

NON- FINANCIAL PERFORMANCE STATEMENT

CRÉDIT MUTUEL GROUP 2021

CONFÉDÉRATION NATIONALE DU CRÉDIT MUTUEL

20
21
EDITION

Crédit  Mutuel

NON-FINANCIAL PERFORMANCE STATEMENT

CRÉDIT MUTUEL GROUP 2021

CONFÉDÉRATION NATIONALE DU CRÉDIT MUTUEL

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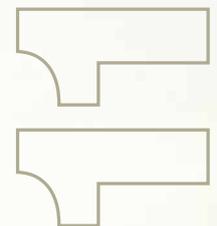
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INTRO

After a recovery phase, and despite being marked by exceptional growth, 2021 was a year of upheavals that everyone has faced, is facing and will continue to face: the ongoing Covid-19 pandemic and the resulting economic and social uncertainties; inflation, the rise in demand for and cost of energy and its impact on households and businesses; and climate change, the reality of which is becoming increasingly tangible and apparent in all aspects of our lives.

To support each of our customers in this context, we rely on three major advantages: the commitment of our 83,000 employees, our regional presence enabling on-the-ground participation in social and economic life, and our support for the sustainable and solidarity economy.

Crédit Mutuel makes shared values and performance a cornerstone of its strategy. Thus, our higher earnings have enabled us to increase our **social dividend**: for our employees, this means taking concrete actions to maintain purchasing power; for our customers and members, it means no-strings-attached support initiatives and commitments to strengthen our support for local economies and provide transition assistance.

Today, banks must play a key role in supporting **the transition of the real economy to net-zero emissions**. First French mutual bank to join the Net-Zero Banking Alliance under the auspices of the United Nations, the group has assessed this responsibility and has pledged to align the greenhouse gas emissions of its portfolios with net-zero emissions trajectories as soon as possible and, in any case, by 2050.

To achieve this overall performance, the Crédit Mutuel group's collective efforts, underpinned by a number of actions taken by the regional groups¹, continued in 2021.

Our environmental commitment takes the form of fundamental actions: climate issues are now integrated into national risk management tools, selection criteria for oil & gas financing have been implemented, we participated in a climate stress test, published a TCFD report and introduced a specific measure of non-financial performance at Crédit Mutuel Arkéa. We also published the agricultural sector policy at Crédit Mutuel Alliance Fédérale and Crédit Mutuel Arkéa.

In line with the signing of the Principles for Responsible Banking, in December 2021 the Group joined the UNEP FI initiative on financial health and inclusion. This decision reflects a convergence between our commitment to society and our role in the development of the regions in which we operate. It mirrors the actions of our regional groups when they support each of their customers, by combating rural depopulation, facilitating access

to home ownership (for example, by eliminating health questionnaires at Crédit Mutuel Alliance Fédérale) or helping companies with their transition, through products designed to improve the impact of SMEs and mid-caps.

The severe consequences that social, environmental and climate issues have for our customers and our development were evident in 2021: **climate risk is also financial risk**.

Every decision made by the group and all our commitments potentially have a climate, environmental and social impact. What seems obvious, and was not necessarily so a few years ago, can also be seen as a constant and encouraging reminder of our responsibilities and the strength of our convictions.

By drawing on its cooperative and mutualist model and its pioneering status as a bank with a mission, the Crédit Mutuel group intends to achieve in 2022 the objectives it has set collectively: **global, sustainable performance that is profitable for all, and a role and commitments that will have a positive impact on society as a whole**.



NICOLAS THÉRY

PIERRE-ÉDOUARD BATARD

1. Crédit Mutuel Alliance Fédérale, Crédit Mutuel Arkéa, Crédit Mutuel Maine-Anjou and Basse-Normandie and Crédit Mutuel Océan.

1

Put our cooperative model to work for regional development

The Crédit Mutuel Group operates a full range of banking and insurance activities through its five regional groups² and their subsidiaries.

It consists of a group of cooperative banking and financial institutions with deep roots in the regions and across the country. Its 83,000 employees serve 36.1 million customers, including 8.3 million members, to best meet the needs of individuals and regions.

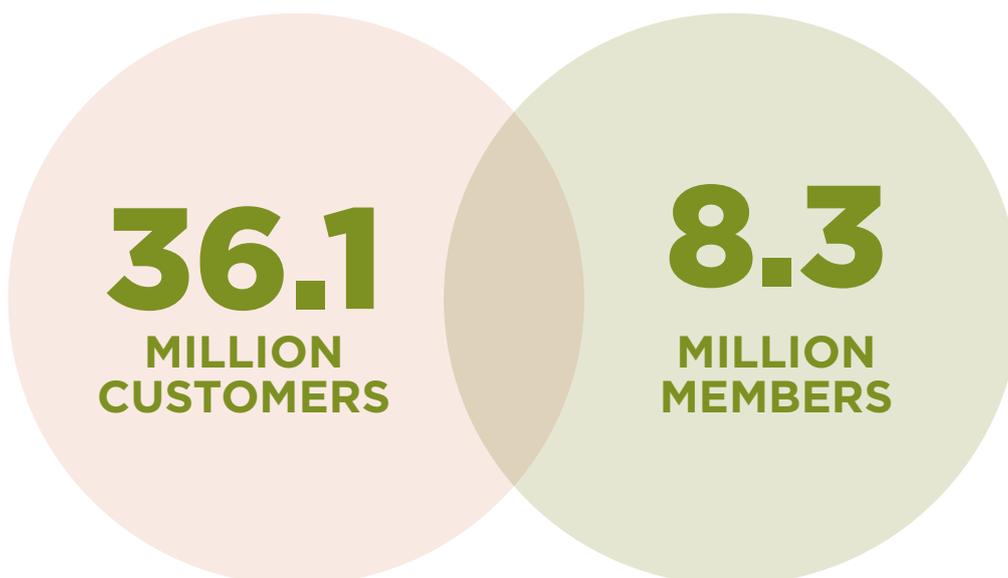
These regional institutions have numerous subsidiaries, particularly in the insurance, asset management and consumer credit businesses. The Group also has an international presence, mainly in Europe and in particular in Germany, Belgium, Spain and Luxembourg.

1.1

Key features

1.1.1 Crédit Mutuel: key figures

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 customers and members place in us comes from an agile and relevant organization focused on people and expectations.



2. Crédit Mutuel Alliance Fédérale, Crédit Mutuel Arkéa, Crédit Mutuel Maine-Anjou et Basse-Normandie, Crédit Mutuel Nord Europe, Crédit Mutuel Océan. Crédit Mutuel Nord Europe joined Crédit Mutuel Alliance Fédérale on January 1, 2022.

83,000*
EMPLOYEES

21,000
ELECTED DIRECTORS

1 NATIONALE
CONFEDERATION

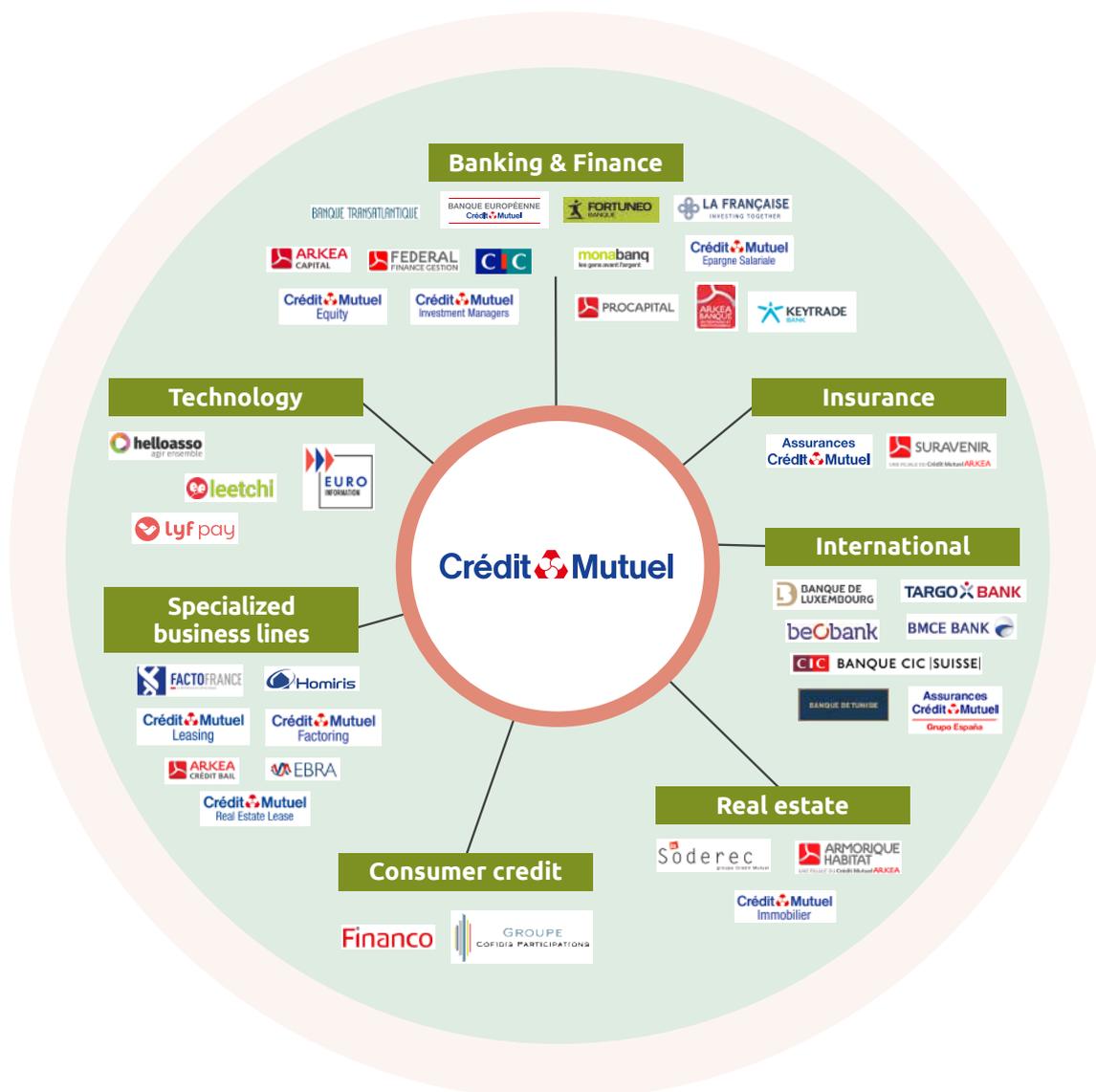
18 REGIONAL FEDERATIONS
+1 AGRICULTURAL
FEDERATION

5,330 BRANCHES

2,016 CRÉDIT MUTUEL
LOCAL BANKS

* Number of full-time equivalent (FTE) employees.

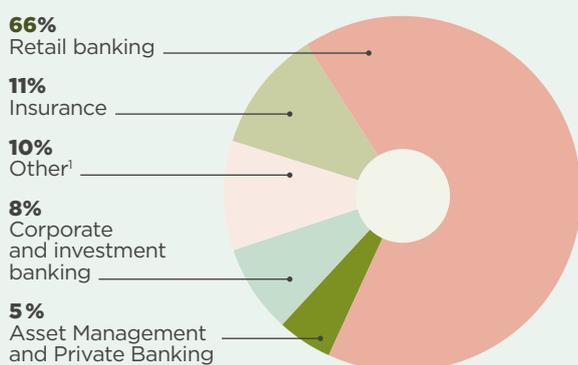
**1.1.2 Main subsidiaries and partnerships:
strong sense of cooperation between the group's business lines**



The Crédit Mutuel group comprises five regional groups and commercial subsidiaries. It is engaged in numerous activities, including retail and investment banking, asset management, insurance, etc. For all these activities, Crédit Mutuel draws on key principles of the cooperative model and its history to meet most of the needs of its customers and members.

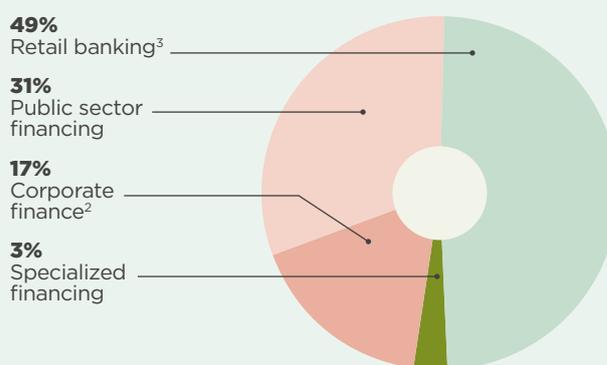
With over 60% of its income generated by its retail banking activity, Crédit Mutuel reaffirms its role as a finance provider for the real economy. With a firm focus on supporting individuals and small and medium-sized companies, Crédit Mutuel has implemented social, environmental and climate initiatives adapted to the types of customers it serves.

BREAKDOWN OF 2021 NET BANKING INCOME



1. Activities that cannot be assigned to another sector and subsidiaries involved purely in logistical support.
2. 56% of which are loans to SMEs and mid-caps (excluding retail banking).
3. Including home loans, auto loans, consumer credit and loans to professionals and microenterprises.

BREAKDOWN OF EXPOSURES AT 12/31/2021



1.1.3 The Confédération Nationale du Crédit Mutuel

With a culture of strong local responsibility, the Group's cohesion is provided by the Confédération Nationale du Crédit Mutuel (CNCM), whose fundamental purposes are defined by law in the French Monetary and Financial Code. On that basis, as the central body 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 is thus in charge of³ :

- 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 it 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.

3. Quoted from the French Monetary and Financial Code.

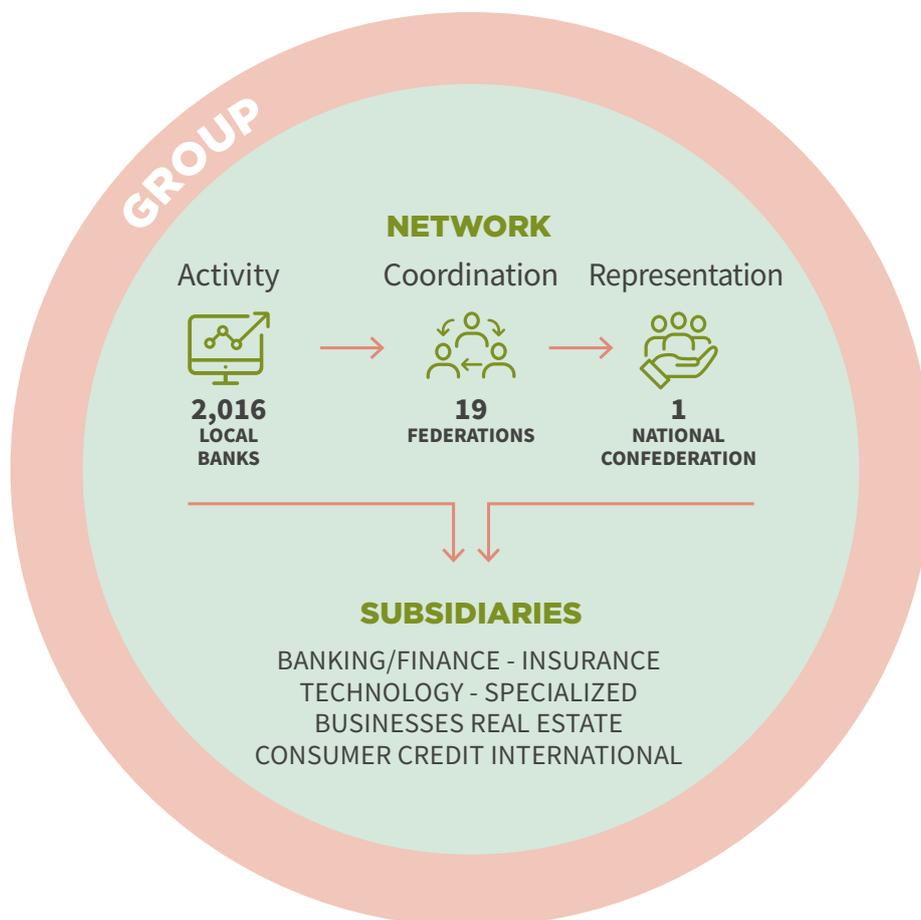
1.2 The strength of a decentralized cooperative group

The strength of our model lies in:

- its cooperative and decentralized structure, with its 19 federations and 2,016 local banks:
 - mutual bank not listed on the stock exchange: its 8.3 million members own its capital in the form of shares. Unlike a traditional bank, the Crédit Mutuel group is not focused on redistributing potential increases in shareholders' equity to its shareholders;
 - 1 member=1 vote: all members can participate in their local bank's Shareholders' Meeting. They have equal voting rights that allow them to take part in decisions and elect their representatives;
 - local presence: Crédit Mutuel is close to its customers and members because of its organization. Members are represented by elected volunteer directors.

Crédit Mutuel can therefore remain within reach of its customers and members in order to support them day after day in their projects and enhance the quality and diversity of its products and services;

- autonomy of the local banks, which ensures a fast response. Thanks to a decentralized organization, 97% of decisions are made at a local level; this method of operation facilitates responsiveness and service quality;
 - advisers who put the customer's interests first: advisers do not work on commission. They offer solutions appropriate to each stage of the customer's life and provide advice, independently, that serves the customer's interests only;
- a recognized brand;
 - its position as a universal bank, with a diversified business portfolio that consists primarily of retail banking in France. This model has demonstrated its resilience and its ability to gain market share, while controlling the level of associated risks.



1.3 Contribution to regional development

1.3.1 Special cooperative model

Created for the benefit of its members, a cooperative necessarily has a long-term business model. Its profits are therefore 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 8.3 million members elect nearly 21,000 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. It is also the one that best expresses the expectations of a society to which it belongs.

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

Crédit Mutuel fully adheres to and upholds the seven cooperative principles of the International Cooperative Alliance, which are supported by more than 320 organizations in 112 countries worldwide. These seven operating principles are the common denominator of all cooperatives, regardless of their business sector, and are the basis of Crédit Mutuel's actions.

CoopFR, the organization that represents the French cooperative movement, has transposed these principles into seven values that Crédit Mutuel also stands for: democracy, solidarity, responsibility, sustainability, transparency, proximity and service.

COOPERATIVE INDICATORS			2021	2020
PRINCIPLE 1	Voluntary and open membership	Number of members (in millions)	8.3	8.1
		Increase in membership	2.9%	0.9%
		Percentage of customer who are members	77%	77%
PRINCIPLE 2	Democratic member control	Number of directors - Local banks	20,454	21,610
		Number of directors - Federations	539	545
		Directors' rate of participation in Board of Directors' meetings - federal bank	86%	93%
		Percentage of women directors - Local banks	39%	39%
		Percentage of women directors - Federations	33%	31%
PRINCIPLE 3	Member economic participation	Amount of share capital (€M)	11,411	11,090
		Average amount of share capital owned by each member	1,392	1,370
PRINCIPLE 4	Autonomy and independence	The bank is fully owned by its members		
PRINCIPLE 5	Education, training and information	Number of directors of local banks who took at least one training course during the year	13,745	6,203
		Percentage of directors trained	67%	29%
		Duration of training per director trained (hours)	3.02	2.96
PRINCIPLE 6	Cooperation among cooperatives	Member of the ICA, Cooperatives Europe, CoopFr, EACB and IRU (International Raiffeisen Union)		
PRINCIPLE 7	Concern for community	Crédit Mutuel's local banks work to ensure the sustainable development of their community by implementing policies approved by their members. They express their commitment through CSR strategies adopted by the directors, who represent the members.		

* Due to the health crisis, the shareholders' meetings of the local banks were held remotely in 2021.

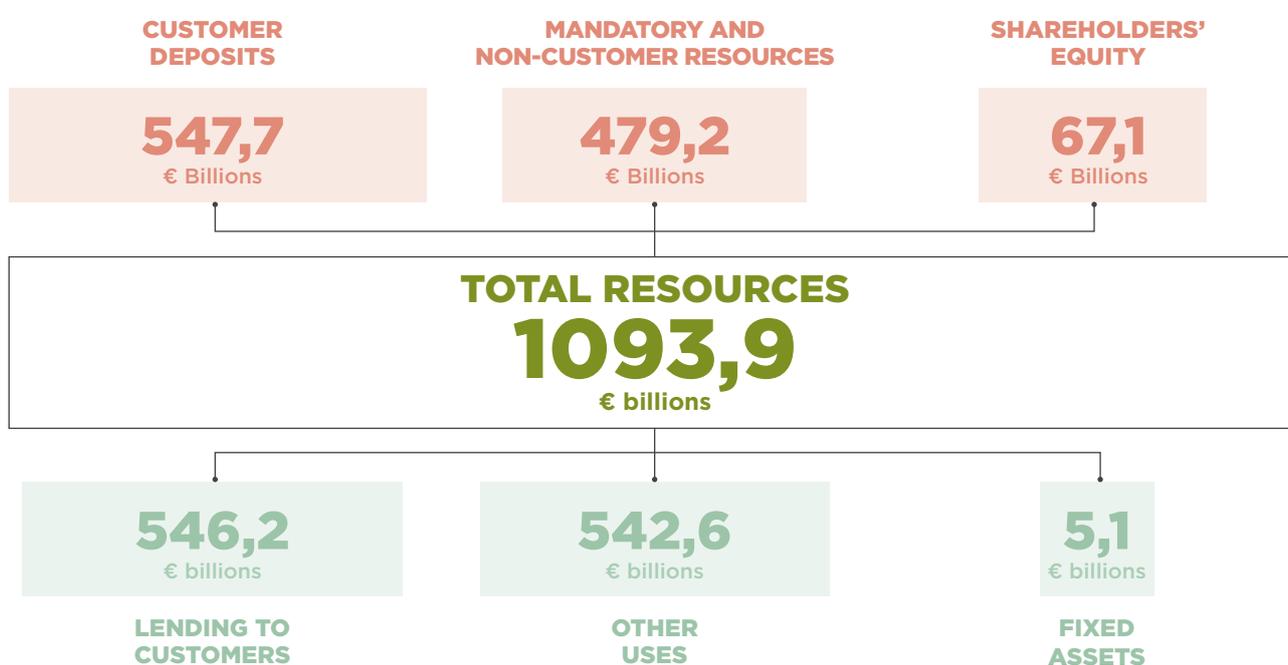
1.3.2 Socio-economic footprint

Crédit Mutuel's role is to finance the economy, with full transparency, and to redistribute the value created. It collects funds mainly through its customers' savings to finance the loans it issues and its development. As a cooperative bank serving its customers and members, Crédit Mutuel manages its customers' funds, offers them day-to-day banking services and supports their projects by facilitating access to credit. It relies on its decentralized

organization to redistribute locally resources collected by the local banks, whether these are funds deposited in a current account or savings account or shareholders' equity consisting mainly of shares held by its members and retained earnings.

Crédit Mutuel's customers therefore finance the businesses, associations and projects of individuals in their region.

BREAKDOWN OF USES AND RESOURCES AT DECEMBER 31, 2021 (DETAILS OF DEFINITIONS PROVIDED IN METHODOLOGY NOTE ON PAGE 57)



Crédit Mutuel Arkéa measures its non-financial impacts in euros to calculate its overall performance

Crédit Mutuel Arkéa has become the first French bank to measure its non-financial impacts in euros to calculate its overall performance. It unveiled its methodology, designed with an external independent firm, to select non-financial indicators relevant to the group and its stakeholders (members and customers, suppliers, employees) and convert them into euros.

It assesses and monetizes the positive and negative impacts generated by financing and investment activities with members and customers, by purchases made from suppliers and by the HR policy with respect to employees. For example, Crédit Mutuel Arkéa assesses the non-financial impacts of a customer's activities (such as number of jobs supported or greenhouse gas emissions) and then converts these impacts into euros. It then determines the level of its own contribution to these impacts in proportion to its commitments.

2

Organize and allocate responsibilities for effective coordination and oversight of our actions

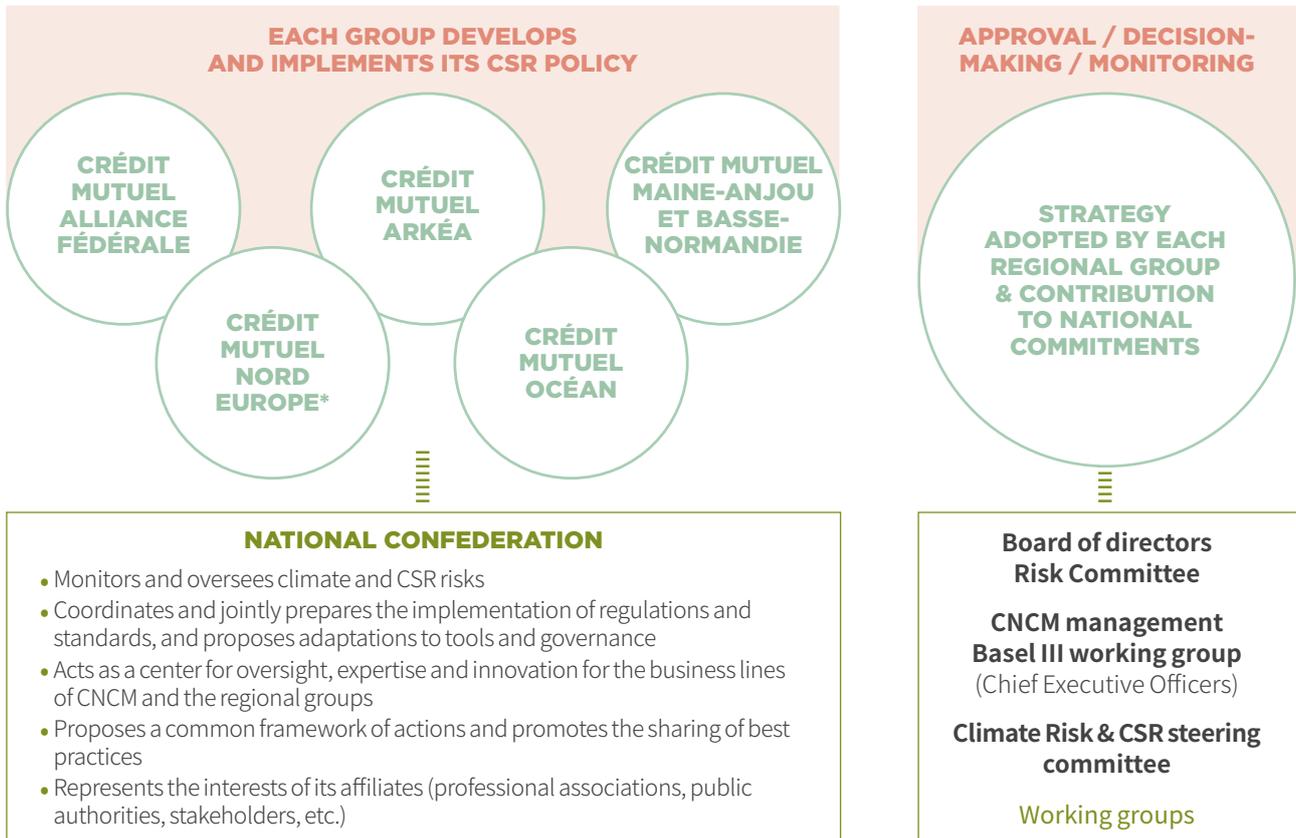
In response to societal and environmental challenges, the Crédit Mutuel group set up a specific governance structure to guide its CSR strategy and also adopted a consolidated action plan, which was co-developed with the regional groups and approved by the national executive and supervisory bodies.

2.1

General principles

Since January 1, 2020, the CSR function of Confédération Nationale du Crédit Mutuel (CNCM) has been part of the Risk Department. Its role is explained in the diagram below:

PRINCIPLE OF SUBSIDIARITY - CONSISTENCY - COLLECTIVE MOBILIZATION



* Crédit Mutuel Nord Europe joined Crédit Mutuel Alliance Fédérale on January 1, 2022.

2.2 Committees & working groups



A “Climate Risk & CSR” steering committee composed of the risk management directors and/or CSR directors of each regional group and representatives of the two information systems meets four times a year and reports to the Basel III working group, which includes 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 “Systems adjustments” working group on upgrading IT and other systems to meet CSR and climate needs.

Participants in these working groups are nominated by each of the four 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.

Training provided to CNCM’s Board of Directors on CSR and climate issues in 2021

In keeping with their responsibilities, directors must be able to define the best strategies for Crédit Mutuel in the interest of all its customers and members.

Given the growing significance of environmental, social and governance issues, a training course on CSR issues and climate risks was held for members of the Board of Directors in April 2021.

This training was an opportunity to provide them the keys and knowledge they need to understand this complex and fundamental issue. They were able to learn about the main challenges for the financial sector and the impact of ever-increasing regulations, at both the national and European level. Regulatory and supervisory expectations and the Crédit Mutuel group’s collective organization put in place to manage these issues were presented to the 13 directors in attendance.

This training was also an opportunity for them to be informed about the ECB’s guide, the results of the 2021 stress test conducted by the ACPR, and the main initiatives of the regional groups and other banking institutions.

3

Be part of our ecosystem and economic environment for years to come

Crédit Mutuel has made commitments that require it to meet the highest international standards.

3.1 Main international commitments

DATE SIGNED	COMMITMENT	ENTITY	CONTENT
2003	Global Compact – Advanced level	Crédit Mutuel Group	Respect human rights and international standards on labor, environmental protection and the prevention of corruption.
FROM 2009	Principles for Responsible Investment (PRI)	Asset management: Federal Finance Gestion (2009) La Française group (2010) Crédit Mutuel Asset Management (2012) CIC Private Debt (2014) Schelcher Prince Gestion (2018) Arkéa Capital (2019) Suravenir (2019)	The six Principles for Responsible Investment are a voluntary and aspirational set of investment principles that offers a menu of possible actions for incorporating ESG issues into investment practice.
2019	Principles for Responsible Banking (PRB)	Crédit Mutuel Group ⁴	Align the strategy with the United Nations Sustainable Development Goals (SDGs) and the Paris Climate Agreement: - Orient our businesses towards more inclusive finance and a sustainable economy; - Be transparent about the positive and negative impacts on people and the planet.

4. Signed by Crédit Mutuel Arkéa in 2021.

DATE SIGNED	COMMITMENT	ENTITY	CONTENT
2020	<i>Poseidon Principles</i>	CIC (subsidiary of Crédit Mutuel Alliance Fédérale)	Quantitative 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.
2021	PRB - Net Zero Banking Alliance (NZBA)⁵	Crédit Mutuel Group	At the initiative of the banking sector and in coordination with the United Nations Environment Programme Finance Initiative (UNEP-FI), the Net-Zero Banking Alliance aims to contribute to the carbon neutrality goal of the Paris Agreement and align the emissions of banking portfolios with net zero GHG emissions trajectories by 2050.
2021	PRB - Commitment to financial health and inclusion⁶	Crédit Mutuel Group	Pursuant to the Principles for Responsible Banking (PRB) and in coordination with the United Nations Environment Programme Finance Initiative (UNEP-FI), this initiative aims to promote financial inclusion for all and encourage a banking sector that supports the financial health of its customers.
2021	Finance for Biodiversity Pledge	Crédit Mutuel Arkéa Federal Finance Gestion Schelcher Prince Gestion Crédit Mutuel Asset Management	The Finance for Biodiversity Pledge is a commitment made by financial institutions to protect and restore biodiversity through their financial activities and investments. It consists of five measures that financial institutions pledge to take: - Collaboration and knowledge sharing; - Engagement with companies; - Impact assessment; - Target setting; - Public reporting on the above by 2025.

5. More details on page 25.

6. More details on page 41.

3.2 Participation in financial sector initiatives in Europe and France

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

At the European level, the Crédit Mutuel group is a member of various professional associations and participates in the specific working groups set up by European banking organizations to contribute to the progress of the Sustainable Finance strategy. This includes the work of the EBF (European Banking Federation) and the EACB (European Association of Cooperative Banks).

At the national level, Crédit Mutuel is actively involved in the work of the French Banking Federation (FBF), which is chaired since September 2021 by Nicolas Théry,

Chairman of Confédération Nationale du Crédit Mutuel, on climate risk prevention:

- through the monthly climate committee meeting, which brings together representatives of the risk and CSR departments of all French banking groups, and committee meetings at which this topic is addressed from time to time;
- through the various working groups set up by the FBF on this issue (coal/oil & gas exposures, Climate Finance Day, Sustainable Finance Observatory, green taxonomy, integration of ESG risks into Pillar III reports, CSRD - Corporate Sustainable Reporting Directive, etc.).

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

4

Structure and manage our actions effectively

To structure its CSR and climate actions and ensure that they are carried out at the right pace, Crédit Mutuel coordinates a consolidated action plan that includes 13 project areas that resulted in a number of achievements in 2021 and early 2022, as described below.

4.1

Our action plan

Crédit Mutuel’s consolidated action plan focuses on three areas:

- **SUSTAINABILITY** - Take a long-term approach;
- **REPORTING** - Develop relevant and tangible measurement tools;
- **CLIMATE** - Align our activities with the climate goals of the Paris Agreement.

The aim of this action plan is to build collectively on the initiatives undertaken and oversee common issues (regulatory in particular):

- it is updated annually based on regulations, the requirements of the regional groups and CNCM’s business lines, and proposals made by the working groups;
- it is approved annually by the national executive and supervisory bodies;

- it is overseen by the CSR and climate risk steering committee, which provides regular updates on the status of projects to the executive and supervisory bodies.

It is based on:

- regulations and supervisors’ 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. Thirteen projects have been scheduled and prioritized, with start dates from the first half of 2020 to the end of 2023.

THE 13 PROJECT AREAS OF CRÉDIT MUTUEL’S CONSOLIDATED ACTION PLAN

SUSTAINABILITY - Take a long-term approach

- ① Governance and acculturation
- ② Principles for responsible banking and the UN Global Compact
- ③ Incorporating climate/ ESG into risk tools
- ④ Regulation
- ⑤ Control and monitoring

REPORTING - Develop relevant and tangible measurement tools

- ⑥ Non-financial performance statement (NFPS)
- ⑦ Carbon footprint
- ⑧ Inclusion in standards

CLIMATE - Align our activities with the climate goals of the Paris Agreement

- ⑨ Identification of green assets
- ⑩ Coal financing
- ⑪ CSR information on customers
- ⑫ Carbon measurement of financed assets (scope 3)
- ⑬ Stress tests

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

Crédit Mutuel Alliance Fédérale has adopted a raison d'être in line with its values: “Ensemble, écouter et agir” (Listening and acting together). In 2020, it also became 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 directors, 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.

These five missions, the focus of a social and environmental plan, are built around 14 concrete commitments to be met by the end of 2022 to improve the mutualist group's impact on its surrounding environment.

A Mission Committee has been tasked with monitoring fulfillment of these commitments and will ensure that the company has the necessary resources, governance and resolve to carry out its missions.

It draws on the expertise of its members to propose avenues of work and potential initiatives over the medium-term. Each year, the Mission Committee will submit a report attached to the management report to the Shareholders' Meeting. Fulfillment of the social and environmental goals is verified by an independent third party, which issues an opinion attached to the Mission Committee's report.

4.2

Our main achievements in 2021

In 2021, we continued to structure our project areas and implement our roadmap based on our commitments.

PROJECT AREA	MAIN ACHIEVEMENTS
GOVERNANCE AND ACCULTURATION	<ul style="list-style-type: none"> • Training provided to CNCM's Board of Directors on climate risks • Climate indicators made available to executive officers and directors in the form of a risk dashboard • Expansion of the national CSR and climate risks division
PRINCIPLES FOR RESPONSIBLE BANKING	<ul style="list-style-type: none"> • Signing of the Net-Zero Banking Alliance⁷ • Signing of the initiative on financial health and inclusion⁸
INCLUSION OF CLIMATE RISK CRITERIA IN THE 2021 RISK TOOLS	<ul style="list-style-type: none"> • Climate and environmental risks incorporated into the national risk mapping, the risk appetite framework, the ICAAP, the annual internal control report and the risk section of the financial report
NATIONAL NON-FINANCIAL PERFORMANCE STATEMENT (NFPS)	<ul style="list-style-type: none"> • Restructuring of the NFPS in anticipation of future requirements related to the Corporate Sustainability Reporting Directive (CSRD)
CARBON FOOTPRINT	<ul style="list-style-type: none"> • Consolidation and publication of scopes 1, 2 and 3 at group level (excluding financing for the time being)
IDENTIFICATION OF GREEN ASSETS	<ul style="list-style-type: none"> • Calculation of the green taxonomy eligibility ratio • Identification of environmentally friendly vehicles added to the reporting sent to the Banque de France on re-use of Sustainable and Solidarity Development Booklet and A-Booklet accounts • Identification of energy performance diagnostics for our customers, particularly in the context of the ECB stress test
CARBON MEASUREMENT OF FINANCED ASSETS	<ul style="list-style-type: none"> • Test of PACTA COP and P9XCA methods (now SAFE) • Active contribution to the FBF's work on measuring the carbon footprint and trajectory
CLIMATE STRESS TESTS	<ul style="list-style-type: none"> • Participation in the pilot climate stress test conducted by the ACPR with French banks • First qualitative and quantitative technical and projection work in the context of the ECB's climate stress test

7. <https://www.unepfi.org/net-zero-banking/>

8. <https://www.creditmutuel.com/fr/actualites/rse/engagement-societal/groupe-credit-mutuel-engage-sante-inclusion-financieres-principes-pour-banque-responsable-prb.html>

5

Identify our non-financial risks to keep them under control

With a view to continuous improvement, the risks included in the existing national matrix were reviewed in 2021 to ensure their consistency with current and/or upcoming regulatory changes (particularly the CSRD - Corporate Sustainable Reporting Directive).

Following this analysis, the national CSR risk matrix was updated and is now broken down into three types:

- environmental risks; note that, for climate risks, this work was linked to the work carried out in the Risk Department on integrating these risks into the national mapping of “traditional” risks (see page 29);
- risks related to social and societal aspects;
- risks related to Crédit Mutuel’s governance.

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. Each risk is rated based on an expert opinion. This work will continue in 2022 with the working groups set up, in cooperation with the regional groups, in an effort to anticipate future regulatory requirements on non-financial disclosures.

ENVIRONMENT				
ISSUE	RISK	RISK CONTROL MEASURES/ COMMITMENTS	KEY MANAGEMENT INDICATORS	RESULTS/ PAGE NO.
FINANCING THE ENERGY TRANSITION	<ul style="list-style-type: none"> • Controversial financing and investment risks • Failure to integrate physical risk and transition risk into our activities 	<ul style="list-style-type: none"> • Sustainable products (energy renovation / environmentally-friendly vehicles / solidarity savings) • Financing of renewable energies • Oil, gas and coal sector policies 	<ul style="list-style-type: none"> • Zero-rate eco-loans • Taxonomy-eligible assets ratio • Exposures to ACPR sensitive sectors 	€604m (page 32) 34% (page 33) 4.86% (page 20)
INTEGRATION OF CLIMATE CHANGE	<ul style="list-style-type: none"> • Risk that our business may have a negative impact on climate change 	<ul style="list-style-type: none"> • Calculation of greenhouse gas emissions • Calculation of resulting emissions (scope 3 - financing by Crédit Mutuel Alliance Fédérale) 	<ul style="list-style-type: none"> • GHG emissions / FTE • Operational risk indicators at our facilities 	4.6 eq. tons CO2 (page 34) 77 incidents related to weather hazards at our facilities in 2021 (page 21)

SOCIAL

ISSUE	RISK	RISK CONTROL MEASURES/ COMMITMENTS	KEY MANAGEMENT INDICATORS	RESULTS/ PAGE NO.
ESG CRITERIA IN LOAN AND INVESTMENT DECISIONS	<ul style="list-style-type: none"> Controversial financing risks 	<ul style="list-style-type: none"> SRI Adoption of sector policies 	<ul style="list-style-type: none"> Number of sectors covered by a sector policy 	7 sectors (page 24)
FINANCING OF THE REAL ECONOMY AND THE NEEDS OF SOCIETY	<ul style="list-style-type: none"> Risk of an offering that does not meet the needs of the regions 	<ul style="list-style-type: none"> Regional coverage Organization by market 	<ul style="list-style-type: none"> Local public sector financing Number of nonprofit organization customers Outstanding regulated social loans (low-income rental housing loans, social lease-ownership loan) 	€14bn (page 41) 527,949 (page 40) €1.05 billion (page 39)
COMBATING CORRUPTION, FRAUD AND UNETHICAL PRACTICES	<ul style="list-style-type: none"> Corruption risk Compliance risk, non-compliance with customer protection rules 	<ul style="list-style-type: none"> Employee training Creation of an AML/CFT unit within the Compliance department HATVP reporting process 	<ul style="list-style-type: none"> Percentage of employees trained Number of employees responsible for AML/CFT 	82% (page 44) 387 (page 44)
DATA PROTECTION AND PRIVACY	<ul style="list-style-type: none"> Risk of a data security breach 	<ul style="list-style-type: none"> Technical security measures, CISO/DPO, GDPR training 	<ul style="list-style-type: none"> Percentage of employees trained in personal data protection 	79% (page 45)
CUSTOMER RELATIONSHIP QUALITY	<ul style="list-style-type: none"> Risk of loss of customers and attractiveness 	Complaint handling at regional level: <ul style="list-style-type: none"> Regular quality assessments Satisfaction survey Adaptation of the proposed offerings Mediation unit coordinated at the confederal level	<ul style="list-style-type: none"> Number of eligible claims submitted to the bank ombudsman Number of decisions favorable to the customer 	817 (page 46) 285 (page 46)
COMBATING FINANCIAL EXCLUSION	<ul style="list-style-type: none"> Loss of net banking income 	<ul style="list-style-type: none"> Support for vulnerable customers by offering special packages of banking services Development of personal and business microloans 	<ul style="list-style-type: none"> Number of microloans granted by Crédit Mutuel in 2021 Number of assisted microloans (Adie, France Active Garantie, Initiative France) Amount of assisted microloans Number of customers benefiting from the vulnerable customers offering 	972 (page 42) 11,164 (page 42) €423.9 million (page 42) 74,435 (page 42)
DEVELOPMENT OF HUMAN CAPITAL	<ul style="list-style-type: none"> Compliance risk, non-compliance with customer protection rules 	<ul style="list-style-type: none"> National and local agreements Training plans and tools 	<ul style="list-style-type: none"> Percentage of employees trained Average number of training hours per employee per year 	94.5% (page 49) 31.4 (page 49)
IMPROVEMENT IN EMPLOYEES' WORKING CONDITIONS	<ul style="list-style-type: none"> Absenteeism risk Turnover risk Risk of damage to customer relations 	<ul style="list-style-type: none"> National and local agreements Awards obtained 	<ul style="list-style-type: none"> Total number of days of absence 	974,261 (page 49)
EQUALITY OF OPPORTUNITY	<ul style="list-style-type: none"> Risk of discriminatory practices (in recruitment, remuneration and career management) 	<ul style="list-style-type: none"> National and local agreements 	<ul style="list-style-type: none"> Gender breakdown (management and non-management) Percentage of employees who are disabled Percentage of women in managerial promotions 	44% of managers are women (page 48) 2.7% (page 47) 44.3% (page 47)
LONG-TERM RELATIONSHIPS WITH SUBCONTRACTORS AND SUPPLIERS	<ul style="list-style-type: none"> Risk of non-compliance with the vigilance plan 	<ul style="list-style-type: none"> Vigilance plan Supplier relations charter 	<ul style="list-style-type: none"> Indicators for each group detailed in their own CSR publications 	-

GOVERNANCE

ISSUE	RISK	RISK CONTROL MEASURES/ COMMITMENTS	KEY MANAGEMENT INDICATORS	RESULTS/ PAGE NO.
MOBILIZATION AND COORDINATION OF MEMBERS	<ul style="list-style-type: none"> Risk of the mutualist model being undermined 	<ul style="list-style-type: none"> Coverage of the distribution network 	<ul style="list-style-type: none"> Percentage of customers who are members 	77% (page 10)
GOVERNANCE DIVERSITY AND INDEPENDENCE	<ul style="list-style-type: none"> Risk of decisions not consistent with the group's strategy 	<ul style="list-style-type: none"> Monitoring of the gender breakdown within the governing bodies and the representativeness of directors 	<ul style="list-style-type: none"> Breakdown of directors by age and socioeconomic group Percentage of women directors 	See page 53 page 52 Local banks: 39.5% Federations: 34%
GOVERNANCE INTEGRITY AND EXPERTISE	<ul style="list-style-type: none"> Risk of unsuitable skills 	<ul style="list-style-type: none"> Training plan for directors at regional group level 	<ul style="list-style-type: none"> Average attendance rate at Board of Directors' meetings Average attendance rate at Committee meetings Percentage of directors receiving training 	86% (page 51) 94% (page 51) 67% (page 53)

6

Integrate climate and environmental risks into our objectives

The scale of the challenges posed by climate change and environmental risks, widely studied by the scientific community, highlights the importance of the efforts to be made and requires a bold response from governments, regulators and supervisors, and the financial and non-financial sector. To ensure that these risks are properly understood, managed and integrated into its objectives, Crédit Mutuel has chosen to align the presentation of its climate and environmental strategy in this document with the TCFD reporting framework⁹. Its aim is to eventually achieve the highest international standard for climate-related disclosures with a view to continuous improvement (Sustainability Reporting Directive).

6.1 Governance

Climate and environmental risk governance is in line with that of the CSR policy and all the work carried out is related to the 13 project areas of the national roadmap presented in section III (page 16).

In keeping with the governance structure put in place, the Board of Directors of Confédération Nationale du Crédit Mutuel monitors the progress of this work through regular updates. In 2021, the Board members also received training on environmental, climate, social and governance risks to enable them to better understand and monitor these risks.

6.2 Objectives

6.2.1 Our vision

Climate change and environmental damage are sources of structural changes that could have an effect on economic activity and consequently on the financial system. It is for

this reason that climate disruption is a systemic issue for the Crédit Mutuel group and that physical and transition risks¹⁰ are managed specifically while also being treated as significant risk factors that can directly or indirectly change or increase exposure to existing risks.

6.2.1.1 Transition risks

Transition risk refers to the financial losses 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 relatively sudden adoption of climate and environmental policies, from technological progress or from changes in market sentiment or preferences.

Crédit Mutuel has developed a methodology for classifying risks by sector based on climate and environmental criteria. Analyses based on French (High Council on Climate (HCC), French agency for ecological transition (Ademe), etc.), European and international scientific research (IPCC, IEA, etc.) have made it possible to determine the exposure of Crédit Mutuel's portfolio to sectors identified as sensitive (ACPR pilot exercise guidelines).

9. Task Force on Climate-related Financial Disclosures.

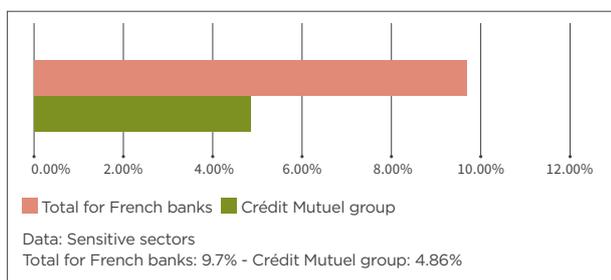
10. ECB Guide on climate-related and environmental risks: Supervisory expectations relating to risk management and disclosure:

<https://www.bankingsupervision.europa.eu/ecb/pub/pdf/ssm.202011finalguideonclimate-relatedandenvironmentalrisks-58213f6564.fr.pdf>

FOCUS - PROPORTION OF SENSITIVE SECTORS¹¹ IN TOTAL OUTSTANDING LOANS FINANCED BY THE GROUP

	2021	2020	CHANGE 2020- 2021
CRÉDIT MUTUEL GROUP	4.86%	4.80%	1.2%

PROPORTION OF OUTSTANDING LOANS TO SENSITIVE SECTORS IN TOTAL PORTFOLIOS



Outstanding business loans represent 17% of total loan exposures. Only 4.86% of total exposures concern companies in the sectors most sensitive to transition risk, such as energy, metals, the chemical industry and crop and animal production. For Crédit Mutuel group, this necessarily implies supporting these companies in their transition to a low-carbon economy. Retail banking customers (home loans, auto loans, consumer credit and loans to professionals and microenterprises), which represent 49% of the group’s exposures, also benefit from transition support (section 6.4, page 31).

6.2.1.2 Physical risks

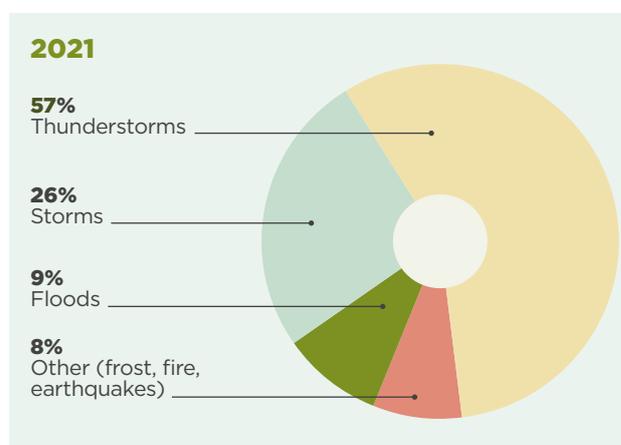
Physical risk refers to the direct losses caused by climate change (in particular, the proliferation of extreme climate events and gradual shifts in the climate) and environmental damage (such as air, water and ground pollution, water stress, the loss of biodiversity and deforestation).

Physical risk can be classified 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 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.

To better identify its vulnerability to physical risk and its impact on the climate, the Crédit Mutuel group is working to determine the exposure of its infrastructure and financed assets to physical climate risks.

In terms of the group’s infrastructure, the risk department is capitalizing on existing work on operational risks and developing a tool to identify its facilities’ exposure to physical climate risks, starting with a rating of its infrastructure’s vulnerability to floods. The goal is to extend the risks covered and, at the same time, help develop a tool to assess the vulnerability of the group’s customers to physical risk.

As part of its monitoring of loss events involving the group’s buildings, the risk department also collects data on damage to its facilities related to natural events. In 2021, 77 weather-related incidents were recorded, the causes of which were as follows:



In terms of customers, based on a decision by its governance bodies, work is being carried out by a dedicated taskforce related to the systems adjustments working group, in accordance with the group’s consolidated action plan. This work will provide a clear view of the vulnerability of economic assets in exposed areas, mapped for the following hazards

- chronic risk: rising sea levels, rising average temperature;
- acute risk: droughts, storms, floods.

These initial risk assessment exercises will enable the group to better understand these methodologies, with the aim of defining the best approaches and gradually extending their use.

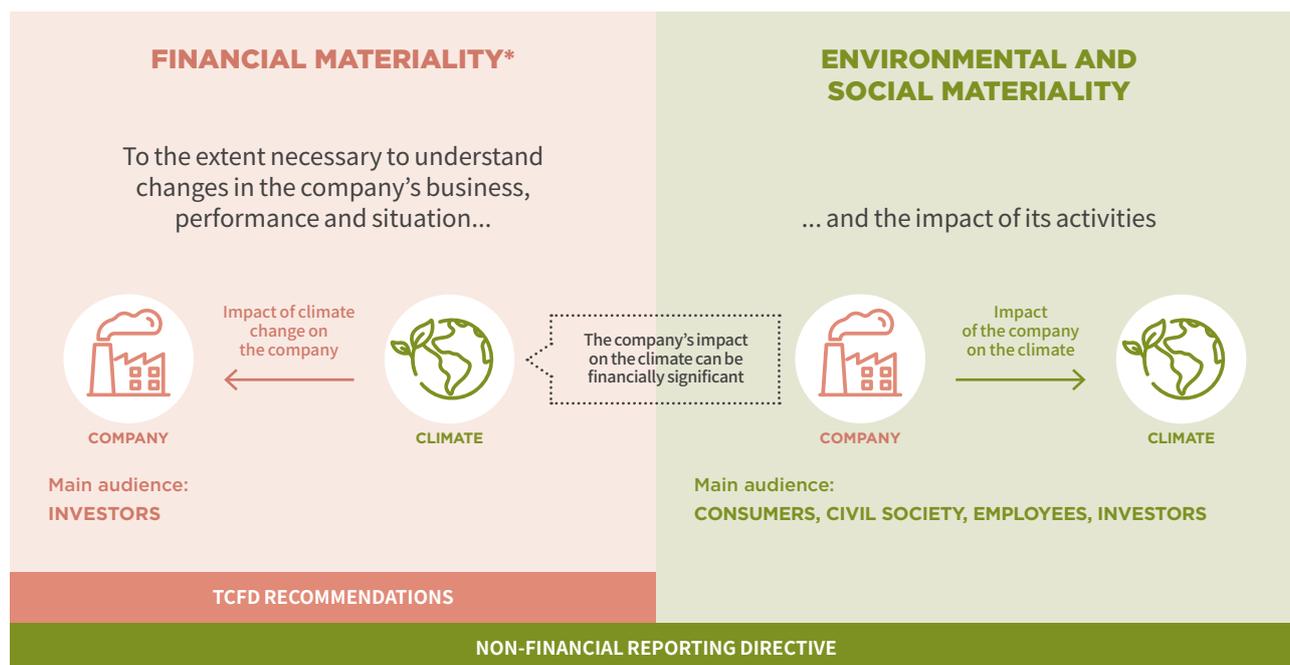
As part of the integration of climate risks into the national risk mapping, the Crédit Mutuel group has developed physical risk indicators, which were presented at Basel III working group and risk committee meetings.

11. These 7 NACE sectors are: (A01) Crop and animal production, hunting and related service activities; (B) Mining and quarrying; (C19) Manufacture of coke and refined petroleum products; (C20) Manufacture of chemicals and chemical products; (C23) Manufacture of other non-metallic mineral products; (C24) Manufacture of basic metals; (E37-39) Sewerage collection and treatment, waste collection, treatment and disposal, remediation activities and other waste management services.

6.2.1.3 Double materiality approach

The double materiality principle also applies when taking into account climate and environmental risks:

- assessment of the potential and proven impacts of climate change and environmental risks on all the group’s activities, on the one hand; and
- assessment of the impacts of these activities on climate and environmental factors, on the other.



Source: European Commission¹²

6.2.1.4 Change in time horizon

While climate and environmental risks should be analyzed prospectively over the short- and medium-term, the Crédit Mutuel group views this approach as merely a first step in the assessment and management of these risks. Indeed, the materialization of climate and environmental risks exceeds that of traditional financial risks. It requires projections over a long horizon: 10, 20, 30 years... This approach, currently being developed at Crédit Mutuel, involves the participation in banking industry stress tests and the creation of idiosyncratic climate scenarios.

6.2.1.5 Dimension matricielle

The mechanisms for transmission of climate and environmental risks to other risks (particularly credit risk) are numerous and differ depending on whether physical or transition risks are assessed. For that reason, the matrix aspect of climate and environmental risks requires greater involvement of all the Crédit Mutuel group’s risk teams

(credit risk, operational risk, overall risk management, etc.) in order to:

- identify and measure the impacts of climate risk on these risks by developing a climate risk materiality matrix;
- adapt existing tools and processes, if necessary;
- implement management indicators.

At the national level, this implies various measures as described in section 6.3, page 29.

12. Guidelines on reporting climate-related informations, European Commission: https://ec.europa.eu/finance/docs/policy/190618-climate-related-information-reporting-guidelines_en.pdf

6.2.1.6 Risks and opportunities

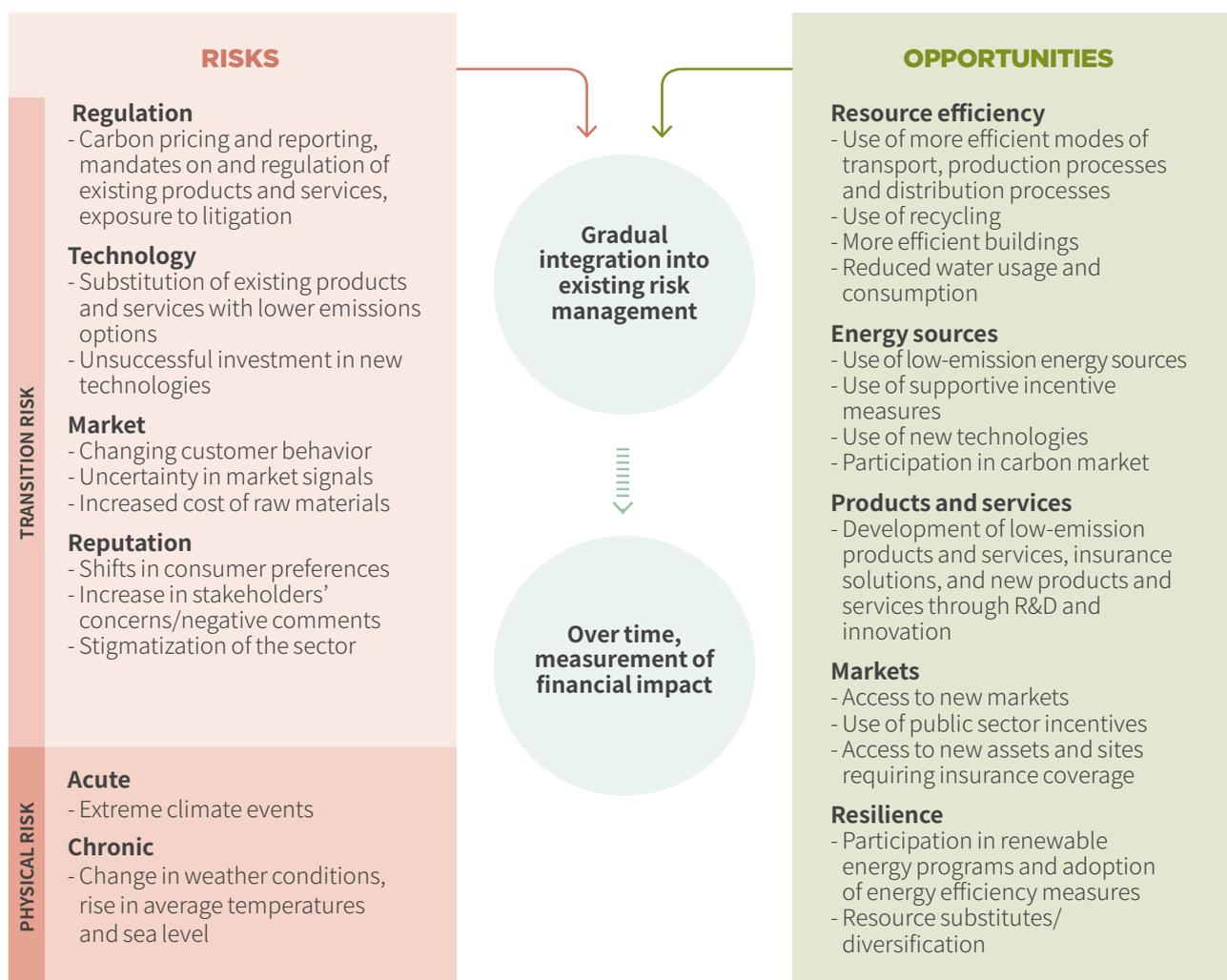
Climate and environmental risks are key factors of existing risks, particularly credit risk, operational risk, market risk and liquidity risk. They are in fact integrated into the group’s risk management processes. However, they also represent an opportunity for Crédit Mutuel to support the transition to a low-carbon economy. Seeing the transition as an opportunity is therefore essential to finance and build the economy of tomorrow, by adapting strategies and business models.

The Crédit Mutuel group’s goal is to fully integrate these risks and opportunities into its strategy and activities.

This requires an understanding of these issues by each of the regional groups, which implement their own climate strategies.

A global energy transition is needed to transition to lower-emission energy sources. Improvements in the energy efficiency of industries, buildings and homes, vehicles and other energy-consuming sectors are necessary. This will require significant investment in all sectors. The Crédit Mutuel group supports its customers, who represent a broad spectrum of the real economy, by encouraging and supporting their transition (see section 6.4, page 31).

CLIMATE-RELATED RISKS AND OPPORTUNITIES



6.2.2 Our commitments

Together with all its entities, the Crédit Mutuel group participates in several climate change mitigation and adaptation initiatives:

- It has been a signatory of the United Nations Global Compact since 2003. In 2020, the Crédit Mutuel group achieved advanced level and, since 2018, has also contributed to the Sustainable Development Goals (SDGs) adopted in 2015 by the United Nations;
- It is also a signatory of the Principles for Responsible Banking (PRB), an initiative based on the United Nations program for sustainable finance (UNEP-FI), the principles of which aim to encourage companies to align their strategy with the SDGs, direct their activities towards more inclusive finance and a sustainable economy, and pledge to be transparent about their positive and negative impacts on people and the planet;
- The Crédit Mutuel group was the first French cooperative bank to join the Net-Zero Banking Alliance in May 2021. The group will therefore set its climate trajectory by November 2022. Aware of the importance of setting and publishing interim and long-term goals to meet the Paris Agreement targets, it intends to base them on decarbonization scenarios grounded in climate science.

These commitments (presented in section III, page 14, along with the group's other commitments) and all the resulting actions are consolidated in the action plan presented in section IV of this document (page 16). It is based on the three pillars below to ensure the success of all the regional and national commitments:

- **SUSTAINABILITY** - Take a long-term approach;
- **REPORTING** - Develop relevant and tangible measurement tools;
- **CLIMATE** - Align our activities with the climate goals of the Paris Agreement.

At their own initiative, several Crédit Mutuel group entities have also undertaken to:

- Divest from coal by no later than 2030 in both OECD and non-OECD countries and apply certain criteria to oil & gas financing. This is the case for Crédit Mutuel Alliance Fédérale (specific sector policies)¹³ and Crédit Mutuel Arkéa¹⁴;

- Adopt sector policies for sensitive sectors:
 - Crédit Mutuel Alliance Fédérale has sector policies on mobility, mining, civil nuclear energy, defense and security and agriculture (2022)¹⁵;
 - Crédit Mutuel Arkéa has adopted an agricultural and wine-growing policy¹⁶;
- Support individuals, professionals and businesses in their transitions to a low-carbon economy.

The regional groups also have specific commitments that apply within their own scope, for example:

- CIC, a subsidiary of Crédit Mutuel Alliance Fédérale, is a signatory of the Poseidon Principles and has therefore set the target of being below the International Maritime Organization (IMO) curve by 2025 under its shipping policy, which excludes the financing of any vessels that transport oil or unconventional gas;
- Crédit Mutuel Arkéa published a TCFD (Task Force on Climate-related Financial Disclosures) report in 2021;

These specific commitments are part of the broader strategic plans of each of the group's entities. For example, Crédit Mutuel Arkéa's 2020/2024 climate strategy¹⁷ is based on two lines of action:

- strengthening its climate commitment towards companies and regions, and;
- integrating climate as a performance and risk factor into management of its activities.

Crédit Mutuel Alliance Fédérale's revised 2019-2023 strategic plan¹⁸, "plus vite, plus loin!" (faster, further!), sets a target of reducing its carbon footprint by 30%, and incorporating environmental issues into its activities is one of the focal points of its sustainable development policy.

13. <https://www.bfcm.creditmutuel.fr/fr/rsm/politiques-sectorielles/index.html>

14. https://www.cm-arkea.com/banque/assurance/credit/upload/docs/application/pdf/2021-12/politique_charbon_dec2021.pdf
https://www.cm-arkea.com/banque/assurance/credit/upload/docs/application/pdf/2021-11/politique_petrole_et_gaz_2021.pdf

15. <https://www.bfcm.creditmutuel.fr/fr/rsm/politiques-sectorielles/index.html>

16. https://www.cm-arkea.com/banque/assurance/credit/upload/docs/application/pdf/2022-02/202202_politique_agriviti.pdf

17. https://www.cm-arkea.com/banque/assurance/credit/upload/docs/application/pdf/2021-04/strategie_climat_avril2021_1_1.pdf

18. Ensemble#nouveau monde Strategic Plan | Crédit Mutuel Alliance Fédérale:
<https://www.creditmutuelalliancefederale.fr/fr/qui-sommes-nous/plan-strategique-ensemble-nouveau-monde.html>

Commitment to carbon neutrality: signing of the Net-Zero Banking Alliance in 2021

On May 25, the Crédit Mutuel group joined the Net-Zero Banking Alliance, pledging to set a first series of climate targets before the end of 2022 and publish the greenhouse gas emissions of its portfolio annually. The NZBA alliance is part of the Glasgow Financial Alliance for Net Zero (GFANZ) and Race to Zero, a campaign supported by the UN. It will enable the financial sector to achieve carbon neutrality by 2050, by complying with a sound and harmonized methodological framework.

This process is managed in accordance with the Alliance's four guidelines, and the Crédit Mutuel group agrees to:

- set and publish interim (2030) and long-term (2050) targets to comply with the goals of the Paris Agreement;
- define a starting point and measure and report the emissions of loan and investment portfolios annually;
- base its targets on decarbonization scenarios grounded in climate science;
- regularly review the measures and targets and ensure their consistency with current scientific knowledge.

The role of the CSR and climate risk steering committee is to oversee the operational implementation of this commitment by validating the work carried out and milestones reached in cooperation with the relevant stakeholders in the regional groups.

The Crédit Mutuel group's commitment is also demonstrated by its active participation in the Alliance's work, and its representation in the working groups on sectoral trajectories and support for the implementation of the commitment within the participating banks.

Other environmental factors

The Crédit Mutuel group is aware that it has a major role to play with regard to the environment that goes beyond climate issues. However, given stakeholders' expectations, regulatory and supervisory requirements and the vast amount of work on climate risk management that they entail, the integration of other environmental factors into the group's goals and strategies is in its early stages. More in-depth work will be done by leveraging the work carried out in the area of climate risk.

At this stage, the Crédit Mutuel group is closely monitoring natural capital and biodiversity protection and will actively contribute to a working group of the French Banking Federation, the main objective of which is to monitor legal, scientific and regulatory developments in the area of biodiversity and its implications for the financial sector. It also encourages the initiatives of its regional groups in this area (signing of the Finance for Biodiversity Pledge by Crédit Mutuel Arkéa, as well as Federal Finance Gestion and Schelcher Prince Gestion, and Crédit Mutuel Asset Management, and integration of this issue into Crédit Mutuel Alliance Fédérale's agricultural sector policy and Crédit Mutuel Arkéa's agricultural and wine-growing policy).

Crédit Mutuel Océan: sow the seeds of biodiversity and capture CO₂

In 2021, Crédit Mutuel Océan became an ambassador for the "Ohé La Terre" endowment fund. This fund supports projects that promote biodiversity, agroforestry and the environment in agrosystems. Its goal is to "sow the seeds of biodiversity" in rural areas in collaboration with key players, particularly farmers.

In 2021, the 2,000 hectares of honey pastures sown provided new spaces for many pollinating and auxiliary insects, and allowed the capture and storage of nearly 850 tonnes of CO₂ over a two-month period.

6.3 Management of climate and environmental risks

The Crédit Mutuel group’s management of climate and environmental risks is built on two pillars: assessment of the group’s vulnerability to these risks using analysis tools that are constantly evolving, and integration of these risks into the usual risk management framework.

6.3.1 Climate risk assessment

6.3.1.1 Participation in banking industry stress tests and main results

The expansion of regulatory stress tests to include climate risks contributes to a better understanding and consideration of climate risks within the group. It provides the ability to better identify and quantify the contribution of the loan and asset portfolios, as well as their vulnerability to the effects of climate change.

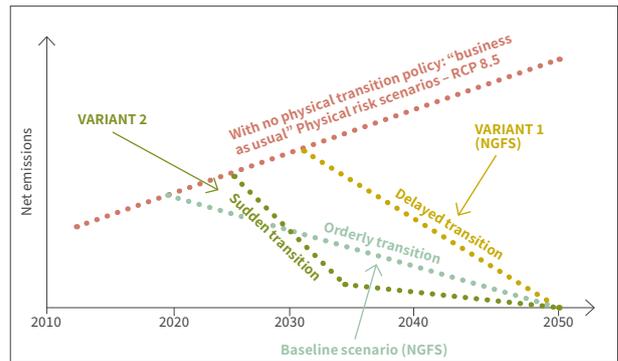
6.3.1.1.1 Exercise conducted by the ACPR

Between October 2020 and March 2021, the Crédit Mutuel group took part in the climate stress test conducted by the ACPR. The goals of this exercise were to raise financial institutions’ awareness of climate risk and measure the vulnerability and costs resulting from non-compliance with the Paris Agreement.

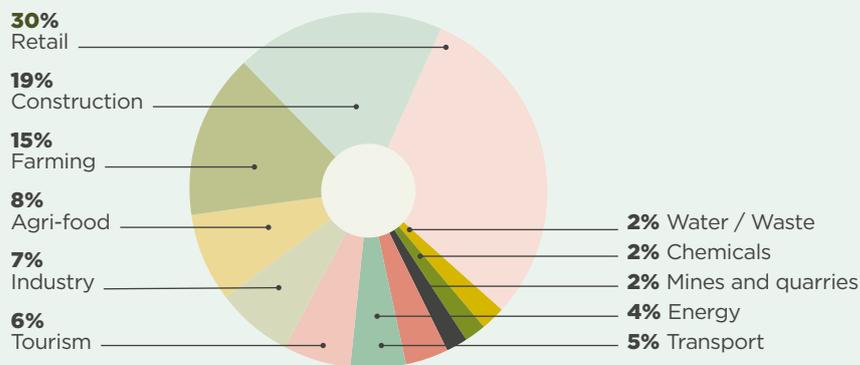
Stress tests appear to be a key tool for assessing the group’s resilience to various climate scenarios. This pilot exercise conducted by the ACPR was limited to analyzing transition risk for banking institutions.

Based on three transition scenarios (orderly, delayed and sudden), 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).

GREENHOUSE GAS EMISSIONS TRAJECTORIES ACCORDING TO THE DIFFERENT SCENARIOS



BREAKDOWN OF OUTSTANDING LOANS IN 2020 (nearly the same as the 1st round in 2050)



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 exercise was coordinated by the “Scenarios and metrics” working group, in line with the group’s climate risk governance structure and roadmap. It also allowed the group’s teams to become familiar with the scenarios of the National Low-Carbon Strategy to determine the sectors most vulnerable to transition risk, by incorporating Crédit Mutuel’s existing voluntary sector policies into the projections.

After projecting the group’s balance sheet, which turned out to be nearly the same in 2050, it appears that the four sectors most exposed to transition risk in the Crédit Mutuel group’s portfolio are as follows:

- Farming;
- Agri-food;
- Energy;
- Land transport.

An increase in probabilities of default was observed in sensitive sectors, as well as a more significant increase in the cost of risk in the context of a sudden transition. These sectors are subject to an increase in risks and a higher utilization of provisions.

For Crédit Mutuel, the results confirmed the urgency of the climate commitment. The orderly transition shows a

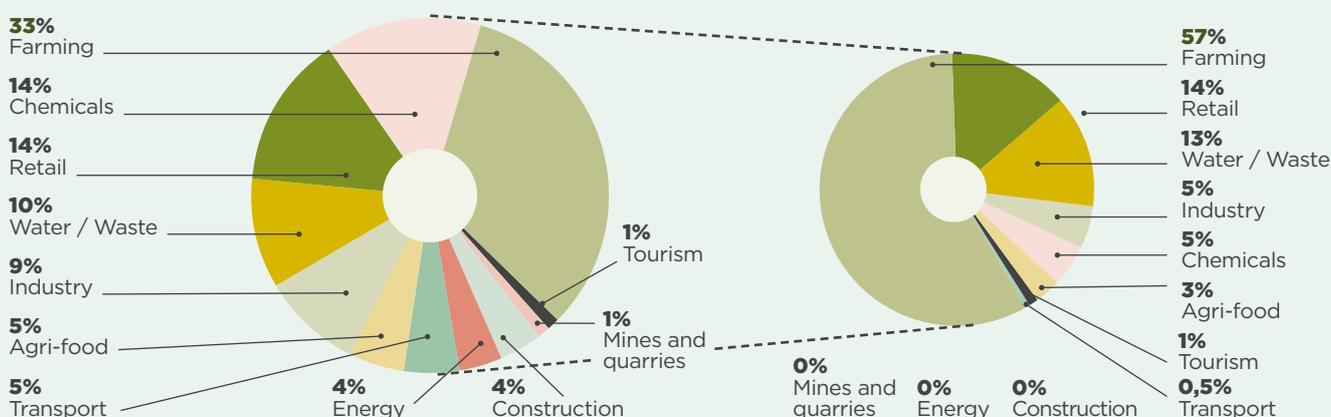
higher cost in the short term, with an increase in the probability of default and therefore in the cost of risk (cost of our customers’ adaptation to the transition between 2020 and 2030).

But in the long term, it is the most sensible choice given the very significant increase in the cost of risk for the delayed and sudden scenarios starting in 2030. The provisions to be allocated can therefore increase significantly, as shown in the table below:

TYPE OF TRANSITION	CHANGE IN OUTSTANDINGS BY 2050	CHANGE IN PROVISIONS BY 2050
ORDERLY	+30.9%	+37%
DELAYED	+27% !	+41.1% !
SUDDEN	+23.1% !	+45.7% !

Crédit Mutuel presented these results to its governance bodies and employees during a webinar organized by the ACPR.

SHARE OF EMISSIONS ASSOCIATED WITH SECTORS FINANCED BY BANK CREDIT IN 2020



Emissions associated with sectors financed by bank credit in 2050: 75% reduction in total emissions under the National Low-Carbon Strategy (SNBC) scenario, but high sensitivity of certain portfolios.

6.3.1.1.2 Exercise conducted by the European Central Bank (ECB)

In 2021, the Crédit Mutuel group, with the help of its “Scenarios and Metrics” working group, also prepared for a climate stress test to be conducted by the European Central Bank (ECB) in 2022. This stress test, consisting of three modules, draws on a range of expertise and provides a framework for assessing vulnerability to and management of physical and transition climate risks. The first module contains a qualitative questionnaire to assess the maturity of the group’s risk management systems. In the second module, financial institutions must analyze their portfolios using two metrics to characterize climate-related risk. These metrics will serve as a proxy for estimating the sensitivity of banks’ portfolios to transition risk and their exposure to high-carbon industries. The third module exercise consists of two parts:

- the first part entails determining the Group’s exposure to credit and market risks at December 31, 2021 for each scenario;
- the second part will focus on the projected impacts on the portfolios in question.

The initial work carried out in 2021 by the multidisciplinary working group in charge of this task is already providing input for the current action plans, whether in terms of climate risk governance, the collection of climate data on customers or the regional groups’ sectoral projection strategies based on different types of scenario. This exercise should therefore enable the Crédit Mutuel group to have an even better understanding of its portfolios’ exposure to these risks and more accurately assess its resilience to different transition scenarios.

Integration of climate and environmental risks into the risk appetite framework

In 2021, climate and environmental risks were integrated into the Crédit Mutuel group’s risk appetite framework, thereby ensuring that these risks are fully integrated into its activities, including over the long term. This entails:

- developing tools to identify, measure and monitor both physical and transition risks. Climate risks and mechanisms for their transmission to other risks (particularly credit risk) are integrated into the group’s risk management system;

- the commitment to support customers in their green and social transition, particularly at the time of loan origination, while taking into account the resulting financial impacts;
- implementing climate change mitigation and adaptation measures.

6.3.2 Integration of climate risks into risk management

6.3.2.1 Monitoring to better understand the short-, medium- and long-term impact of climate and environmental risks on our economic environment

Crédit Mutuel continuously monitors regulatory and supervisory developments and its competition in terms of sustainable finance and climate issues. It builds and adapts its action plans in this area, taking into account the expectations of the European Central Bank, the European Banking Authority and the ACPR.

The Crédit Mutuel group also stays abreast of both legal and judicial developments on climate-related and environmental issues, while listening to the concerns of its stakeholders. In addition to regulatory and supervisory watch, the group monitors emerging case law resulting from a growing climate justice movement, with lawsuits brought by associations and citizen groups against governments and companies.

These monitoring processes and the assessment of climate risks for the group naturally lead to their integration into all risk management tools.

6.3.2.2 Integration of climate risks into overall risk management

In 2021, the CSR and climate risk steering committee and the Basel III working group approved the way in which climate and environmental issues are integrated into the national risk appetite framework. Starting in March 2021, the risk level assessment also made it possible to integrate climate risks (physical risk and transition risk) into the national risk mapping. Climate and environmental risks were also incorporated into the ICAAP and the annual internal control report.

Climate and environmental risk management is integrated into the Crédit Mutuel group’s risk management system at the national level and at the level of the regional groups.

The system is progressively updated based on advances in methodologies for analyzing climate risk factors and interactions with traditional risks. This is the case for the national risk mapping, which evolves based on transition risk and physical risk monitoring metrics. This work led to the production of a climate risk dashboard, which was presented to the group's Basel III working group and risk committee in early 2022 (presented in section 6.4, page 31).

In addition to their integration into its national mapping, the Crédit Mutuel group believes that physical and transition risks are key factors of existing risks, particularly credit risk, operational risk, market risk and liquidity risk, and of several existing risk categories and sub-categories of risk categories.

To more accurately assess these impact mechanisms and their materialization over time, the CSR and climate risk steering committee approved the start in 2022 of work aimed at producing a materiality matrix. This tool will provide the group with a holistic and documented view of the impact of climate and environmental risks on existing risk categories.

6.3.2.3 Impact of climate risks on existing risk categories

At the national level, integrating the impact of climate risks into traditional risk categories results in:

– Credit risk:

- participation in banking industry climate stress tests (ACPR, EBA, ECB), presented above in section 6.3 (page 27),
- coordination of the implementation of the EBA's guidelines on loan origination and monitoring using ESG (environmental, social and governance) criteria. In these guidelines, the EBA places strong emphasis on the integration of ESG factors during the loan origination and monitoring process, in terms of both analysis of the borrower and the project to be financed, and contracting and follow-up. These operational procedures regarding loan origination/monitoring and customer relations are handled by the regional groups and detailed in their own CSR publications (available here),
- sector policies and tables for assessing customers' ESG performance implemented in the regional groups:

- for the coal sector¹⁹, the two regional groups concerned have made commitments accordingly. After pledging to end coal financing by 2030, Crédit Mutuel Alliance Fédérale developed a sector policy under which it agreed to eliminate coal energy financing by 2030. In the same vein, Crédit Mutuel Arkéa made a commitment to divest from coal by 2027 worldwide and, in 2021, strengthened its financing and investment framework for companies engaged in coal activities (extraction and energy production).

- for the oil & gas sector, the entities concerned have defined financing selection criteria²⁰. In 2021, Crédit Mutuel Alliance Fédérale stopped financing all new oil & gas exploration, production and infrastructure projects. It also excluded customers that derive a significant portion of their revenues from the exploration or production of unconventional sources of oil and gas from any financing. Crédit Mutuel Arkéa agreed to phase out unconventional fossil fuels by the end of 2030 and, based on very specific thresholds, will no longer finance and invest in companies and projects in the oil & gas sector as of January 1, 2022.

- Crédit Mutuel Alliance Fédérale has also defined policies for the following sectors²¹:

- Mining sector (other than coal),
- Civil nuclear energy,
- Defense and security,
- Mobility,
- Farming,

- the collection of information on customers' ESG performance (through specific collections, data providers and/or proxies), with the aim of assessing the loan origination and risk monitoring process.

– Operational risk:

- the assessment of operational risk is based on the Basel classification of business lines and loss event types. For the assessment of potential risk, it includes the use of internal data, external data, scenario analyses and factors that reflect the economic environment and internal control systems. The group's risk framework includes risk types related to extreme or chronic climate events. A centralized process exists for collecting internal loss data. It allows the recording of all financial losses related to a climate event when the loss exceeds €1,000 and the monitoring of exposures of the group's buildings (section 6.2, page 21),

19. <https://www.bfcm.creditmutuel.fr/fr/rsm/politiques-sectorielles/index.html>

https://www.cm-arkea.com/banque/assurance/credit/upload/docs/application/pdf/2021-12/politique_charbon_dec2021.pdf

https://www.cm-arkea.com/banque/assurance/credit/upload/docs/application/pdf/2021-11/politique_petrole_et_gaz_2021.pdf

20. https://www.bfcm.creditmutuel.fr/partage/fr/CC/telechargements/communiqués-de-presse/BFCM/2021/2021-10-26_CP_Engagement-hydrocarbure.pdf

https://www.cm-arkea.com/banque/assurance/credit/upload/docs/application/pdf/2021-11/politique_petrole_et_gaz_2021.pdf

21. <https://www.bfcm.creditmutuel.fr/fr/rsm/politiques-sectorielles/index.html>

- the procedure for measuring and controlling operational risk is also based on risk mappings carried out in close consultation with the functional departments and the day-to-day risk management units. The set of mappings covers all the group's banking activities. Each mapping provides an analysis of climate risk that can impact its business. In particular, the exposure of each of the group's buildings to climate risk is measured. The identification of serious risks results in the creation of scenarios. Two scenarios cover risks related to climate events and are included in the calculation of the capital requirement for Operational Risk,
- a mapping of climate change-related operational risks analyzes physical risks based on damage caused by weather and climate events to the bank's assets (direct risks) and to the bank's activities (indirect risks). It also includes a study of emerging transition risks. The impacts of these risks are reduced by, among other things, the existence of emergency and business continuity plans (EBCPs) that are tested regularly. Specific reports intended for management show changes in the accident rate and potential risks and are used to monitor the implementation of EBCPs.

– Liquidity risk:

- to measure the impact of climate risks on liquidity risk, work was carried out to determine whether significant climate and environmental risks could lead to net cash outflows or a decrease in the value of liquidity buffers and, where applicable, to include them in the related risk management framework. The Crédit Mutuel group decided to make a distinction between physical risk and transition risk and assess their potential impact,
- to assess the impact of physical risk on liquidity risk, the Crédit Mutuel group conducted initial analyses to determine whether or not there was a link between natural disasters that occurred over the last 10 years and liquidity crises in the form of significant withdrawals of deposits. The initial analyses showed that there was no link between customer withdrawals and the occurrence of natural disasters.
- Lastly, to assess the impact of transition risk on liquidity risk, Crédit Mutuel chose to focus on the ESG performance of issuers whose securities it holds. To do so, it examined the appropriateness of breaking down its portfolio based on environmental, social and governance criteria.

6.4 Indicators and targets

The group's participation in the Net-Zero Banking Alliance implies a temperature alignment compatible with limiting

global warming to 1.5°C above pre-industrial levels, in accordance with the most ambitious objective of the Paris Agreement and the commitments made by the European Union (Green Pact). To achieve these goals, the Crédit Mutuel group is monitoring a number of indicators and experimenting with several methods, as described below.

6.4.1 The group's resilience to climate change: measurement of the carbon footprint of financing and alignment trajectory

To assess its resilience to various climate scenarios, the Crédit Mutuel group tests various methodological frameworks to measure both its carbon footprint and the alignment of its trajectory. This work is in line with the banking industry stress tests and adoption of the associated climate scenarios.

6.4.1.1 Testing of external methodologies

In 2021, to assess how well its trajectory is aligned with the climate objectives, the Crédit Mutuel group worked on the PACTA COP (Paris Agreement Capital Transition Assessment) methodology. This methodology, developed by the 2 Degrees Investing Initiative (2DII) think tank and underpinned by the Principles for Responsible Investment (PRI), aims to provide an analysis of alignment with the Paris Agreement of loan portfolios for the most carbon-intensive sectors.

In 2021, the Crédit Mutuel group also quantified the greenhouse gas emissions associated with its financing portfolios as part of an industry-wide project. The SAFE methodology (formerly P9XCA), developed at the initiative of Crédit Agricole CIB by the Sustainable Development Chair of Paris-Dauphine University, aims to provide a mapping and a rough estimate of the emissions financed and the proprietary investments of the economic sectors on the balance sheet of financial operators, by sector and by geographical area.

The results of these two exercises made it possible, through their limits and contributions, to demonstrate the need to work on methodologies that are consistent and cover our business model. The work underway at the FBF should allow the Crédit Mutuel group to make progress in this area.

6.4.1.2 Internal methodology

Crédit Mutuel Alliance Fédérale has measured the carbon footprint of its corporate credit portfolio since 2019²². This indicator is used to assess the bank's proportional contribution to a company's carbon emissions,

determined with reference to the amount of lending that the bank grants to it. It is one of the metrics used in the national risk mapping.

Carbon footprint of the corporate credit portfolio

IN TONNES OF CO ₂ /M€ LENT	2021	2020	CHANGE 2020- 2021
CRÉDIT MUTUEL ALLIANCE FÉDÉRALE	251.3	256.6	-2,07%

Overall, the carbon footprint of Crédit Mutuel Alliance Fédérale's corporate credit portfolio decreased by 27.9% compared with 2018.

6.4.1.3 Banking industry projects

Crédit Mutuel actively contributes to the work of the French Banking Federation (FBF) aimed at identifying and analyzing carbon assessment methodologies for financing and investment portfolios, as well as methodologies for measuring the alignment of portfolios with a climate trajectory, by leveraging the work carried out by the various institutions that are members of the FBF's Climate Commission.

6.4.2 Climate risk monitoring and management indicators

To comply with the Paris Climate Agreement and align its activities with a carbon neutrality trajectory by 2050, the Crédit Mutuel group and its regional groups are taking steps to measure and monitor climate risk by implementing monitoring and management indicators. These indicators, chosen to take into account the materiality of both climate and environmental issues, are evolving, with a focus on continuous improvement and in accordance with regulatory requirements and the group's commitments (assessment of portfolio-related climate risks, analysis of alignment, trajectory, etc.).

The creation of a dashboard for members of the Basel III working group and the Risk Committee for the purpose of monitoring climate risks enables the Crédit Mutuel group to ensure the effective, transparent management of these risks up to the highest levels of its governance. It takes into account the following indicators:

– For transition risk:

- Green Asset Ratio showing eligibility,
- Percentage of total loans in sectors identified as sensitive by the ACPR,

- Change in coal and oil & gas exposures (based on sector policies);

– For physical risk:

- Major natural events identified related to a natural event (exposure and accident rate, operational risk scope).

6.4.3 Support for customers' energy and green transition

6.4.3.1 Financing the energy and green transition

The Crédit Mutuel group supports the development of the energy and green transition through special loans. With €28.123 billion in outstanding loans, the Crédit Mutuel group reaffirms its commitment to work directly in the regions to support professionals, farmers and individuals in the green and energy transition, both via structured financing and via its long-standing energy transition financing business as a retail bank.

6.4.3.1.1 Structured financing

In 2021, Crédit Mutuel Alliance Fédérale financed 31 projects, including 18 in renewable energies, through CIC's Project Financing department:

- six onshore wind farm projects totaling nearly 1,097 MW (five projects in France and one in the US);
- two offshore wind farm projects in Europe representing nearly 1,650 MW;
- one biomass project representing nearly 100 MW (located in France);
- one geothermal project representing nearly 135 MW (located in the United States);
- eight solar projects totaling nearly 495 MW based on available data (seven projects in France and one in the United States).

Authorizations for renewable energy projects at the end of December 2021 totaled €2.1 billion, an increase of 15% compared with the end of 2020. Excluding sub-participations, authorizations for renewable energy projects at the end of December 2021 amounted to €2 billion, up 10% compared with the end of 2020. All financed projects comply strictly with the environmental laws of the host country.

6.4.3.1.2 Retail Banking

The Crédit Mutuel group also provides financing to individuals, professionals and SMEs for energy management projects, including thermal renovation of buildings and low-carbon mobility. At the end of 2021, outstanding loans for this activity totaled **€26.023 billion**.

22. Scope: businesses excluding retail banking, property investment companies and off-balance sheet items.

23. NACE codes concerned: (A01) Crop and animal production, hunting and related service activities; (B) Mining and quarrying; (C19) Manufacture of coke and refined petroleum products; (C20) Manufacture of chemicals and chemical products; (C23) Manufacture of other non-metallic mineral products; (C24) Manufacture of basic metals; (E37-39) Sewerage collection and treatment, waste collection, treatment and disposal, remediation activities and other waste management services.

FINANCING OF THE ENERGY TRANSITION

(€ MILLIONS)	2021	2020
Financing of the energy transition (outstanding renewable energy loans + loans for energy renovation of buildings + eco-friendly equipment for professionals and farmers + financing of environmentally-friendly vehicles)	28,123	23,466
Amount of structured financing for renewable energies ¹	2,100	1,800
Outstanding loans granted to professionals and farmers for renewable energy ¹	165	177 ²
Loans for financing new homes that comply with the RT 2012 standard	24,906	20,961
Outstanding interest-free Eco loans granted during the year	604	528
Clean vehicles loans	287	NC
Outstanding energy transition loans	61	NC
Socially responsible sustainable development savings account balances	20,249	18,996

1. Excluding Crédit Mutuel Arkéa.

2. Data corrected.

6.4.3.2 Green taxonomy

The EU taxonomy is a set of sustainable development criteria for companies, investors and governments. It identifies economic activities that can be considered sustainable or eco-responsible. It enables financial and non-financial companies to have a common language and facilitates sustainable investment and financing.

Methodology

The Crédit Mutuel group took steps in 2021 to identify the portion of the assets in its customer portfolio that was eligible for the first two objectives of the European Taxonomy. In accordance with the regulation, only assets eligible for two environmental objectives were taken into account for this first regulatory report (climate change mitigation and adaptation).

After reviewing the regulatory texts, internal work coordinated by the Confédération Nationale du Crédit Mutuel was carried out in order to be able to provide information related to the green taxonomy in the expected format in the NFPS starting in 2024²⁴.

Given the strategic importance of this project, special multidisciplinary workshops were conducted in 2021 over several months, with the following objectives:

- become familiar with the texts and calculation methodology;
- define common management rules for the regional groups;
- determine the eligibility of the company’s internal activity codes;
- analyze differences in existing data vs. missing data, for example concerning the identification of the NACE code for each NFRD counterparty (to determine the counterparty’s eligibility);
- calculate ratios (numerator and denominator) based on 2021 data.

Work will continue in 2022 to fine-tune data collection and improve data quality, integrate the other four environmental objectives and identify the alignment of financed activities with the taxonomy regulation.

Initial results

In 2021, the Crédit Mutuel group chose to publish two ratios concerning the eligibility of economic activities:

- one on a mandatory basis, which only includes exposures to households;

24. Annex VI to Delegated Regulation (EU) 2021/2178 of July 6, 2021.

– the other on a voluntary basis which, in addition to exposures to households, includes exposures to financial and non-financial companies;

Details of the calculations are provided in the methodology note on page 57 of this document.

REGULATORY RATIOS RELATED TO THE EUROPEAN TAXONOMY

	VOLUNTARY BASIS	MANDATORY BASIS
Proportion in the total covered assets of exposures to Taxonomy non-eligible economic activities	28.3%	31.3%
Proportion in the total covered assets of exposures to Taxonomy-eligible economic activities	34.0%	30.9%
Proportion in the total assets of exposures to central governments, central banks and supranational issuers	19.4%	19.4%
Proportion in the total assets of derivatives	0.2%	0.2%
Proportion in the total assets of exposures to undertakings that are not obliged to publish non-financial information pursuant to Article 19a or Article 29a of Directive 2013/34/EU	24.4%	24.4%
Proportion of the trading portfolio in the total assets	1.9%	1.9%
Proportion of on-demand interbank loans in the total assets	0.6%	0.6%

6.4.3.3 Other project areas

To support its customers' transition and fully understand their contribution to climate change mitigation and adaptation objectives and CSR issues, the Crédit Mutuel group also collects additional information on their ESG and climate performance. To do so, non-financial ratings assigned to corporate customers by rating agencies are monitored and overseen by certain regional groups.

Work is also being carried out to fine-tune reporting on energy performance diagnostics for financed real estate held as collateral. The energy performance diagnostic (EPD) provides information on the energy performance of a home or building by assessing its energy consumption and its impact in terms of greenhouse gas emissions. This indicator, currently being developed, is of great importance given the group's exposure and the transition goals of the real estate sector, which the group wishes to support. It is also one of the key requirements expressed by supervisors and regulators in the work on reporting and bank stress tests.

Energy performance diagnostics are collected at the time of loan origination; however, this information is required only for files containing at least one regulated loan. Therefore, the Crédit Mutuel group does not have the EPD in its databases for all financed assets.

Additional work has therefore been done on each of the Crédit Mutuel group's information systems to compare the property received as collateral with the databases of the ADEME (French Environment and Energy Management Agency), which centralizes all EPDs in France. Lastly, in the absence of EPDs in the information system and in ADEME's databases, a departmental proxy has been applied based on government statistics.

This work, carried out with a focus on continuous improvement, will allow the Crédit Mutuel group to support the transition of the real estate sector by ensuring that it knows its customers and can meet regulators' requirements.

6.4.4 Measurement of our direct footprint (scope 1/2/3 excluding financing)

All Crédit Mutuel group entities have targets for reducing their own environmental footprint.

Crédit Mutuel Arkéa's goal is to reduce the direct carbon footprint of its operations, with a target of a 16% decrease in its greenhouse gas emissions between 2019 and 2024.

Crédit Mutuel Alliance Fédérale maintained the decision to reduce its carbon footprint by 30% by the end of the strategic plan compared with 2019. To meet this objective²⁵, Crédit Mutuel Alliance Fédérale has chosen to apply ISO 14064, which provides a framework for GHG accounting and verification at the organization level for all scopes.

Crédit Mutuel Maine-Anjou et Basse-Normandie achieved a first target of reducing its greenhouse gas emissions by

20% in 2020 compared with 2011. A new goal of reducing emissions by 30% by 2030 was set in 2021.

The Crédit Mutuel group measures greenhouse gas emissions related to its activities. For 2021, total emissions amounted to **382,976 tonnes of CO2 equivalent, down 22%** compared with the previous year thanks mainly to the reduction measures taken by the regional groups and the impact of the health crisis.

The most significant item concerns **purchases of goods and services** which represents 148,630 eq. tonnes of CO₂, or nearly 39% of total calculated emissions.

RESULTS OF THE CREDIT MUTUEL GROUP'S CONSOLIDATED CARBON FOOTPRINT (CO₂ EMISSIONS IN ET EXCLUDING FINANCING)

IN EQ. TONNES CO ₂	2021 ¹	2020 ²
Direct greenhouse gas emissions (scope 1)	27,145	25,766
Direct greenhouse gas emissions (scope 2)	16,160	15,937
Indirect greenhouse gas emissions (scope 3)	339,671	395,722
Greenhouse gas emissions/FTE	4.6	5.2
GHG emissions per €M of net banking income	19.4	24.9

1. Scope of consolidation:

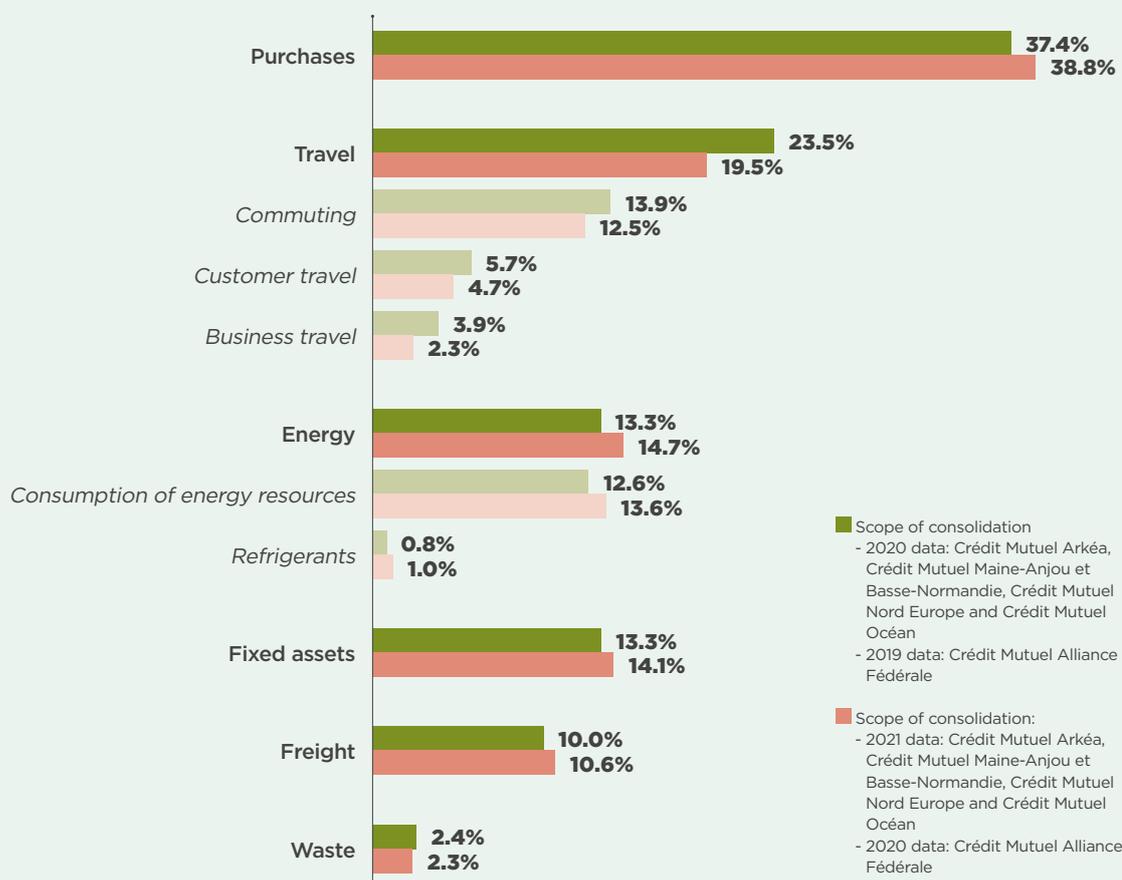
- Crédit Mutuel Arkéa, Crédit Mutuel Maine-Anjou et Basse-Normandie, Crédit Mutuel Nord Europe and Crédit Mutuel Océan: 2021 data;
- Crédit Mutuel Alliance Fédérale: 2020 data.

2. Scope of consolidation:

- Crédit Mutuel Arkéa, Crédit Mutuel Maine-Anjou et Basse-Normandie, Crédit Mutuel Nord Europe and Crédit Mutuel Océan: 2020 data;
- Crédit Mutuel Alliance Fédérale: 2019 data.

25. The target concerns emission items (scope 1, 2 & 3 for France: energy consumption, refrigerants, vehicle fleet assets and business travel).

BREAKDOWN OF GREENHOUSE GAS EMISSIONS BY ITEM



This initial audit at the Crédit Mutuel group level was conducted for the office scope. It should be noted that the scopes of consolidation vary according to the regional groups (see further details in the methodology note). Following this first phase, additional work will be carried out to increase the basis of calculation and measure the Crédit Mutuel group’s carbon footprint across the entire scope.

6.4.5 Contribution to the work of the Sustainable Finance Observatory

For transparency purposes, since 2020 the Crédit Mutuel group has published all its commitments and key indicators related to climate and environmental risks on the website of the Sustainable finance observatory²⁶.

CMNE strives to take positive, sustainable action to reduce the economic, environmental, social and societal impacts of its business.

Always in search of innovative, sustainable solutions to ensure it achieves this goal, Crédit Mutuel Nord Europe (CMNE) powers all its buildings and branches with 100% green energy supplied by Plüm Énergie. The electricity is purchased directly from French producers and comes from renewable production sites. This makes CMNE one of the main customers of this socially responsible company founded in 2016.

26. <https://observatoiredefinancedurable.com/fr/>

7

Support our customers and employees

Given its status as a cooperative bank and its regional presence, Crédit Mutuel is responsive to societal transitions. In 2021, it pursued its efforts in the area of sustainable finance and financing of the real economy. It also places great importance on issues related to the fight against money laundering and terrorist financing and on ethical matters more generally. As a company, Crédit Mutuel has also taken a number of measures to improve quality of working life and ensure the employability and equality of all its employees, while actively combating all forms of discrimination.

7.1

Committed to sustainable finance

7.1.1 ESG criteria in loan and investment decisions

For the Crédit Mutuel group, key environmental, social and governance issues are of critical importance in its business. Both in banking and in its asset management business, it constantly reaffirms its commitment to support transitions by carefully selecting the activities and projects it finances.

This is reflected in various measures taken in its regional groups, notably through the implementation of policies for sensitive sectors (detailed in section 6.2) and criteria specific to each sector, including an ESG assessment of counterparties applying for financing.

For over 15 years, the Crédit Mutuel group has also developed a responsible investment offering and reaffirmed its commitment through its asset management subsidiaries (Crédit Mutuel Asset Management, Federal Finance Gestion, La Française, etc.). ESG integration is a central aspect of the investment process of these subsidiaries, which have dedicated research teams who analyze issuers' ESG performance. Their investment strategies are designed in such a way that investments are based on both financial and non-financial performance criteria, particularly environmental, social and governance criteria.

Since 2021, and pursuant to Regulation (EU) 2019/2088, called the SFDR Regulation, the Crédit Mutuel group's main asset management subsidiaries have described in detail the products that promote environmental and/or social characteristics (Article 8 of the regulation) and products whose purpose is sustainable investment (Article 9 of the regulation) in their fund catalogue. This new regulation was an opportunity for the group's asset management companies to reaffirm their commitment to and involvement in industry initiatives in the area of responsible finance.

The Group offers a range of responsible and/or solidarity products in which customers can invest and endeavors to be an active investor 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, as described in the CSR publications of the respective entities²⁷.

7.1.2 Financing the real economy and the needs of society

Given its cooperative status and local presence, the Crédit Mutuel group has been committed to financing the development of regions, companies and businesses since its creation. It has historically been a preferred player in regional development, agriculture, social housing and associations. To meet the needs of its customers,

27. Crédit Mutuel Asset Management : <https://www.creditmutuel-am.eu/partage/fr/CSD-CM/CMAM//telechargements/politique-investissement-responsable.pdf>

Federal Finance Gestion : https://www.federal-finance-gestion.fr/gestion/actifs/upload/docs/application/pdf/2022-01/rapport_lte_ffg_2021_vdef.pdf

La Française : https://www.la-francaise.com/fileadmin/user_upload/XX3570-Politique_RSE-nov_2021__1_.pdf

SUSTAINABLE FINANCE INDICATORS

(€ MILLIONS)	2021	2020
Assets under management	164,622	144,277
SRI investments	47,117	16,749
SRI-certified investments	19,624	11,795
Total funds invested using ESG selection criteria ¹	26,394	36,775
Assets in CIES-certified solidarity employee savings plans ²	728	582 ³
Assets in funds classified as Article 8 or 9 under SFDR ⁴	53,381	NC ⁵
Proportion of assets classified as Article 8 or 9 under SFDR ⁴	58%	NC ⁵

1. Excluding Crédit Mutuel Alliance Fédérale.

2. Excluding Crédit Mutuel Arkéa.

3. Data corrected.

4. Crédit Mutuel Asset Management, La Française.

5. Information not collected for 2020.

SRI - VOTING POLICY

	2021	2020
Number of shareholders' meetings in which the asset management subsidiaries took part	1,522	1,548
Number of resolutions put to the vote	23,880	25,903
Number of resolutions approved	17,843	18,823
Resolution approval rate	74.7%	72.7%

Crédit Mutuel is organized by market and has developed a full range of solidarity products and products to combat banking exclusion.

In a changing world, the group makes every effort to identify and take into account the primary needs and expectations of the main markets in order to adapt the products and services it offers. It does this at all levels: at the local bank with the customer, at the federations and at CNCM by monitoring and observing changes in the behaviors, practices and expectations of its various customers.

7.1.2.1. Regional coverage

The Crédit Mutuel group's aim is to contribute to the development of all regions, mainly through its economic impact in those in which it operates, thereby generating

jobs and tax revenues and spurring growth, primarily 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 with fewer than 2,500 inhabitants on the basis of independent sources. The most recent assessment showed that nearly 20% of our sites are located in communities with fewer than 2,500 inhabitants.

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 nearby. 47%²⁸ of them are served by at least one branch.

28. According to an analysis conducted in 2021, based on information at December 31, 2020.

7.1.2.2. Bank for the farming sector

Deeply rooted in the regions with a presence in small communities, the Crédit Mutuel group, through its 18 regional federations and the Fédération du Crédit Mutuel Agricole et Rural, is 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.

The 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 directors.

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 10 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) 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 plaît" (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 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.

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.

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.

For instance, the group was involved in developing a road map for preventing anxiety among farmers which the public authorities unveiled in November 2021²⁹. This contribution was a reminder of the group's commitment to provide its customers with support tailored to their own situation, particularly during periods of economic difficulty. During such farming crises, bank advisors offer a range of solutions to help farmers with their cash flows without putting a strain on their ability to invest for the future.

7.1.2.3 Housing

To meet demand for loans to purchase a primary residence and to provide finance for quality rental investments, Crédit Mutuel relies on expertise that makes it the second largest home lender in France, with a 23% market share and more than 50% of the group's loans consisting of home loans.

This performance has led it to take specific actions to support its customers, such as the introduction of the Prêt Avance Rénovation loan for low-income homeowners and retirees and the assessment over time of the energy

29. <https://www.gouvernement.fr/une-feuille-de-route-pour-prevenir-le-mal-etre-des-agriculteurs>

Crédit Mutuel Alliance Fédérale reaffirms its commitments to the farming and wine-growing sector with financing solutions that support efficient, sustainable agriculture

Crédit Mutuel Alliance Fédérale is ramping up its environmental goals and helping its farming customers move towards a sustainable agroecological farming model with the implementation of an agricultural policy.

At a practical level, Crédit Mutuel Alliance Fédérale has created a know your customer document that can be used at the time of the lending decision and includes ESG criteria. These ESG criteria, based on the conditionality of aid under the European Union's Common Agricultural Policy, make it possible to conduct an objective analysis and have a better understanding of the actions taken by farmers so as to help them in their efforts. To support farmers in their environmental approaches, Crédit Mutuel Alliance Fédérale offers two strong measures:

- a €200 subsidy to finance the out-of-pocket costs of the Bon Diagnostic Carbone (Good Carbon Diagnostic) proposed under the France Relance plan, which allows young farmers to assess the greenhouse gas emissions produced by their farms;
- a €500 subsidy to finance the certification costs of the "Haute Qualité Environnementale" (high environmental quality) level 3 and "Agriculture Biologique" (organic farming) environmental excellence labels.

performance of its customers' buildings (see section 7.4.3.3 Other project areas on page 33).

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 low-income rental housing loans (prêts locatifs sociaux - PLS) and social lease-ownership loan (prêts sociaux de location-accession - PSLA). In 2021, 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 et 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.

Crédit Mutuel Arkéa outlines its commitments in support of farmers and wine-growers

On February 28, 2022, Crédit Mutuel Arkéa published its support policy for farmers and wine-growers that are customers of its federations³⁰.

Under this policy, it defines the concept of agro-responsibility, which entails playing a part in protecting the environment, promoting animal welfare, improving products and working conditions and securing income. This support policy is the result of collaboration between the bank and professionals from the farming sector.

FINANCING OF SOCIAL HOUSING

(€ MILLIONS)	2021	2020
Outstanding regulated social loans (PLS, PSLA)	1,050	1,170*

* Data corrected.

30. https://www.cm-arkea.com/banque/assurance/credit/upload/docs/application/pdf/2022-02/202202_politique_agriviti.pdf

7.1.2.4 Associations

The Crédit Mutuel group 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 a key part.

The Crédit Mutuel group provides associations with:

- a full range of banking and insurance products, online services and mobile phone services in some regions;
- management support: quarterly newsletter, topical guides, legal and tax information service in partnership with a law firm that specializes in associations and works councils;

- the www.associatheque.fr website, 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, practical guides, toolkits available for download, etc.);
- “solidarity products” such as the “Passbook for others” (Livret d’épargne pour les autres - LEA) and the Solidarity passbook (Livret Solidaire) (Crédit Mutuel Arkéa), unique Crédit Mutuel products that enable savers to donate all or part of their interest to one or more associations chosen, depending on the regions, from partners that provide humanitarian aid, protect children, fight poverty and combat exclusion in all its forms.

THE BANK FOR NONPROFITS

	2021	2020
Number of nonprofit customers (clubs and associations, labor unions, works councils)	556,526	547,087

CRÉDIT MUTUEL MAINE-ANJOU ET BASSE-NORMANDIE:

A cash flow solution for associations

Crédit Mutuel Maine-Anjou et Basse-Normandie, which strives to offer solutions tailored to today’s needs, decided to launch “Boost Asso” to lend a helping hand to associations wishing to find other sources of financing to maintain sufficient cash flow.

In 2021, nearly 100 associations benefited from the scheme, which will be extended until June 2022. The Board of Directors of each local bank can decide to provide financial support to associations that have an online sales project involving a local business and use the tools of HelloAsso, a subsidiary that helps 200,000 French associations make the digital transition.

CRÉDIT MUTUEL ALLIANCE FÉDÉRALE : Increased support for associations.

The new Pay Asso service rolled out in 2019 allows local associations to give members the option to pay their membership fees by bank card, even though they do not have a website. As in 2020, in 2021 Crédit Mutuel Alliance Fédérale maintained its decision to make the Pay Asso service free for all associations until the end of the year to help those affected by the health crisis. During this membership renewal period, the Pay Asso service also allows associations to remain in close contact with their members.

Crédit Mutuel Alliance Fédérale also offers the Lyf Pro mobile app, a secure digital payment and donation collection solution that allows nonprofits to create and develop relationships with their donors using mobile devices as a new communication channel, and more easily organize and manage events, thanks to a solution that handles everything from ticket sales to payments.

7.1.2.5 Local public sector

Crédit Mutuel demonstrates its commitment to the local public sector by funding local governments' investment projects and cash requirements. It is the fourth-largest provider of local government funding with a 10% market share. In 2021, Crédit Mutuel introduced a specific loan to fund local governments' environmental projects. In addition, Crédit Mutuel increasingly funds local public enterprises (EPL), particularly for projects related to the environmental transition.

Crédit Mutuel is also an active partner of associations of elected officials. It is present at conferences of the Association des Petites Villes de France, the Association des Régions de France, the Association des Entreprises Publiques Locales and the Salon des Maires et des Collectivités Locales, events at which it can present not only its funding solutions but also those of its subsidiaries, such as Homiris (remote surveillance of public buildings), La Sodérec (public-sector project management), Crédit Mutuel Aménagement Foncier and Crédit Mutuel Leasing.

7.1.2.6 A range of solidarity products

Aside from having a market-based organization to meet the specific needs of its various customer bases, the Crédit Mutuel group offers its customers solidarity savings products, in addition to Livret A, a regulated savings account whose funds are used to finance social housing. Products whose funds are tracked to finance the local economy and solidarity products whose funds are plowed back into local communities demonstrate Crédit Mutuel's and its customers' support for the development of the regions in which it operates to promote growth and finance innovations.

SOLIDARITY SAVINGS, TRACKED PRODUCTS AND SHARING PRODUCTS

(€ MILLIONS)	2021	2020
Assets in Livret A passbook accounts	58,127	54,223
Assets in Livret solidaire passbook accounts ³¹	71	54
Assets in LEA (Livrets d'épargne pour les autres) passbook accounts, excluding capitalized interest	291	234

7.1.3 Combating banking exclusion

The Crédit Mutuel group is very focused on supporting all its customers. It recently reaffirmed this commitment to financial health and banking inclusion by joining the initiative backed by the UNEP-FI's Principles for Responsible Banking (PRB), through which it aims to promote universal inclusion and encourage a banking sector that supports the financial health of its customers.

In practical terms, Crédit Mutuel works with customers through microfinance (personal and business), directly and in partnership with microfinance institutions, and by taking specific measures to help customers who have become vulnerable as a result of difficult living situations, whether structural, social or economic.

31. Sharing passbook account marketed by Crédit Mutuel Arkéa and certified by Finansol. When the account is opened, the saver agrees to have at least half the interest earned paid to one or more associations selected by the bank with involvement in various sectors: environment, employment, international solidarity, social issues and housing.

SUMMARY OF ASSISTED MICROLOANS³² GRANTED BY THE GROUP	2021	2020
Personal assisted microloans		
Number of microloans granted during the year	972	852
Amount of microloans financed during the year <i>(in € millions)</i>	2.5	2.1
Business assisted microloans - ADIE partnership		
Number of applications processed	4,659	3,703
Amount of credit lines made available <i>(in € millions)</i>	13.5	10.6
Business assisted microloans - France Active Garantie partnership		
Number of new microloans financed	2,021	1,750
Amounts guaranteed <i>(in € millions)</i>	48.4	42.7
Business assisted microloans - Initiative France partnership		
Number of additional bank loans granted	4,484	3,624
Amount of additional bank loans granted <i>(in € millions)</i>	362.0	257.4

7.1.3.1 Microfinance

The group's goal is to be a major player in the economic life of its regions. Alongside national partners (Adie, Initiative France and France Active), it plays an important role in sustaining employment and helping those who are excluded return to the workplace. Together with these partners, Crédit Mutuel enables vulnerable customers to obtain financial support in the form of microloans as well as personal assistance. For example, in 2021 it provided ADIE with €14.8 million in financing packages which helped create or preserve 4,000 jobs. In addition, thanks to cooperation between Crédit Mutuel and France Active in 2021, more than 2,000 loans were granted, enabling the consolidation or creation of 3,800 jobs.

In 2021, it confirmed its commitment to these three microcredit support networks, with nearly €424 million refinanced or disbursed to over 11,000 recipients.

7.1.3.2 Vulnerable customers

As a customer-focused regional bank, the Crédit Mutuel group is involved in efforts to promote banking inclusion and the protection of the least well-off.

For customers identified as financially vulnerable, fees related to rejected payments and irregular account operation are capped. In addition, our networks are committed to promoting various inclusive finance mechanisms for these customers, such as basic banking services (enjoyed by 21,298³³ customers as of December 31, 2021) and the special package of banking services for financially vulnerable customers (OCF). At December 31, 2021, 75,435 Crédit Mutuel customers benefited from this package.

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 has formally set out its approach in a vulnerable customers engagement policy, which is available on its website. Moreover, Crédit Mutuel Arkéa, Crédit Mutuel Alliance Fédérale and Crédit Mutuel Nord Europe announced on February 1, 2019, on June 11, 2020 and in August 2020, respectively, their decisions to exempt customers holding these accounts from rejected

32. Microloans: guaranteed loans granted to vulnerable borrowers for which assistance is provided by a public body.

Caps on the amounts granted set by the Lagarde Act of July 1, 2010.

33. Excluding Crédit Mutuel Arkéa.

payment charges, going above and beyond regulatory requirements.

All in all, for more than 400,000 customers identified as financially vulnerable, fees related to rejected payments and irregular account operation are capped. The health crisis led to a strengthening of the measures taken to support these customers:

- full exemption from rejected payment charges for financially vulnerable individuals who have the Crédit Mutuel Facil'Accès package (Crédit Mutuel Alliance Fédérale and Crédit Mutuel Nord Europe);
- capping of rejected payment charges at €20 per month for financially vulnerable individuals who have the special package of banking services (Crédit Mutuel Océan and Crédit Mutuel Maine-Anjou and Basse-Normandie);
- at Crédit Mutuel Arkéa, the full exemption from rejected payment charges put in place prior to the health crisis applies to financially vulnerable customers who have the special package of banking services.

Detailed information is provided in the regional groups' non-financial performance statements.

7.2

A focus on business ethics

7.2.1 Combating corruption, fraud and unethical practices

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 passed by the Board of Directors of CNCM in order to define and lay down the scope of intervention of the compliance functions at the 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.

On April 7, 2021, CNCM's Board of Directors adopted a new general decision regarding the anti-money laundering/counter-terrorist financing and international financial sanctions prevention policy within the Crédit Mutuel group, the aim of which is to formalize the organization adopted in accordance with applicable regulations, in particular through the concrete establishment of responsibility-sharing between the Confederation and Crédit Mutuel's regional groups in compliance with the principle of subsidiarity.

Pursuant to these decisions and in cooperation with the affiliates, the central body exercises the rights specifically conferred upon it either via the general decisions referred to above or by the regulations, particularly those on financial security.

The Confederation's compliance function is responsible, at the Group level, for coordinating and overseeing the compliance function generally, and for ensuring that regulatory watch reports are circulated regularly, preparing consolidated reporting and a compliance risk map, drafting framework procedures (along with the associated risk classifications, where appropriate) and establishing a core set of compliance permanent controls, in addition to a pre-existing internal control system for documents. 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 the compliance functions within the Group in the form of setting policies, procedures and controls in the aforementioned areas contributes to 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.

To protect the interests of customers, counterparties and the Group, the Confederation and the regional groups have put a robust structure and operational procedures in place.

7.2.1.1 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 trade sanctions.

The Crédit Mutuel group also 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 has been 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.

7.2.1.2 New products

Pursuant to Article 35 of the Order of November 3, 2014 on internal control, as amended by the Order of February 25, 2021, the Group requires that all new products, services, businesses or significant changes thereto be approved in advance by the compliance function.

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 May 15, 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.

7.2.1.3 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.

7.2.1.4 Market integrity

Pursuant to Regulation (EU) 596/2014 on market abuse, known as the “MAR”, the regional groups have put an

ANTI-MONEY LAUNDERING INDICATORS

	2021	2020
Number of employees responsible for anti-money laundering (FTE)	387	287
Number of employees targeted for AML/CFT training	56,085	52,764
Number of employees who have completed AML/CFT training	46,048	46,297
Percentage of employees who have completed AML/CFT training	82.1%	87.7%

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.

7.2.1.5 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.

7.2.1.6 Responsible policy 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.

Moreover, in accordance with French Law no. 2017-399 of March 27, 2017 on the duty of vigilance of parent companies and ordering undertakings, the relevant Crédit Mutuel group entities have taken measures to identify risks and serious violations of human rights and fundamental freedoms, social rights and environmental rights, personal health and safety and the environment.

These measures are detailed in the CSR publications of its regional groups.

7.2.2 Data protection and privacy

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. In 2021, 79% of employees concerned received training in personal data protection.

7.2.3 Customer relationship quality

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 ACPR.

BANKING MEDIATION INDICATORS

	2021	2020
Number of eligible claims submitted to the bank ombudsman	817	758 *
Number of decisions favorable to the customer	285	283 *

* Data corrected.

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.

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.

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. 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.

As evidence of the quality of its commitments, Crédit Mutuel has been recognized as the preferred bank of French people³⁴ and was once again a winner at the Podium de la Relation Client^{®35} which honors major brands that excel in the area of customer relations. It also received the highest satisfaction score for five of the six banking quality awards presented by MoneyVox³⁶ in 2021.

7.2.4 Responsible purchasing

In accordance with Law no. 2017-399 of March 27, 2017 on the duty of vigilance of parent companies and ordering undertakings, the Crédit Mutuel group’s entities place great importance on selecting the suppliers with whom it maintains commercial relations.

The resulting measures are presented in the CSR publications of its regional groups.

By way of example, Crédit Mutuel Alliance Fédérale has published a suppliers charter, which describes all 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 vigilance.

A signatory of the Responsible Supplier Relations Charter since 2017, Crédit Mutuel Arkéa is also committed to adopting responsible purchasing practices to promote long-term, balanced relationships within a framework of trust based on a supplier code of conduct that specifies what it requires of them. This code is based on international initiatives and principles such as the United Nations Guiding Principles on Business and Human Rights, the United Nations Global Compact and SDGs, the OECD Guidelines and the fundamental conventions of the International Labour Organization (ILO). It includes expected best practices, particularly in terms of ethics, promotion of human capital and respect for the environment.

7.3

Mindful of the well-being of its employees

A committed employer, Crédit Mutuel puts the employee at the center of its development strategy. The regional groups are keenly aware of the role of employees and the importance of human capital and have made employee well-being, quality of working life and career development a part of their strategic plans.

7.3.1 Equality of opportunity

At December 31, 2021, Crédit Mutuel operated mainly in France, where 84.2% 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, 94% of employees are on permanent contracts.

34. 2021 Posternak/Ifop survey: Survey conducted from November 3 to 5, 2021 on a representative sample of 1,002 French people aged 18 and over.

35. CIC a winner of the awards organized by BearingPoint and Kantar.

36. OpinionWay survey conducted for MoneyVox between September 27 and October 15, 2021 among a sample of 5,010 French people with access to banking services recruited from a representative sample of the French population aged 18 and over. The sample was surveyed online on the CAWI (Computer-Assisted Web Interview) system.

EMPLOYMENT INDICATORS

	2021	2020
Recorded workforce	88,676	88,800*
Non-managerial staff	52,374	52,094
Percentage of staff on permanent contracts	94.4%	95.0%
Percentage of full-time employees	89.0%	88.8%
Gross payroll	4,043	4,010
Total number of new hires	16,802	15,221
<i>of which, women</i>	9,035	8,343
<i>of which, on permanent contracts</i>	6,317	6,498
Number of managerial staff promoted to a more senior position during the year	2,229	1,983
<i>of which, women</i>	988	816
Number of disabled workers	2,381	2,296
Percentage of total workforce who are disabled	2.7%	2.6%

* Data corrected.

As the Group's employees are essentially based in France or Europe, national and EU legislation, together with measures taken within the business, appear to enable staff members to enjoy a decent salary and a good level of social security and healthcare benefits.

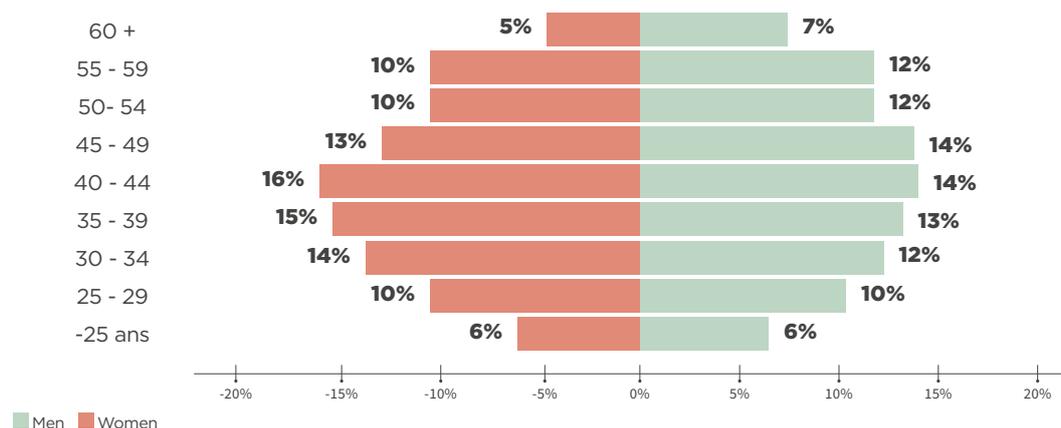
Pursuant to the commitments made when it signed the Global Compact, the Group respects the fundamental conventions of the International Labour Organization (ILO) on freedom of association and the right to collective bargaining, the elimination of discrimination in employment and occupation, the abolition of forced or compulsory labor, and the effective abolition of child labor.

Aware of the issues of equality and inclusion, the "Crédit Mutuel" division 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 division with these 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 division to improve measures concerning both the recruitment and the continued employment and support of people with disabilities.

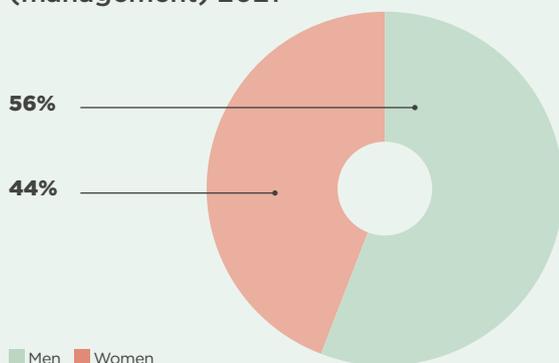
These agreements are generally followed on a voluntary basis by subsidiaries outside the Crédit Mutuel division.

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

Age pyramid (breakdown by age group, as a % of the total workforce)

GENDER BREAKDOWN, AS A % OF THE FRENCH WORKFORCE

Gender breakdown
(management) 2021



Gender breakdown
(non-management) 2021



Numerous awareness-raising actions about the employment of people with disabilities were held at several federations in 2021, 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 2021” list drawn up by Capital magazine. Crédit Mutuel and CIC posted excellent performance, ranking first and second respectively in the banking and financial services sector out of a total of 18 institutions assessed;
- Crédit Mutuel Nord Europe's BéoBank subsidiary again received “Top employer” certification in 2021 for the third year in a row. This certification is awarded by the Top Employers Institute, the global authority on recognizing and certifying attractive employers that honors companies that have proven that they offer their employees excellent working conditions and a high-quality working environment, and for which talent development at the company is an absolute priority.

Professional equality

All businesses with 50 or more employees are 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 10 highest-paid staff members.

As an example, below are some of the Group's scores, which demonstrate our entities' commitment in this area:

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

7.3.2 Development of human capital

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.

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 courses 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.

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.

EMPLOYEE TRAINING INDICATORS

	2021	2020
Amount of payroll spent on training (in € millions)	192.4	159.4
Percentage of payroll spent on training	4.8%	4.0%
Number of employees who have completed at least one training course	83,808	83,379
Percentage of employees who have completed at least one training course	94.5%	93.9%
Total number of hours spent on employee training	2,802,551	2,190,204

The Crédit Mutuel division, which covers nearly 36,000 of the Group's employees, initiated a policy of creating qualifications six years ago. Occupational qualifications or *certificats de qualification professionnelles* (CQPs) aid employability and job mobility not only in the Crédit Mutuel division but also in the banking industry as a whole.

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 renewal in progress;
- CQP Wealth Management Advisor – registration in progress;
- CQP Local Mutual Bank Manager – registration in progress.

The decision was also made in 2022 to create a new agriculture business manager CQP, which would be added to the CQP mapping.

These CQPs attest to the skills proficiency needed for the occupation in question, certify the professionalism of employees and make them more employable. They lead to mastery of a “benchmark job” within the division and form part of a global map of occupations in the network, thus providing gateways between those occupations.

7.3.3 Improvement in working conditions

The banking sector has undergone profound changes in recent years. These changes impact operating methods, occupations and work relationships. Crédit Mutuel pays close attention to the impact of these changes on quality of working life. Interest in the content of assigned tasks, the opportunity to develop new skills and assistance in taking on new assignments are key motivating factors.

Through regular dialogue with the trade unions, Crédit Mutuel addresses its employees' working conditions, particularly through surveys on the workspace, the tools made available, the managerial relationship, the sense of being an agent of change, employee support, workload management and remote working. Agreements on quality of working life have been signed with the representative trade unions.

The regional groups have taken numerous measures to provide the best working conditions for all their employees.

For example, Crédit Mutuel Arkéa created a “Bien vivre au travail” (well-being at work) team and a community of “BienVeilleurs” (wellness watchers) which the HR department has coordinated since 2020. Trained and overseen by the “Bien vivre au travail” team, these 40 or so volunteer employees act as sensors and trusted mediators on the ground.

Crédit Mutuel Alliance Fédérale has created an internal employee support system. It includes measures to improve QWL contained in a framework agreement aimed at optimizing day-to-day work organization, promoting occupational health, improving employee mobility between home and work with the introduction of a “sustainable mobility” allowance, and encouraging work-life balance.

Crédit Mutuel Océan conducts regular QWL surveys to measure its employees' well-being. With a high response rate (83%), the surveys confirm the company's strengths. Crédit Mutuel Océan has set well-being targets in its medium-term plan, which are measured through pride in being part of the company, personal fulfillment, overall interest in work, autonomy, etc.

All this information is provided in the regional groups' non-financial performance statements.

EMPLOYEE DEPARTURE AND ABSENCE INDICATORS

	2021	2020
Number of employees on permanent contracts who left the organization	6,757	6,752
Dismissals	962	950
Total number of days of absence (working days)	974,261	1,014,700



Leverage our unique qualities as a mutual bank to create long-term value

8.1

Crédit Mutuel's organization (local bank, federation, regional group)

As a mutual bank, Crédit Mutuel adheres to cooperative principles which serve as a basis for its action – ownership by its members, democratic control and allocation of profits between members and future generations – in accordance with the Law of September 10, 1947 on cooperative status and the principles laid down by the International Cooperative Alliance (see page 10).

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:

- 18 regional federations and one agricultural federation;
- 5 federal or inter-federal banks;
- 2,016 local banks;
- 8.3 million members and 10.5 million customers (Crédit Mutuel cooperative group);
- 21,000 directors, 39.5% of whom are women.

8.2

Members and shares (capital ownership and voting rights)

At Crédit Mutuel, capital is owned by customers and members in the form of shares. Members participate in the decisions of their local bank and make sure it is properly managed. Crédit Mutuel's local banks belong to their members, not as individuals but as a single indivisible group. As independent credit institutions, they form the bedrock of the mutual organization.

Each local bank is a member of a Crédit Mutuel federation, which is itself a member of the Confédération Nationale du Crédit Mutuel. Each federation is responsible for representing, leading and supervising the local banks that comprise it.

Within Crédit Mutuel Alliance Fédérale, the local banks are also affiliated with Crédit Mutuel's federal bank, which functions as a technical and financial resource that serves their needs. The federal bank offers cross-functional support services that contribute to the efficiency of the mutual bank model.

As the central body, the Confédération Nationale du Crédit Mutuel plays a role in prudential and supervisory matters. It also represents the Crédit Mutuel group at the national level in dealings with the public authorities and defends the brand and its interests.

By acquiring shares, customers and members become joint owners of their local bank. This gives them the right to make their voices heard and participate in shareholders' meetings, an important part of the cooperative experience. By casting their vote based on the "one person, one vote" cooperative principle, members can be involved in developing their bank's strategy by choosing its representatives who will sit on the Board of Directors.

8.3

Mobilization and coordination of members

Our adherence to the cooperative model is expressed by our commitment to develop an active membership, as represented by the diversity of our directors. The local bank's shareholders' meeting is an important part of the cooperative experience and an opportunity for members to get together to review the previous year's activity, approve the financial statements and confirm the appointment or reappointment of directors, who serve on the local banks' boards. It is an opportunity for members, directors and the management team to meet and discuss the bank's development, as well as a chance for members to have a voice by voting on all resolutions based on the "one person, one vote" principle.

Crédit Mutuel's 8.3 million members are the foundation on which its cooperative model is built. They own its share capital, vote at their local banks' shareholders' meetings and elect the directors who represent them on the Board of Directors.

8.4

Governance diversity and independence

The Crédit Mutuel group's 21,000 directors, who come from the local communities and are familiar with the characteristics of their regions, represent the members who elected them at local shareholders' meetings. Recognized for their professional qualifications, their commitment to cooperative values and their regional roots, they are involved in the bank's decisions, collectively determine the bank's business policies and ensure their implementation. In accordance with regulations, they also ensure control of the main risks incurred by the bank, the reliability of the internal control system and the quality of the financial information provided to members and the public. Crédit Mutuel ensures that its members are fairly represented on Boards of Directors, which include representatives of the main customer groups. 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.

The Group's explicit goal is to modernize its governance by enhancing gender diversity and by including employee representatives among the directors.

It tracks the level of female representation among its elected directors, regardless of the function or level, and closely monitors changes that occur when directors are appointed or reappointed at shareholders' meetings.

INVOLVEMENT OF ELECTED DIRECTORS (FEDERAL BANK)

	2021	2020
Directors' rate of attendance at Board of Directors' meetings	86%	93%
Directors' rate of attendance at Audit Committee meetings	94%	95%
Directors' rate of attendance at Risk Committee meetings	92%	94%
Directors' rate of attendance at Appointments Committee meetings	96%	96%
Directors' rate of attendance at Compensation Committee meetings	94%	94%

REPRESENTATIVENESS OF DIRECTORS

	2021	2020
Number of directors of local banks	20,454	21,610
Number of directors of federations	539	545
Percentage of local bank directors who are women	39.5%	38.6%*

* Data corrected.

CRÉDIT MUTUEL Océan : Governance – appointment of new local bank directors

Crédit Mutuel Océan launched a communication campaign to promote the role of directors and help recruit them through a dedicated web page. Two videos and a contact form allowed customers and members to learn about directors' responsibilities and interactions with the region and submit their application. During the campaign, over 110 applications were submitted via the form for more than half of the local banks.

8.5

Integrity and expertise

Crédit Mutuel is committed to giving its directors the resources they need to perform their duties. To do so, it offers suitable training programs. Particular attention is paid to supporting young elected directors 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 directors. They are organized according to several objectives which aim to:

- give directors the knowledge and skills they need to play an active role on the Board;
- encourage members to become local bank directors;
- develop digital tools to improve and facilitate the upskilling of elected directors (via online training tools, self-training, etc.).

BREAKDOWN OF DIRECTORS**2021 local banks socioeconomic group**

	NUMBER OF DIRECTORS
Tradespeople	2,190
Farmers	1,265
Blue-collar employees	392
White-collar employees	2,400
Managerial	4,838
Qualified technical & mid-level occupations	2,164
Retired	2,190
Other (inactive)	425

TRAINING OF DIRECTORS

	2021	2020
Number of directors who took at least one training course during the year	13,745	6,203*
Percentage of directors trained	67.2%	28.7%*
Total number of hours of training provided	41,444	18,376
Hours of training per director trained	3.02	2.96

* Data corrected.

9

Methodology

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, 2017, transposing European 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 verifier. For full information, please refer to the non-financial statements of the groups.

9.1 Scope

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 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.

Unless explicitly stated, governance information relates to the entire cooperative group. Employment information relates to the entire consolidated scope, with the exception of a few 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 disclosure 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.

9.2 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 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 2021 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 data collection tables have been adapted based on the identification of risks and the availability of data from previous years and in anticipation of future regulations on the disclosure of non-financial information in management reports.

Data collection was divided 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.

9.3

Reference periods for data

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 in full annually but for which the information is stable (sites in rural areas). 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” passed on August 18, 2015;
- Article 173 of the 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 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information (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 (shareholders' meetings, NGOs, non-financial ratings agencies);
- collective discussions on CSR practices in European cooperative banks (EACB, etc.) and other cooperative sectors, etc.;
- Regulation (EU) 2020/852 of June 18, 2020 on the establishment of a framework to facilitate sustainable investment;
- Delegated Regulation (EU) of June 4, 2021 supplementing Regulation (EU) 2020/852 by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives;
- Delegated Regulation (EU) 2021/2178 of July 6, 2021 supplementing Regulation (EU) 2020/852 by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation.

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 for Responsible Banking (PRB);
- 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.

9.4 Exclusions

Given that the Crédit Mutuel group is engaged in a service activity, certain issues related to the decree of April 24, 2012 and the fight against climate change were not considered relevant. These include the circular economy, the fight against food waste and food insecurity, respect for animal welfare and responsible, fair and sustainable food.

9.5 Correction of data

If any data published in the previous year's report proves to be inaccurate, a footnote will indicate that such data was corrected.

9.6 Environmental indicators

Data on water and energy consumption in France and Belgium for all banking, insurance and publishing businesses is 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 results 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 Crédit Mutuel group.

Carbon Audit

The Group's Carbon Audit is consolidated based on the regional groups' assessment of their own greenhouse gas emissions. Each group analyzes its emission items annually for the scope it has defined. At December 31, 2021, not all the regional groups performed their carbon audit based on a standardized scope. Therefore, certain emission items of the Carbon Audit do not accurately reflect the emissions generated by the Group's activity.

The regional groups calculate their emissions based on the following items:

- direct emissions from fixed combustion sources;
- direct emissions from mobile sources with combustion engines;
- direct fugitive emissions;

- indirect emissions related to electricity consumption;
- indirect emissions related to the consumption of steam, heat or cold;
- emissions related to energy not included in items 1 to 6;
- fixed assets;
- business travel.

The item related to purchases of products or services is calculated by all the regional groups. However, Crédit Mutuel Maine-Anjou et Basse-Normandie, Crédit Mutuel Nord Europe and Crédit Mutuel Océan include only paper purchases in this item.

Crédit Mutuel Alliance Fédérale and Crédit Mutuel Arkéa calculate the emissions related to all their purchases of goods and services and also include the following items in their greenhouse gas emissions analysis:

- waste (item 11);
- upstream transport of goods (item 12);
- commuting (item 23).

Lastly, Crédit Mutuel Alliance Fédérale also identifies emissions generated by travel by their customers and visitors.

Work aimed at standardizing the scope will be carried out in 2022 in order to calculate the Crédit Mutuel group's greenhouse gas emissions more accurately. At this stage, emissions generated by the Group's financing activities were not included in the presentation of the 2021 emissions report.

It should be noted that the Crédit Mutuel group's greenhouse gas emissions report is consolidated over several years. It includes the 2021 emissions for Crédit Mutuel Arkéa, Crédit Mutuel Maine-Anjou et Basse Normandie, Crédit Mutuel Nord Europe and Crédit Mutuel Océan, and the 2020 emissions for Crédit Mutuel Alliance Fédérale.

9.7 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 payroll spent on training excludes Fongecif subsidies and training provided to work/study apprentices.

The identification of managerial and non-managerial staff is possible only for France since the French concept of “cadre” (managerial staff) is not similar to the distinctions made in other countries.

9.8

Social indicators

Microloans

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.

Socio-economic footprint

The items included in the value breakdown are defined as follows:

Customer deposits

When customers deposit cash, they provide the bank with financial resources. These deposits are the bank’s main resources and enable it to finance customer loans.

Bonds and non-customer resources

The Crédit Mutuel group supplements customer resources with medium- and long-term loans obtained either from public financial institutions or through the issue of bonds or similar securities. To a lesser extent, the bank obtains short-term resources from other financial institutions. They also include liabilities related to the insurance businesses’ policies.

Shareholders’ equity

Shareholders’ equity consists of customers’ investments in shares and retained earnings. It also includes non-controlling interests, which correspond to the share of equity held by non-controlling shareholders in the subsidiaries.

Customer loans

Nearly 50% of the bank’s total resources are used to issue customer loans to support individuals or companies.

Other uses

The bank has a cash surplus that is deposited at central banks in the short term and at other banks at various maturities so that it is readily available if needed.

Crédit Mutuel also has a portfolio of securities measured at fair value through profit or loss and equity, and investments by the insurance businesses and reinsurers’ shares.

Fixed assets

These are real estate assets and other depreciable assets (hardware, software).

9.9

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 decentralization of the Group’s governance, which respects the autonomy of members and the subsidiarity between the different cooperative entities. Governance indicators generally relate to the local bank level, unless otherwise stated.

9.10

Taxonomy indicators

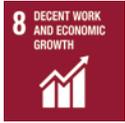
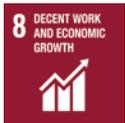
The regulatory ratios related to the taxonomy were established based on the following:

- companies included in the scope of the taxonomy are those “subject to the Non-Financial Reporting Directive (NFRD)”. For reasons of comparability and access to data, the European definition of companies has been taken into account. “NFRD companies” are companies listed on a regulated market with more than 500 employees;
- companies’ NACE codes do not accurately reflect their activity. They are an estimate. Therefore, exposures to non-financial companies are excluded from the “mandatory” reporting but are published on a voluntary basis so as to provide an estimate of the eligibility of the group’s banking portfolio;
- the ratios related to the eligibility of assets are calculated based on the total assets covered by the taxonomy and not the total assets of the group;
- the other ratios have total assets in their denominator.

10

Cross-reference table of key ESG information

ESG RISK	GRI 4 cross-reference	Global Compact cross-reference	PRB cross-reference	SDG cross-reference	Pages
Financing of the energy transition	G4-EC2; FS1; FS8	8, 9	1, 2 (NZBA commitment)		31
Integration of climate change	G4-EN3; G4-EN4; G4-EN5; G4-EN6; G4-EN15; G4-EN16; G4-EN17; G4-EN18; G4-EN19	8	1, 4, 6		21, 34
ESG criteria in loan and investment decisions	G4-EC2; FS1; FS2; FS3; FS11; FS15; FS16	7, 8	3	 	36
Financing of the real economy and the needs of society	FS7; FS13; G4-EC1				36
Combating corruption, fraud and unethical practices	G4-41; G4-56; G4-SO3; G4-SO4; G4-SO5; FS4	10	3		43

ESG RISK	GRI 4 cross-reference	Global Compact cross-reference	PRB cross-reference	SDG cross-reference	Pages
Data protection and privacy	G4-PR8	1;2	3		45
Customer relationship quality	G4-PR1; G4-PR2; FS5		3		45
Combating financial exclusion	FS14		2 (financial inclusion and health commitment), 6		41
Development of human capital	G4-EN34; G4-LA9; G4-LA10	3	5		48
Improvement in employees' working conditions	G4-11; G4-LA1; G4-LA4; G4-LA5; G4-LA6; G4-LA8; G4-HR4; G4-HR5; G4-HR6	3	5		49
Equality of opportunity	G4-10; G4-LA12; G4-LA13	1; 2; 3; 4; 5; 6	5		46
Long-term relationships with subcontractors and suppliers	G4-EN32; G4-EN33; G4-LA14; G4-LA15; G4-SO9; G4-SO10	1;2			46
Mobilization and coordination of members	G4-16				51
Governance diversity	G4-7; G4-34				51
Governance integrity and expertise	G4-38; G4-44				52



Independent verifier's report on the consolidated non-financial performance statement

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 member of the network of one of the statutory auditors of your group (the "entity"), we have completed work aimed at providing a reasoned opinion expressing a limited assurance conclusion on the compliance of the consolidated non-financial performance statement for the year ended December 31, 2021 (the "Statement") with the provisions of Article R. 225-105 of the French Commercial Code and on the accuracy of the historical information (observed or extrapolated) provided pursuant to Article R. 225-105 I, 3 and II of the French Commercial Code (the "Information") prepared based on the entity's procedures (the "Reporting Criteria"), presented in the management report pursuant to the provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code.

Conclusion

Based on the procedures we implemented, as described in the section entitled "Nature and scope of work", and the information we collected, we have not identified any material misstatements that could call into question the fact that the consolidated non-financial performance statement complies with the applicable regulatory provisions and that the Information, taken as a whole, is presented fairly, based on the Reporting Criteria.

Preparation of the non-financial performance statement

The absence of a generally accepted and commonly used reference framework or established practices that can be applied to assess and measure the Information allows for the use of different but acceptable measurement methods, which can affect comparability between the entities and over time.

Accordingly, the Information must be read and understood by referring to the Reporting Criteria, the material elements of which are presented in the Statement.

Preparation of the non-financial performance statement

As indicated in the Statement, the Information may be subject to uncertainty inherent in the state of scientific or economic knowledge and the quality of the external data used. Some information is sensitive to the methodological choices, assumptions and/or estimates used for its preparation and presented in the Statement.

Responsibility of the entity

Within the scope of this voluntary process, it is the Board of Directors' responsibility to:

- select or establish appropriate criteria for preparing the Information;
- prepare a Statement that complies with legal and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies applied in light of these risks as well as the results of these policies, including key performance indicators; and
- implement such internal control as it determines is necessary for the preparation of Information that contains no material misstatement, whether due to fraud or error.

The Statement was prepared based on the entity's Reporting Criteria as indicated above.

Responsibility of the independent verifier

Our responsibility, based on our work, is to provide a reasoned opinion expressing a limited assurance conclusion on:

- compliance of the Statement with the provisions of Article R. 225-105 of the French Commercial Code;

- the accuracy of the historical information (observed or extrapolated) provided pursuant to Article R. 225-105 I, 3 and II of the French Commercial Code, i.e. the results of policies, including key performance indicators, and actions related to the main risks.

As it is our responsibility to express an independent conclusion on the Information as prepared by management, we are not permitted to be involved in the preparation of such Information, as this could compromise our independence.

It is not our responsibility to express an opinion on:

- the entity's compliance with other applicable legal and regulatory provisions (in particular with respect to information provided for in Article 8 of Regulation (EU) 2020/852 (green taxonomy), the vigilance plan and the fight against corruption and tax evasion);
- the accuracy of the information provided for in Article 8 of Regulation (EU) 2020/852 (green taxonomy);
- compliance of the products and services with applicable regulations.

Independence and quality control

Our independence is defined by the provisions of Article L. 822-11 of the French Commercial Code and 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 related to this assignment.

Means and resources

Our work utilized the skills of four people and was carried out between April and May 2022 over a total period of two weeks.

To help us in performing our work, we used the services of our sustainable development and social responsibility specialists. We interviewed the persons responsible for preparing the Statement, who represent the CSR and climate risk departments.

Nature and scope of the work

Our work, described below, was carried out in accordance with the provisions of Articles A. 225-1 et seq. of the French Commercial Code, the professional

standards of the French Statutory Auditors' Association (Compagnie nationale des commissaires aux comptes) related to this assignment, and international standard ISAE 3000³⁷ :

- we reviewed the activity of all the entities included in the scope of consolidation and the presentation of the main risks;
- 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;
- we verified that the Statement covers each category of information provided for in Article L. 225-102-1 III of the French Commercial Code on social and environmental matters;
- we verified that the Statement presents the information provided for in of Article R. 225-105 II of the French Commercial Code when such information is relevant in light of the main risks and includes, where applicable, an explanation of the reasons for the absence of the information required by the second paragraph of Article L. 225-102-1 III of the French Commercial Code;
- we verified that the Statement presents the business model and a description of the main risks related to the activity of all the entities included in the scope of consolidation, including, where relevant and proportionate, the risks created by its business relationships, its products or services as well as the policies, actions and results, including key performance indicators related to the main risks;
- we consulted documentation and conducted interviews to:
 - assess the process for selecting and validating the main risks and the consistency of the results, including the key performance indicators used in light of the main risks and policies presented, and
 - corroborate the qualitative information (actions and results) presented in Appendix 1 that we considered the most important. Our work was carried out at the level of the consolidating entity and at Crédit Mutuel Alliance Fédérale, on a selection of contributing entities as listed below: Crédit Mutuel Sud Est and CIC Est;

- we verified that the Statement covers the consolidated scope, i.e. all the entities included in the scope of consolidation in accordance with Article L. 233-16 of the French Commercial Code, within the limits specified in the Statement;
- we reviewed the internal control and risk management procedures implemented by the entity and formed an appreciation of the data collection process aimed at ensuring the completeness and accuracy of the Information;
- for the key performance indicators and other quantitative results presented in Appendix 1 that we considered the most important, we implemented:
 - analytical procedures, which involved verifying whether the data collected was properly consolidated and the consistency of movements;
 - detailed sample-based testing, which involved verifying the correct application of definitions and procedures and comparing the data with the supporting documents. This work was carried out at Crédit Mutuel Alliance Fédérale, which covers 79% of the Group's workforce, on a selection of contributing entities as listed above, and covers 7% of the Group's energy consumption and 6% of its workforce;
- we formed an appreciation of whether the Statement 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.

Paris-La Défense, May 5, 2022

The independent verifier
EY & Associés

Caroline Delérable
Sustainable Development Partner

37. ISAE 3000 - Assurance engagements other than audits or reviews of historical financial information.

APPENDIX 1: INFORMATION CONSIDERED THE MOST IMPORTANT

Social/societal information

QUANTITATIVE INFORMATION (including key performance indicators)	QUALITATIVE INFORMATION (actions or results)
<p>Total number of hours spent on employee training</p> <p>Gender breakdown (management and non-management)</p> <p>SRI investments</p> <p>Assets in solidarity employee savings plans</p> <p>Microfinance: number and amounts of business microloans (via MFIs)</p> <p>Percentage of employees trained in AML/CFT</p>	<p>Employee training plan</p> <p>Actions taken to promote equality</p> <p>Actions taken to promote employee engagement</p>

Environmental information

QUANTITATIVE INFORMATION (including key performance indicators)	QUALITATIVE INFORMATION (actions or results)
<p>Carbon audit (own account)</p> <p>Amount of loans granted to professionals and farmers involving renewable energy</p>	<p>Reduction in the carbon footprint of the Group's buildings</p> <p>Sector policies for the integration of non-financial rules at the time of financing</p> <p>Actions to integrate climate risk into investments</p>

Information on governance

QUANTITATIVE INFORMATION (including key performance indicators)	QUALITATIVE INFORMATION (actions or results)
<p>Rate of increase in membership</p> <p>Number of directors - women</p> <p>Total hours of training given to directors</p>	<p>Actions taken to attract members</p>