-banking businesses, subsidiaries, branch offices, and asset-holding companies in France or abroad in which the groups hold exclusive or joint control or exercise a significant influence.

All work carried out by compliance functions within the Group in the form of setting policies, procedures and controls in the aforementioned areas contributes toward the development of a positive ethical framework, which is recognized in the regional and confederal committees, including via the reporting of indicators to the governing bodies.

**IMPACTS OF IMPLEMENTING A COMPLIANCE SYSTEM**  
To protect the interests of customers, counterparties and the Group, the Confederation and the regional groups have put a structure and operational procedures in place that incorporate the applicable regulations.

• Financial security

The various financial security measures taken within the Group, whether implemented in an operational, internal control or governance reporting framework, are intended to contribute effectively to the prevention of money laundering, fraud, tax evasion and the financing of terrorism, as well as to compliance with financial, economic and commercial sanctions.

Lastly, Crédit Mutuel Group participates in the automatic exchange of information (AEOI), which ensures tax transparency among the signatory countries to the OECD agreement signed in the wake of FATCA (the US Foreign Account Tax Compliance Act). The agreement is effective in France since January 2016. The system applies to account holding financial institutions (FIs) and insurance companies and involves the systematic transmission at regular intervals of blocks of data on various categories of income (dividends, interest etc.) by the source country of the income to the taxpayer’s country of residence, as well as the names of customers who have not self-certified their tax residency.

• New products

Pursuant to Article 35 of the Order of November 3, 2014 on internal control, the Group requires all new products,

services and businesses and all major transformations of existing products to be approved in advance by Compliance.

The regional groups operate systems for marketing products and services involving various experts, including the compliance function, in order to obtain assurance of their suitability. When the committee meets, it examines the features of the products and services, such as the distribution channels, the target customer base, the training of advisors and the risks.

For financial instruments covered by Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments, known as “MIFID II”, the product is assessed for compatibility with the needs expressed by the customer in a dedicated questionnaire completed when the product is sold. This covers the customer’s knowledge and experience of financial markets, ability to bear losses, risk tolerance, objective, investment horizon etc.

A system is in place to ensure compliance with provisions related to product governance and oversight.

• Handling of customer complaints

The Crédit Mutuel Group listens to its customers and takes care to maximize their satisfaction. It thus pays particular attention to customer complaints.

The regional groups implement the European and national regulations on complaints, including Recommendation 2016-R-02 of November 14, 2016 on the handling of complaints, issued by the Autorité de Contrôle Prudentiel et de Résolution (ACPR). They thus put a handling structure in place that allows customers to complain to:

- their advisor, the customer’s normal contact person;
- the complaints department, if they have not received a satisfactory response from their advisor;
- the ombudsman in the event that part or all of their complaint is rejected or inadequately addressed (see above, “Products and services that live up to customer expectations”).

The regional groups strive to reply to complaints as soon as possible, within the deadlines set by the regulations. Complaints are monitored, enabling corrective action to be taken when failings are brought to light. The system and structures for complaints handling are explained inter alia on the website of the regional groups.

• Conflicts of interest

The regional groups have developed a system for the prevention, detection and management of conflicts of

interest, in accordance with national and European legislation and with the goal of putting their customers’ interests first.

This involves, among other things, putting policies in place for the management of conflicts of interest, keeping a specific register and updating it on a regular basis, carrying out specific controls and reporting to decision-making bodies.

This topic is addressed in the codes of conduct of the regional groups, which remind their readers that the groups must act in an honest, impartial and professional manner.

• Market integrity

Pursuant to Regulation (EU) 596/2014 on market abuses, known as the “MAR”, the regional groups have put an appropriate system in place to ensure that market abuse is duly prevented, monitored and detected, so that they can guard against any transaction that may constitute actual or attempted insider dealing or market manipulation.

The groups thus have tools in place to detect suspicious transactions, which are analyzed by employees.

Responsibility for the systems deployed lies with the regional investment services compliance officers (RCSIs), who are authorized by the Autorité des marchés financiers (AMF).

The number of suspicious transactions reported to the AMF is regularly monitored.

• Data protections

The Crédit Mutuel Group takes care to protect the interests of its customers and members, and so takes continuous care to comply with the applicable regulations on protecting personal data. Since the entry into force of the General Data Protection Regulation (GDPR), numerous projects, procedures (confidentiality policies, monitoring of CNIL complaints), and staff training courses have been rolled out within the Group to ensure compliance with the principles it enshrines, as regards both relations within the Group and relations with members and customers and with business partners.

• Preventing corruption

Crédit Mutuel takes care to comply with the regulations on preventing corruption, including in particular Law no. 2016-1691 of December 9, 2016 on transparency,

the fight against corruption and the modernization of economic life (known as the “Sapin II” Law”), which came into force on June 1, 2017.

By way of example, standards have been laid down that illustrate the various types of prohibited behaviors that are characteristic of acts of corruption or influence peddling (codes of ethics, anti-corruption guides, compliance charters). The Group’s entities have also put in place an internal whistleblowing procedure, the purpose of which is to enable in-house, external or occasional staff to report breaches of regulatory provisions or ethical and conduct standards. It is set out in a specific procedure available to all personnel, which ensures that all information will be treated confidentially and that the whistleblower will be protected.

Whistleblowing serves as a complement to traditional forms of raising the alarm, i.e. by informing line managers or the human resources department.

• “Responsible” supplier relations / Duty of care

In accordance with Law no. 2017-399 of March 27, 2017 on the duty of care of parent companies and subcontracting firms, Crédit Mutuel attaches particular importance to selecting the suppliers with whom it maintains commercial relations.

By way of example, Crédit Mutuel Alliance Fédérale has published a suppliers charter on its website, which describes all of the commitments that suppliers and/or service providers contracted by one or more Crédit Mutuel Alliance Fédérale entities must respect, covering human rights, labor rights, data protection, the prevention of corruption and the duty of care.

• Responsible politics and lobbying commitment

Confédération Nationale du Crédit Mutuel has put a framework procedure in place for lobbyists, which sets out the terms under which an entity must register in the digital directory maintained by the High Authority for Transparency in Public Life (HATVP) and arranges for registration to be accomplished via the General Secretariat of the central body.

Under the applicable regulations, the Crédit Mutuel Group registers legal entities in the directory of lobbyists when “a senior manager, an employee or a member, on his or her own initiative, has entered into communications with persons [public officials] at least ten times in the last twelve months” with a view to influencing one or more public decisions, in particular legislative or regulatory measures. All declarations and actions are available on the HATVP website.

Risks specific to the role of an employer

Employment: choosing a strong staff relations policy

| 8 Training                |  |
|---------------------------|--|
| Potential risk identified | Risk that employees are untrained<br>Lack of the necessary skills to perform activities and support the transformation of the Group. |
| Prevention measure(s)     | <b>Nationally and regionally:</b><br>- national and local agreements,<br>- training plans and tools.                                 |
| Key indicators            | Training budget<br>Number of employees trained<br>Number of hours of training<br>Awards obtained                                     |





The Group has consistently made efforts in the area of training for many years. It is heavily invested in new technologies and implements innovative solutions. It believes that it is also its duty to support its employees in a digitalized world.

Showing appreciation for staff and building their loyalty, diversifying recruitment and promoting equal opportunity are the main challenges of true social and professional integration.

| Training  | 2019      | 2020      |
|---|-----------|-----------|
| Amount of payroll spent on training (in € millions)         | 217.9     | 159.4     |
| Percentage of payroll spent on training                     | 5.5%      | 3.98%     |
| Number of employees completing at least one training course | 86,886    | 83,379    |
| Percentage of employees receiving training                  | 96.9%     | 95.6%     |
| Total number of hours spent on employee training            | 2,964,426 | 2,190,204 |

Because professional training remains a key topic in employee relations at Crédit Mutuel, an update to the Crédit Mutuel sectoral agreement on training was concluded on December 15, 2020, by CNCM and all six of the representative trade unions.

The Crédit Mutuel sector, which covers nearly 35,000 of the Group's employees, initiated a policy of creating qualifications four years ago.

Occupational qualifications or certificats de qualification professionnelles (CQPs) aid employability and job mobility not only in the Crédit Mutuel sector but also in the banking industry as a whole.

It follows that training is fundamental to meeting customer needs as well as possible and responding to regulatory requirements, as well as for enabling all of the Group's employees to develop their skills and their careers (more than 300 different training course are available).

The growing digitalization of interactions means that new skills need to be acquired and new tools must be mastered, but also that adjustments must be made to the increasingly personalized needs of employees.

The following occupational qualifications have thus been registered or are in the process of being registered with France Competences:

- CQP Business Customer Administrator – registered in the RNCP (national directory of professional qualifications);
- CQP Personal Customer Administrator – registration in progress;
- CQP Business Accounts Executive – registration in progress;
- CQP Wealth Management Advisor – registration in progress;
- CQP Local Mutual Bank Manager – registration in progress.

These CQPs “officially” attest to the skills of the holder, endorse the professionalism of employees and contribute to their employability. They lead to the mastery of a “benchmark job” within the sector and form part of a global map of occupations within the network, thus providing gateways between those occupations.

Equality of opportunity

| 9 Equality and integration |   |
|----------------------------|---|
| Potential risk identified  | Risk of discriminatory practices (in recruitment, remuneration, and career management)  |
| Prevention measure(s)      | National and local agreements   |
| Key indicators             | Total number of persons hired and percentage of women<br>Percentage of women in managerial positions and managerial promotions<br>Employment of people with disabilities<br>Awards obtained |



Aware of the issues of equality and inclusion, the Crédit Mutuel sector signed two agreements in 2019:

- One agreement was signed on April 2 on equality in the workplace, aimed at familiarizing employers in the Crédit Mutuel sector with the issues and putting in place concrete milestones, notably with regard to compensation, training, promotion and work-life balance.
- A second Crédit Mutuel sectoral agreement, signed on September 11, covers the employment and integration

of people with disabilities; it likewise aims to improve communications on this topic and encourages employers in the Crédit Mutuel sector to improve measures concerning both the recruitment and the continued employment and support of people with disabilities.

These agreements are generally followed on a voluntary basis by subsidiaries outside the Crédit Mutuel sector.

The first level of integration being access to a job, the Group is an active recruiter in its regions.

| Equality and integration  | 2019   | 2020   |
|---|--------|--------|
| New entrants – Recruitment: total new hires   | 20,658 | 15,221 |
| number of women   | 11,313 | 8,343  |
| permanent contracts   | 7,209  | 6,498  |
| Equality in the workplace: number of female managers <sup>(31)</sup>                            | 13,908 | 14,328 |
| % of managerial staff who are female  | 42.6%  | 43.1%  |
| Number of managerial staff promoted to a more senior position during the year                   | 2,288  | 1,983  |
| number of women   | 936    | 816    |
| % of promoted managers who are female   | 40.9%  | 41.1%  |
| Employment and integration of disabled workers - Number of disabled workers                     | 2,339  | 2,297  |
| Employment and integration of disabled workers – Percentage of total workforce who are disabled | 2.6%   | 2.6%   |

THE CRÉDIT MUTUEL GROUP AND EQUALITY IN THE WORKPLACE

All businesses with 50 or more employees are now required to calculate and publish their workplace gender equality index every year on March 1. Expressed as a score from 0 to 100, it is calculated on the basis of four or five indicators, depending on the size of the business:

- pay gap between men and women;
- pay raise gap in personal pay raises;
- promotions gap (for businesses with more than 250 employees);
- number of employees receiving a pay raise upon their return from maternity leave;

- equality among the ten highest-paid staff members. As an example, you will find some of the Group's scores below<sup>(32)</sup>, which demonstrate our entities' commitment in this area:

- Crédit Mutuel Alliance Fédérale: 90/100;
- Crédit Mutuel Arkéa: 92/100;
- Crédit Mutuel Nord Europe: 94/100 and La Française: 91/100;
- Crédit Mutuel Maine-Anjou et Basse-Normandie: 77/100;
- Crédit Mutuel Océan: 92/100;
- Confédération Nationale du Crédit Mutuel: 95/100.

Parenthood and disability at Crédit Mutuel Nord Europe

Following on from the parenthood guide, published in 2018 and updated each year, workshops on parenthood are held for employees returning from maternity, paternity or adoption leave. The goal is to answer questions that employees who are parents (or future parents) may have, but also to address the specific situations faced by managers.

In mid-December, Crédit Mutuel Nord Europe also signed its fourth disability agreement, which contains specific commitments regarding the recognition of disabilities (in 2020, CMNE had 103 employees with recognized disabilities), integration, work/life conditions and adapted work stations. Use of the sheltered employment sector will also be increased.

(31) France only.

(32) Businesses with a score below 75 points are required to take corrective measures and attain 75 points or more within three years.



Recruitment of work/study trainees at Crédit Mutuel Alliance Fédérale

As part of its strategic plan for 2019-2023, Crédit Mutuel Alliance Fédérale has undertaken to increase the number of apprentices hired under work/study arrangements by 40% (from 900 to 1,300 per year) and to offer permanent contracts to 80% of them on completion. Particular attention is also given to young people from “priority neighborhoods” in cities and from communities with fewer than 5,000 inhabitants, for whom 25% of internship and work/study traineeships are reserved. In 2020, more than 1,250 work/study apprentices were hired, of whom 36% were from priority neighborhoods or rural communities. To bolster its commitment to apprenticeships, Crédit Mutuel Alliance Fédérale has set up its own apprentice learning center.

Numerous awareness-raising actions about the employment of people with disabilities were held at several federations in 2020, among them Crédit Mutuel Nord Europe, Crédit Mutuel Alliance Fédérale and Crédit Mutuel Anjou. The more proactive steps taken by the various groups have enabled progress to be made in this area.

Lastly, the Group’s commitment to employment issues is also demonstrated by the multiple awards it has obtained:

- the Crédit Mutuel Group ranked first in the “Best Employers 2020” list drawn up by Capital magazine

Crédit Mutuel and CIC were ranked first and second among branch banks, and came second and fourth respectively

in the banking and financial services category, out of 21 institutions assessed (the Caisse des Dépôts was first and Bpifrance was third).

- BeoBank, a subsidiary of Crédit Mutuel Nord Europe, obtains “Top employer 2020” certification

This certificate is awarded by the Top Employers Institute, the international authority for the recognition and certification of attractive employers. Certification from the Top Employers Institute is a reward for companies that have proved that they offer their employees excellent working conditions and a high-quality working environment, and for whom developing talent is an absolute priority within the business.

The Crédit Mutuel Loire-Atlantique Centre-Ouest is recognized as a “Welcoming Business”

The “Entreprise Accueillante” (Welcoming Business) scheme has been set up by the Nantes Metropolitan Area. It was conceived and designed in collaboration with local organizations that work to create links between business and the general public in relation to employment.

The objective is to take concrete local action to promote employment, through actions such as:

- “open door” days to enable jobseekers, young people in careers guidance, adults in retraining, and disabled people to find out what a company does and what jobs people do there;
- providing internships for high school students aged 14 and up, jobseekers and students on work placements;
- assisting, supporting and advising long-term unemployed persons by offering practice interviews, networking activities and mentoring.

This certification rewards the contribution made by Crédit Mutuel Loire-Atlantique Centre-Ouest toward increasing diversity in business and combating discrimination in access to jobs.

EMPLOYEE DIALOGUE AND COVID

In 2020, a joint national monitoring unit was established to cover health and organizational measures linked to the Covid crisis. This informal, ad hoc unit was set up at the behest of the national Group committee and operates in a constructive spirit. It is a forum for discussion on best practices at the regional groups and for feedback on organizational and remote working measures, as well as on staff sentiment with regard to the potential difficulties encountered.

Remuneration and employee dialogue

| 10 Remuneration and employee dialogue |   |
|---------------------------------------|---|
| Potential risk identified             | Risk of insecurity (salary, social security) and tension between staff and employers<br>Psycho-social risk  |
| Prevention measure(s)                 | National and local agreements<br>Awards obtained  |
| Key indicators                        | Workforce and staff structure<br>Payroll and social security expenses<br>Departures - layoffs and dismissals<br>Percentage of full-time employees |



At December 31, 2020, Crédit Mutuel operated mainly in France, where 84.7% of personnel are located. Overall, 99.2% of staff members are employed in the European Union.

The Crédit Mutuel Group is developing a policy of long-term employment. In France, 95% of employees are on permanent contracts.

As the Group’s employees are essentially based in France or Europe, national and EU legislation, together with measures

REMOTE WORKING

In 2020, the Observatoire des métiers de la branche du Crédit Mutuel (Observatory of business lines in the Crédit Mutuel sector) also continued its investigations into regular remote working, which had already been rolled out in some Crédit Mutuel entities, including in the crisis situation we experienced in 2020.

taken within the business, appear to enable staff members to enjoy a decent salary and a good level of social security and healthcare benefits.

The Group also undertakes to respect the fundamental agreements of the International Labor Organization (ILO) on freedom of association and the right to collective bargaining, the elimination of discrimination in employment and occupations, the elimination of forced or compulsory labor, and the effective abolition of child labor.

| Staff structure                                  | 2019   | 2020   |
|--|--------|--------|
| Individuals recorded as members of the workforce | 88,600 | 87,255 |
| Staff members in France                          | 75,061 | 74,449 |
| Non-managerial staff                             | 53,411 | 52,094 |
| Female staff                                     | 49,923 | 49,825 |
| Staff on permanent contracts (France)            | 70,943 | 70,692 |
| Remuneration                                     | 2019   | 2020   |
| Gross payroll (€ millions)                       | 3,960  | 4,009  |

An agreement setting the minimum amounts for the eleven benchmark jobs has been signed at the level of the Crédit Mutuel sector.

Overall, the Crédit Mutuel Group continues to be an active employer offering stable jobs to its employees.

The pay agreement for the Crédit Mutuel sector of December 15, 2020 sets an agreed minimum salary on recruitment.

The amount for 2020 is nearly 12% higher than the French minimum wage for that year. It also sets the agreed minimum amounts for the eleven benchmark jobs contained in the job classification schema for the Crédit Mutuel sector.

Overall, the Crédit Mutuel Group continues to be an active employer offering stable jobs to its employees.

| Departures - Layoffs and dismissals                                  | 2019  | 2020  |
|--|-------|-------|
| Number of employees on permanent contracts who left the organization | 6,047 | 6,752 |
| layoffs and dismissals included in the above                         | 1,191 | 950   |
| Work organization  | 2019  | 2020  |
| Percentage of employees on permanent contracts (France)              | 94.5% | 94.9% |
| Percentage of full-time employees                                    | 88.5% | 88.8% |

Often regarded as an indicator of the quality of life at work, absenteeism is closely monitored by Crédit Mutuel to ensure there are no significant variations that would merit a more detailed investigation.

| Absenteeism                                    | 2019    | 2020      |
|--|---------|-----------|
| Total number of days of absence (working days) | 883,148 | 1,014,700 |

Employee dialogue at Crédit Mutuel Alliance Fédérale

In 2020, several agreements were signed with trade union representatives, demonstrating the vibrant nature of employee dialogue at Crédit Mutuel Alliance Fédérale.

- Notable examples include:
- Agreement on managing jobs and careers in companies covered by the Group agreement;
  - Framework agreement on the quality of life at work and remote working;
  - Agreement on the closure of the points-based supplementary retirement scheme of January 1, 2008 and the establishment of a new supplementary retirement scheme as from January 1, 2021;
  - Agreement on converting the Group's Perco scheme regulations of March 31, 2011 into a Group Percol scheme;
  - Pay agreements;
  - Amendments to the agreement on the payment of a bonus to support purchasing power.

Environmental footprint of our operations – Management of our direct impacts

| 11 Managing the Group's direct environmental footprint |   |
|--|---|
| Potential risks identified                             | Risks and opportunities associated with the environmental footprint of the Group's own businesses |
| Prevention measure(s)                                  | Greenhouse gas emission monitoring plan   |
| Key indicators   | Resource consumption  |

MEASURING AND REDUCING OUR NEGATIVE IMPACT

The environment is a major issue for society, and the Group has therefore monitored its resource consumption for a number of years.

We prepare and publish a carbon balance sheet for the institutions in the Group for which this is a requirement; it is then published on the website set up for this purpose by ADEME<sup>(33)</sup>.

At the national level, data on resource consumption is collected annually on a simplified basis. Bearing in mind the autonomy enjoyed by the regional groups, these indicators reflect a growing frugality in the Group as a whole. Each entity has full freedom to set its own targets and priorities.

Key decisions, such as the decision confirmed in 2020 by Crédit Mutuel Alliance Fédérale to reduce its carbon footprint by 30% over the period of its 2019-2023 strategic plan, have a considerable knock-on effect on the Group overall, not least because of the size of CMAF within the Group. To meet this target, it has chosen to apply ISO 14064, which provides an accounting and verification framework for greenhouse gas emissions at the organization level for all three scopes. Another sign of this collective determination is the obtaining of ISO 50001 certification by Crédit Mutuel Océan, thus joining Crédit Mutuel Alliance Fédérale and Euro-Information. Crédit Mutuel Arkéa, meanwhile, undertakes in its climate strategy to reduce the direct carbon footprint of its operations by cutting greenhouse gas emissions by 16% between 2019 and 2024.

| Our direct environmental footprint approach | 2019        | 2020        |
|---|-------------|-------------|
| Water consumption (m³)                      | 696,752     | 620,900     |
| Total energy consumption (kWh)              | 508,993,567 | 475,637,618 |
| Total paper consumption (tonnes)            | 10,112      | 8,578       |
| Recycled paper consumption                  | 5,780       | 5,797       |

Crédit Mutuel Maine-Anjou et Basse-Normandie: start of head office renovation work

The aim of this project is to reduce the building's energy usage, while also making it more comfortable for staff, whose opinion was also sought on the design of the shared rest and recreation spaces.

Crédit Mutuel Nord Europe (CMNE) chooses a green energy supplier

When its energy supply contracts came up for renewal, CMNE opted for a new player in the electricity market : Plüm Énergie, a 100% green energy supplier.

Founded in 2016, Plüm supplies 100% green energy from wind, solar and hydroelectric power plants (instead of fossil fuel and nuclear energy). This energy is purchased directly from independent French producers that have a local, environmental, economic and social impact in our country. Plüm is consequently recognized as a “Social Solidarity Enterprise” by the Ministry for Environmental Transition. Plüm is also classed by Greenpeace as one of the only “truly green” suppliers in France.

# Methodology

## SCOPES

The overall scope of this report covers all of the Group's businesses, whether carried on by the cooperative entities or by its subsidiaries. The consolidation performed by Confédération Nationale du Crédit Mutuel relies on data collected from the Group's five federal banks, each of which reports on the entirety of its scope of consolidation. Some data, particularly accounting data, is obtained from CNCM's finance department, which is in charge of preparing the consolidated financial statements. The overall data on locations and workforce is produced by CNCM's management control department. The risk department and compliance department, whose sphere of competence covers the whole of the Group, particularly as regards the regulatory authorities, also contribute to the preparation of this report, as does the markets and studies department, as the section responsible for certain national partnerships or in its capacity as the Group's representative on various industry bodies. The "Crédit Mutuel" division, under the leadership of the Confederation, contributes to the employment section of the report.

- Except where explicitly stated, governance information covers all of the cooperative businesses;
- employment information covers the whole of the consolidated scope apart from a small number of foreign subsidiaries (Crédit Mutuel Alliance Fédérale). The accuracy level of data for foreign subsidiaries may be reduced (applies generally for the foreign subsidiaries of Crédit Mutuel Nord Europe);
- owing to potential differences in the treatment of some indicators, societal information covers 90% of the overall scope;
- data in the environmental section covers the entire scope.

For details of how the scopes are made up, please refer to the scopes of consolidation reported in the statements issued by the federal banks.

The Crédit Mutuel Group believes that corporate social responsibility is a way to reaffirm its identity and emphasize its distinctiveness as a cooperative. The Group has undertaken since 2012 to produce CSR indicators, so as to better identify and report on how the various institutions in the Group behave towards and contribute to society. These indicators, which have been jointly prepared at national level since 2006, were gradually extended and adapted to the full scope of the Group's banking and insurance business, and subsequently revised in accordance with Ordinance no. 2017-1180 of July 19, 2017 and its implementing decree, Decree no. 2017-1265 of August 9, 2017, transposing the European Directive of October 22, 2014 on the publication of non-financial data. Every year since 2012, a series of indicators has been reviewed by an independent third party for compliance with the obligations under Article 225 of the Grenelle II Law, with a formal opinion being provided accordingly.

The data collected voluntarily includes a number of indicators regarding the Group's cooperative organization and internal democracy. These are now fully within the spirit of the provisions of the Social and Solidarity Economy Law of July 2014.

## PRINCIPAL MANAGEMENT RULES

The methodology, which is the product of a collective effort, establishes the rules for collecting, calculating and aggregating indicators, determining their scope and deciding on the controls to be carried out. It is aimed at the compilers of data at the five federal banks. It lays down the audit trail for both internal and external audits. Lastly, a standard reference framework for data collection is deployed each year. This comprises all of the items circulated and used internally to organize the collection, transmission and consolidation of data.

The published information reflects the Group's desire for greater understanding and transparency. The qualitative information serves to describe or illustrate the actions or commitments made by part or all of the Group and bear witness to its ongoing commitment to CSR.

Reporting requirements imposed by the banking supervisory authorities (ACPR, ECB) are new areas of progress and standardization in which the Group is engaged.

The data collection exercise for 2020 was announced in the autumn in order to mobilize all the departments concerned and organize the levels for reporting information upwards and consistency checks. The collection grids are largely identical to those used the previous year. Collected was subdivided into qualitative information and quantitative information.

Each institution in the Group is free to act as it sees fit. The national level briefly summarizes the approaches taken and work performed, and sets out details of the individual entities.

Generally speaking, in cases of partnership or service arrangements, preference is given to information provided directly by the partners. The same applies, whenever possible, when non-financial issues are covered by data from the finance department, which is audited by two firms of statutory auditors.

## REFERENCE PERIODS FOR DATA COLLECTED

In principle, data is for the calendar year. In some cases (where current-year information is unavailable) it may relate to a previous year or to exercises that are not performed annually but for which the information is stable (sites in rural areas, analysis of jobs in relation to the

human development index or corruption perception index of the location). Lastly, some data may only cover part of the period under review, where the final data was not yet fully known on the date that the report was drawn up. Where any of the above is the case, this is stated in the report.

The indicators used are based in particular on:

- Ordinance no. 2017-1180 of July 19, 2017 and its implementing decree, Decree no. 2017-1265 of August 9, 2017;
- Article 225 of the Grenelle II Law;
- the provisions of the Law on Energy Transition for Green Growth;
- the performance of greenhouse gas emissions assessments (Decree 2011-829 of July 11, 2011);
- the ILO (recommendation 193 on cooperatives);
- the OECD (guidelines);
- The "Law on Energy Transition for Green Growth", promulgated on August 18, 2015;
- Article 173 of Law on Energy Transition, published on December 31, 2015;
- The transposition of Directive 2014/95/EU of the European Parliament and of the Council of October 22, 2014 modifying Directive 2013/34/EU on the publication of non-financial information and information on diversity (Ordinance no. 2017-1180 of July 19, 2017 and Decree no. 2017-1265 of August 9, 2017);
- The "Sapin II" Law on the Fight against Corruption, adopted on November 8, 2016;
- The Law on the Duty of Care, adopted on February 21, 2017;
- Regular discussions with stakeholders (general meetings of members, NGOs, non-financial ratings agencies);
- Collective discussions on CSR practices in European cooperative banks (EACB) and other cooperative sectors, etc.

The indicators are also based on the commitments made by the Group at national and/or federal level:

- Principles of the International Cooperative Alliance (ICA);
- Coop-FR charter of the cooperative identity, adopted in 2010;
- UN Global Compact (member since April 2003);
- UNEP-FI Principles of Responsible Banking (signatory since November 2019);
- Principles for Responsible Investment (PRI);
- Transparency code of the French Asset Management Association - Responsible Investment Forum (AFG-FIR);
- The responsible business manifesto of the World Economic Forum;
- Certification granted by the CIES (Inter-Union Employee Savings Plan Committee);
- Novethic socially responsible investment (SRI) certification;
- Finansol certification for solidarity products.

## GOVERNANCE INDICATORS

Some indicators and part of the commentary are devoted to governance. Participation and democracy are the foundation of Crédit Mutuel's cooperative operation. Any customer can subscribe for an A share and so become a member of the cooperative (their local bank) and vote at their shareholders' meeting in accordance with the "one member, one vote" principle. This distinctive feature of a cooperative is also the source of Crédit Mutuel's firm regional roots and the non-centralization of the Group's governance, which respects the autonomy of members and the subsidiarity between the different cooperative entities.

## EMPLOYMENT INDICATORS

Workforce figures represent employees (individual persons) registered at December 31, excluding interns, temporary staff members and external service providers. As regards employment data, the total number of days of absence includes all absences not provided for in collective bargaining agreements for permanent employees, employees on fixed-term contracts and apprentices on work/study contracts: sickness and accidents. The percentage of gross payroll devoted to training excludes Fongecif subsidies and training provided to work/study apprentices.

## SOCIAL INDICATORS

The information on microlending is provided by the Group's main partners, namely Adie, France Active, and Initiative France. Where possible, detail is provided by federation, except for Initiative France which provides overall figures for Crédit Mutuel and CIC.

## ENVIRONMENTAL INDICATORS

Data on water and energy consumption in France and Belgium for all banking, insurance and publishing businesses are based on invoices recorded in the accounts, direct readings, supplier data and in some cases estimates. Paper consumption does not directly include usage by the printed press division, which is recorded elsewhere. Paper consumption for in-house use derives mainly from information provided by the procurement center and by the service centers (reprographics), external suppliers where applicable, and the department in charge of magazine subscriptions for the CM group.

In total, 25 indicators are the subject of a pre-publication review, a data audit (conducted on site or remotely) based on an analytical review, substantive sample testing, comparison with industry performance ratios, interviews and an assurance report in which the statutory auditors selected as independent third parties report on the work they have performed and provide an assurance opinion.

Where necessary, comparative figures for 2019 have been restated to match the scope of the 2020 report.

Le rappel des données de 2019 a, lorsque nécessaire, été recalculé pour s'ajuster au périmètre de la déclaration 2020.



# Independent verifier's limited assurance report on a selection of CSR information

For the attention of Nicolas Théry, Chairman, and Pierre-Édouard Batard, Chief Executive Officer,

In accordance with the request made to us and in our capacity as independent verifier and a member of the network of one of the statutory auditors of your group (the "entity"), we report to you on a selection of non-financial information concerning the year ended December 31, 2020 as set out in Appendix 1 (the "Information"), which the entity has chosen to prepare and to present in its management report.

## RESPONSIBILITY OF THE ENTITY

Under this voluntary process, the entity is responsible for preparing the Information in accordance with the reporting criteria chosen by the entity (the "Reporting Criteria"), which appear in the form of a summary in the management report and which are available on demand at the entity's head office.

## INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by the Code of Conduct of the profession. Furthermore, we have established a quality control system that includes documented policies and procedures intended to ensure compliance with the applicable laws and regulations, ethical rules, and professional standards.

## RESPONSIBILITY OF THE INDEPENDENT ASSURANCE PROVIDER

Our responsibility, in response to the entity's request, is to express a limited assurance opinion, based on our work, on whether the Information has been prepared in all material aspects in accordance with the Reporting Criteria.

It is not our responsibility to express an opinion on the whole of the management report for the year ended December 31, 2020, or on whether the entity has complied with the applicable provisions of the law and regulations.

## NATURE AND SCOPE OF WORK

Our work utilized the skills of four persons and took place between March and May 2021.

We performed the work set out below in accordance with the international standard ISAE 3000\* and the professional standards applicable in France.

We formed an appreciation of whether the Reporting Criteria are appropriate on the basis of their relevance, completeness, reliability, neutrality, and comprehensibility, taking into consideration, where applicable, best practices in the sector. With respect to quantitative information, we performed:

- analytical procedures, which involved verifying whether the data collected was properly consolidated and of the consistency of movements;
- detailed sample-based testing, which involved verifying the correct application of definitions and procedures and agreeing the data to the supporting documentation. This work was carried out at Crédit Mutuel Alliance Fédérale, which covers 81% of the Group's workforce, on a selection of contributing entities as follows: CIC Nord-Ouest, Crédit Mutuel Centre Est Europe, and the CIC Group, which cover between 36% and 64% of the consolidated data selected for those tests (36% of energy consumption, 64% of the workforce).

We formed an appreciation of whether the non-financial information as a whole is consistent with our overall knowledge of the entities included in the scope of consolidation.

We consider that the work we have performed, on the basis of our professional judgment, enables us to form a limited assurance conclusion; a higher level of assurance would have required more extensive work.

## CONCLUSION

Based on the work we have performed, we have not identified any material misstatement that would call into question the fact that the Information has been prepared in accordance with the Reporting Criteria.

Paris-La Défense, May 7, 2021

The independent verifier  
EY et Associés

Abder Aouad  
Associé

Caroline Delérable  
Sustainable Development Partner

## APPENDIX 1: AUDITED INFORMATION

### Employment information

Employees  
Number of new hires  
Number of employees on permanent contracts who left the organization  
Number of layoffs and dismissals  
Total number of days of absence  
Number of employees who have completed at least one training course  
Total number of hours spent on employee training

### Environmental, social and governance information

Total energy consumption  
Number of loans made by the networks for renewable energy projects  
SRI investments  
Assets in solidarity employee savings plans  
Number of local banks  
Number of new directors of local banks (and number of women included in that figure)  
Total hours of training given to directors  
Rate of increase in membership

\* Assurance engagements other than audits or reviews of historical financial information.

Learn more about the Crédit Mutuel group:  
[www.creditmutuel.com](http://www.creditmutuel.com)



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