



NON-FINANCIAL PERFORMANCE STATEMENT

CRÉDIT MUTUEL GROUP 2022

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Crédit  Mutuel

NON-FINANCIAL
PERFORMANCE STATEMENT
CRÉDIT MUTUEL GROUP 2022

CONFÉDÉRATION NATIONALE
DU CRÉDIT MUTUEL

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INTRO

This year, like last year, was marked by uncertainty for our business and that of our customers: inflation at a 30-year high, armed conflict on Europe's doorstep, impacts on energy markets that are dragging down economic recovery. Not to mention what is expected to transform our societies for years to come: climate and environmental change.

Crédit Mutuel does not, and has never, let itself be controlled by worry, withdrawal or herd behavior. We see these constraints as a new situation, a challenge that we will help our customers, mutual shareholders, partners and employees meet.

Because we owe that to each of them, especially the most vulnerable. Because development of the regions in which we operate depends on our commitment. Because it is in this turmoil that we must show the strength and sincerity of our mutualist values: closeness, responsibility and solidarity to serve the common good. Our customers and mutual shareholders can count on us!

In response to this new situation and new challenges for the banking sector, Confédération Nationale du Crédit Mutuel will continue to play its monitoring role, acting as a real control tower and watchtower, but also as a beacon with a duty to enlighten the group as a whole on the issues and key challenges facing the banking industry, and to serve as a forum to promote exchange, coordination and efficiency, for the benefit of the entire group and its common values. In this unusual year, the Crédit Mutuel group fulfilled its role for 36.6 million customers and 8.6 million mutual shareholders, and was able to count on the unwavering engagement of all its business lines and specialized subsidiaries, and each of its 83,600 employees.

Our results once again demonstrate the strength of this collective engagement, which is illustrated by the commitment made by our affiliates¹ to share the value they create together with their employees. To cite two recent examples: Crédit Mutuel Arkéa has begun measuring its non-financial impacts² and Crédit Mutuel Alliance Fédérale has created the social dividend³.

Unfortunately, the increasing number of extreme weather events teaches us that the environment is destined to be a cause that affects us all.

When they do not severely impact our customers, they force them to make a rapid transition, and in doing so, remind us of the essential role of our banking and insurance business, that of a partner that covers and finances.

Here again, we are committed to responding, consolidating and innovating!

In 2022, the Crédit Mutuel group focused on strengthening its tools by extending its involvement in the Net-Zero Banking Alliance, NZBA, with two key objectives: to better understand a climate risk that we wish to integrate into our overall risk management, and to develop products and services that will help to fight energy insecurity. The clear, robust sector policies adopted and implemented by the regional groups are also part of this commitment. Their aim is to reduce the emissions generated by our financing and allow us to gradually divest – at the earliest in 2027 – from fossil fuels.

We know that the situation will remain difficult in 2023 which, in our view, is another reason to reaffirm the proactive way in which we plan to confront it. To do so, we are backed by committed employees and 21,000 elected volunteer directors within the Crédit Mutuel network, who are strong, united and ready to meet the challenge and lend their support.



ISABELLE FERRAND
Chief Executive Officer, Confédération Nationale du Crédit Mutuel

NICOLAS THÉRY
Chairman, Confédération Nationale du Crédit Mutuel

1 - Crédit Mutuel Alliance Fédérale, Crédit Mutuel Arkéa, Crédit Mutuel Maine-Anjou et Basse Normandie, Crédit Mutuel Océan
2 - https://www.cm-arkea.com/banque/assurance/credit/upload/docs/application/pdf/2022-09/le_credit_mutuel_arkea_publie_la_mesure_en_euros_des_impacts_extra-financiers_du_groupe.pdf
3 - <https://presse.creditmutuelalliancefederale.fr/wp-content/uploads/2023/01/CP-Dividende-Societal-Credit-Mutuel-Alliance-Federale-05-01-2023.pdf>



PUT OUR COOPERATIVE MODEL TO WORK FOR REGIONAL DEVELOPMENT

The Crédit Mutuel group operates a full range of banking and insurance activities through its four regional groups¹ and their subsidiaries.

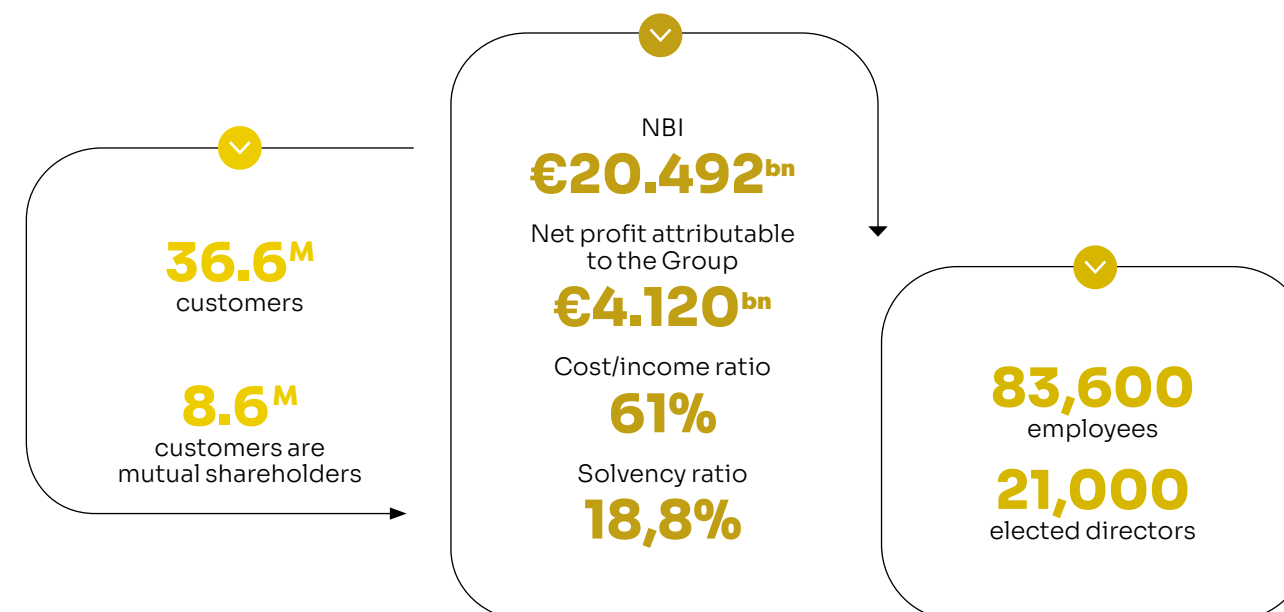
It consists of a group of cooperative banking and financial institutions with deep roots in the French regions and across the country. Its 83,600 employees serve 36.6 million customers, including 8.6 million mutual shareholders, to best meet the needs of individuals and regions.

These regional groups 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.

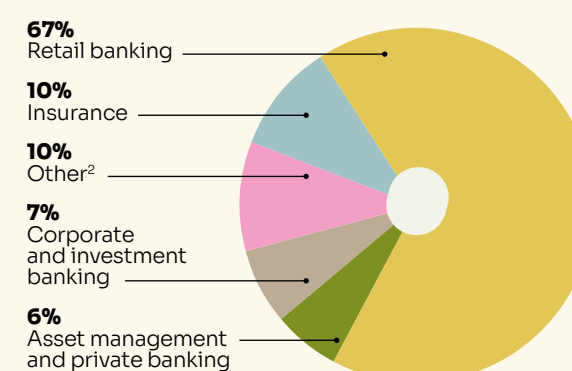
¹ – Crédit Mutuel Alliance Fédérale, Crédit Mutuel Arkéa, Crédit Mutuel Maine-Anjou et Basse-Normandie, Crédit Mutuel Océan.

1.1 KEY FIGURES

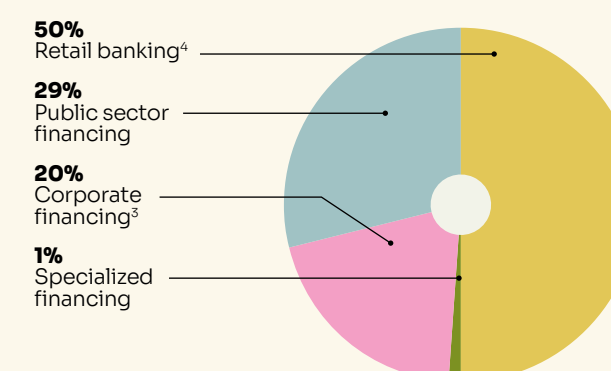
1.1.1 – Crédit Mutuel: key figures



BREAKDOWN OF 2022 NET BANKING INCOME



BREAKDOWN OF BALANCE SHEET EXPOSURES AT 12/31/2022



². Activities that cannot be assigned to another sector and subsidiaries involved purely in logistical support.
³. 54% of which are loans to SMEs and mid-caps (excluding retail banking).
⁴. Including mortgages, auto loans, consumer credit and loans to professionals and microenterprises.

1.1.2 – Main subsidiaries and partnerships: strong cooperation among the Group’s business lines

The Crédit Mutuel group is a full-service bank that carries out a wide range of activities to best serve its customers.



1.1.3 – Confédération Nationale du Crédit Mutuel

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

Confédération Nationale du Crédit Mutuel is thus in charge of⁵:

- collectively representing the Crédit Mutuel local 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

5 - Quoted from the French Monetary and Financial Code.

down existing banks, either by merging them with one or more other banks or through voluntary liquidation.

Ces missions, sont concrètement détaillées dans les statuts de la CNCM dont l’objet précise notamment qu’elle est chargée :

- ensuring the Group’s prudential soundness by ensuring stability and financial robustness;
 - representing the interests of its affiliates 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.

1.2 CONTRIBUTION TO REGIONAL DEVELOPMENT

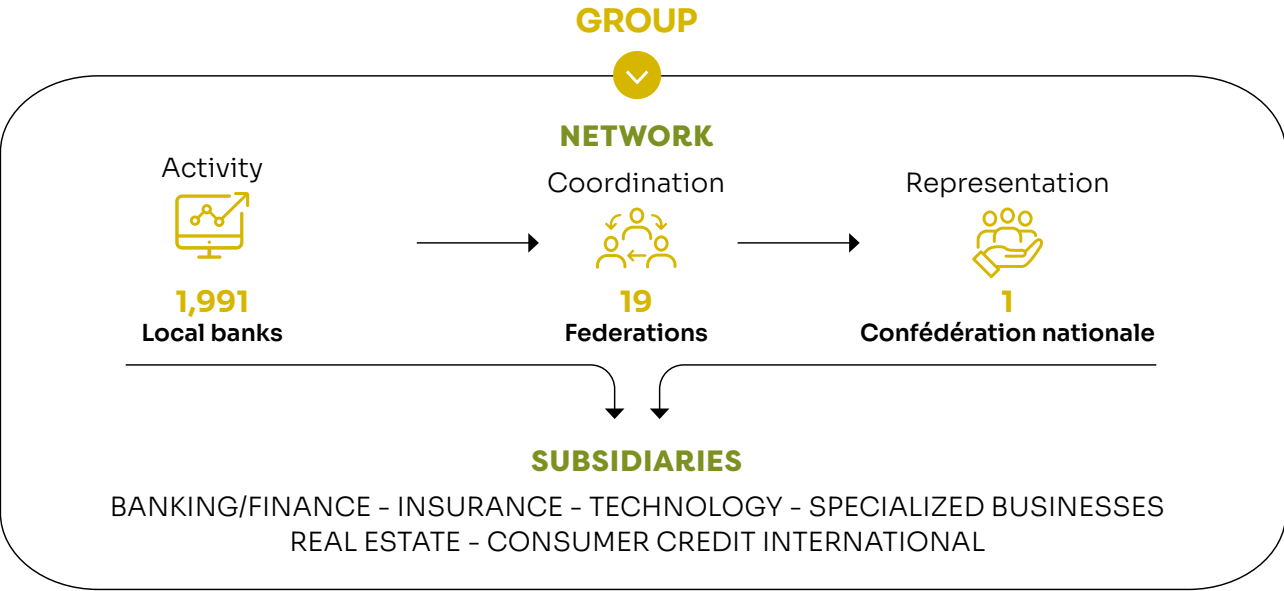
1.2.1 – The strength of a decentralized group

- The strength of our model lies in:
- its cooperative and decentralized structure, with 19 federations and 1,991 local banks:
 - mutual bank not listed on the stock exchange: its 8.6 million members own its capital in the form of mutual shares. Unlike a traditional bank, the Crédit Mutuel group is not focused on redistributing potential increases in equity to its stockholders;

- 1 mutual shareholder = 1 vote: all mutual shareholders can participate in their local bank’s General Meeting. They have equal voting rights that allow them to take part in decision-making and elect their representatives;
 - local presence: Crédit Mutuel is close to its customers and mutual shareholders because of its organization. Mutual shareholders are represented by elected volunteer directors. Crédit Mutuel can therefore remain within reach of its customers and mutual shareholders 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.

1.2.2 – 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 mutual shareholders is remunerated in accordance with the limits set by law.



A cooperative is also founded on the involvement of its members. Within the Group, our 8.6 million mutual shareholders 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 the 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 (Coop FR, EACB, Cooperatives Europe, Internationale Cooperative Alliance).

Crédit Mutuel fully adheres to and upholds the seven cooperative principles of the International Cooperative Alliance, which are supported by 318 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.

Coop FR, 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

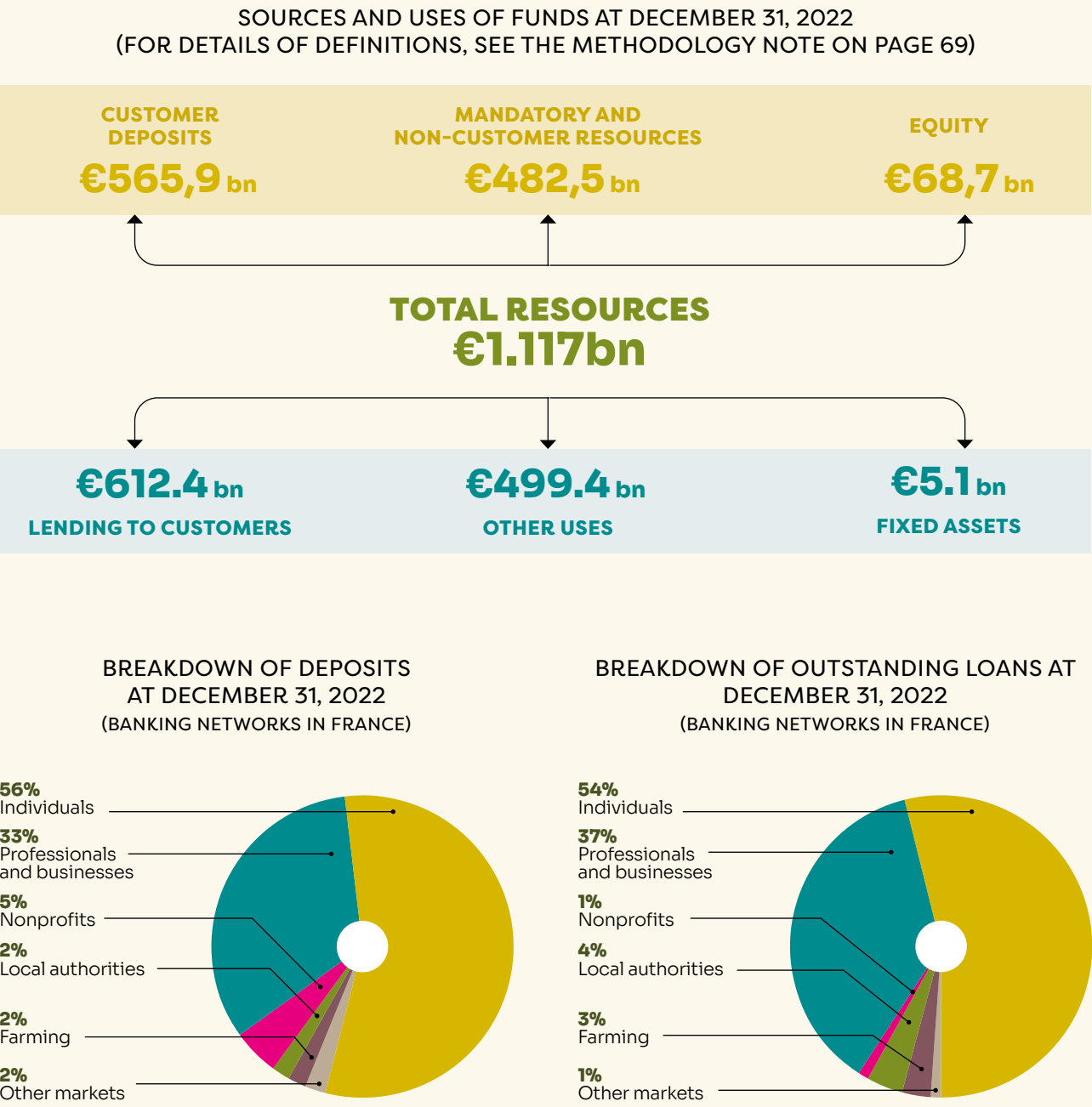
			2022	2021	2020	CHANGE 2022-2021
PRINCIPLE 1	Membership is voluntary and open to all	Number of mutual shareholders (in millions)	8.6	8.3	8.1	3%
		Increase in membership	3.1%	2.6% ¹	0.9%	-
		Percentage of customer who are mutual shareholders	81%	78% ¹	77%	-
PRINCIPLE 2	Power exercised democratically by the members	Number of directors - Local banks	20,223	20,454	21,610	-1%
		Number of directors - Federations	532	539	545	-1%
		Directors' rate of participation in Board of Directors' meetings - Federal bank	90%	86%	93%	-
		Percentage of women directors - Local banks	41%	39%	39%	-
		Percentage of women directors - Federations	33%	33%	31%	-
PRINCIPLE 3	Economic participation of members	Amount of capital stock (€M)	11,554	11,408 ¹	11,090	1%
		Average number of mutual shares owned by each mutual shareholder (in euros)	1,358	1,374 ¹	1,370	-1%
PRINCIPLE 4	Autonomy and independence	The bank is fully owned by its mutual shareholders				
PRINCIPLE 5	Education, training and information	Number of directors of local banks who took at least one training course during the year	18,039	13,745	6,203	31%
		Percentage of directors trained	89%	67%	29%	-
		Duration of training per director trained (hours)	3.08	3.02	2.96	2%
PRINCIPLE 6	Cooperation among cooperatives	Member of the ICA, Cooperatives Europe, Coop FR, 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 mutual shareholders.				

1. Corrected data.

1.2.3 - 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 mutual shareholders, 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 or savings account or equity consisting mainly of mutual shares held by its mutual shareholders and retained earnings. Crédit Mutuel’s customers therefore finance the businesses, associations and projects of individuals in their region.



CRÉDIT MUTUEL ARKÉA MEASURES AND PUBLISHES ITS NON-FINANCIAL PERFORMANCE

As a very concrete illustration of its ambition to be a bank with a positive impact on its environment, society and all its stakeholders, Crédit Mutuel Arkéa developed a unique methodology for measuring its non-financial performance in euros. It is based on the conversion into euros of the Group's impact observed through 24 environmental or socio-economic indicators.

After testing the application of this new methodology at Arkéa Banque Entreprises et Institutionnels, a Crédit Mutuel Arkéa subsidiary that provides financing to companies, institutions and real estate professionals, the Group's non-financial performance is now being measured on a broader scale (70% of financing, 95% of purchases and 90% of the workforce).

For 2022, non-financial performance was measured at €9.4 billion. Direct impacts (such as reducing its carbon footprint) account for 4% of this performance, indirect impacts (e.g. the use of local suppliers) represent 36%, and induced impacts (such as the contribution to access to healthcare) account for 60%.

It was found that €1 million of financing granted by Crédit Mutuel Arkéa generates an average of €165,000 in positive socio-economic impacts, proof of the Group's commitment to finance the regions and their stakeholders.

2

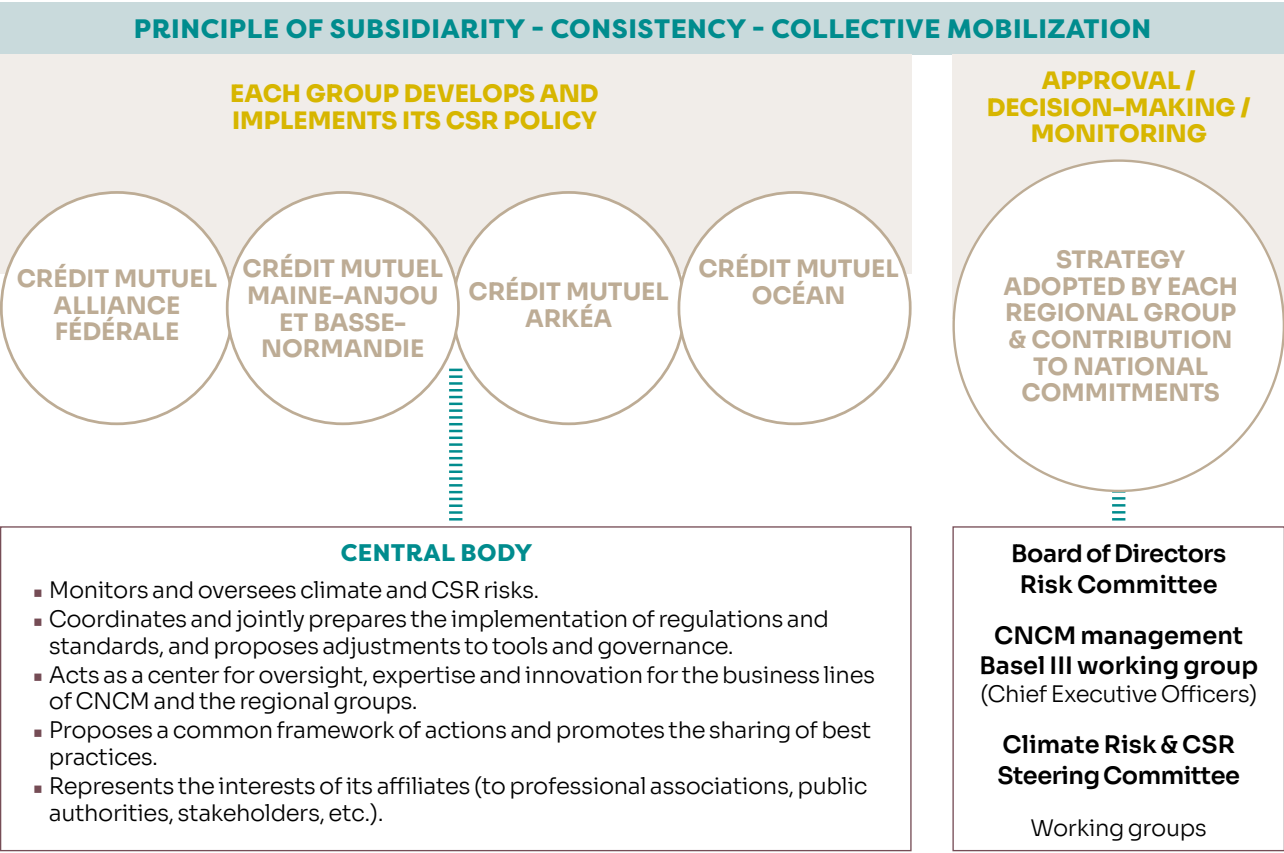


ORGANIZE AND ALLOCATE RESPONSIBILITIES FOR EFFECTIVE COORDINATION AND OVERSIGHT OF OUR ACTIONS

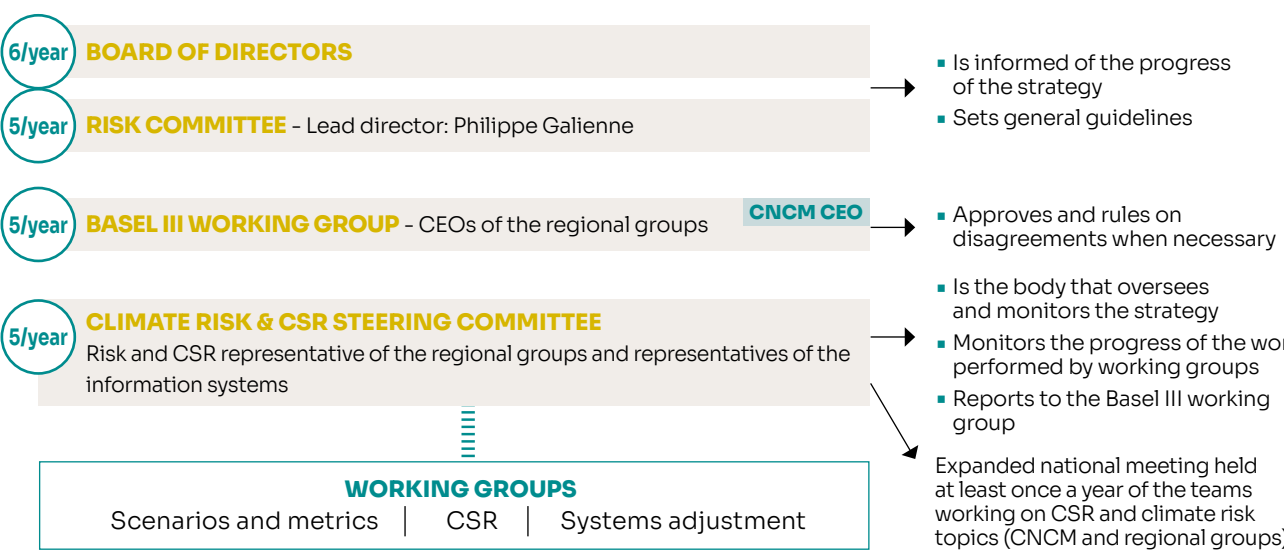
In response to societal and environmental challenges, the Crédit Mutuel group set up a specific governance structure to guide its CSR strategy and also adopted a consolidated action plan, which was co-developed with the regional groups and approved by the national executive and supervisory bodies.

2.1
GENERAL PRINCIPLES

The climate and CSR function of Confédération Nationale du Crédit Mutuel (CNCM) is part of the Risk Department. Its role is explained in the diagram below:



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 five times a year and reports to the Basel III working group, which includes the CEOs of the groups and the CEO of CNCM.

The Crédit Mutuel group's ESG governance has been organized so as to adapt to regulatory developments and the growing importance of climate and environmental issues.

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 adjustment" working group on upgrading IT and other tools to meet CSR and climate needs.
- Participants in these working groups are nominated by each of the four regional groups.
- In 2022, the "Climate Risk & CSR" Steering Committee met five times. Based on the work carried out in the working groups, the Committee reviewed the following topics:
- the European Central Bank's thematic review and the proposed action plan;
 - delivery of the ECB climate stress test;
 - monitoring of physical risk mapping and scoring;
 - monitoring of work related to regulatory reporting (green taxonomy, Pillar 3);
 - monitoring of integration of climate risks into the risk tools (risk dashboard, ICAAP, materiality matrix);
 - monitoring and updates on climate, environmental, social and governance issues (ACPR/AMF report, progress of banking industry projects, including

convergence of methodologies for defining alignment of portfolios with a net zero trajectory by 2050, etc.).

Lastly, in accordance with their monitoring role, the Risk Committee and the Board of Directors of Confédération Nationale du Crédit Mutuel approve the general guidelines. A director with specific responsibility for climate and CSR issues sits on the committee.

The CNCM's Risk Committee:

- analyzed the impacts of the political environment, the energy and climate crisis and the increased regulatory risk associated with supervisory expectations related to climate risk;
- was informed of all the stages and results of the banking industry stress tests;
- reviewed the European Union's expectations regarding the new climate reporting (Pillar 3, green taxonomy, etc.);
- noted the results of the European Central Bank's thematic review and the follow-up letter sent to the Crédit Mutuel group;
- approved the enhancement of the risk appetite framework.

The Board of Directors also addressed environmental, social and governance issues. It analyzed the Crédit Mutuel group's statements regarding climate and environmental risks as part of the ECB climate stress test, reviewed the 2021 Non-financial performance statement and monitored the results of the climate stress test.

TRAINING ON CLIMATE ISSUES FOR CRÉDIT MUTUEL MAINE-ANJOU ET BASSE-NORMANDIE DIRECTORS AND EMPLOYEES

At its Chairmen's Conference, Crédit Mutuel Maine-Anjou, Basse-Normandie offered awareness training on climate and environmental issues for its Board of Directors, central managers and local bank chairmen and managers through the Climate Fresk organization.

And since climate is everyone's business, the company decided to also offer this training to its 1,600 employees and 860 elected directors. A call for volunteers interested in bringing Climate Fresk to their peers was launched. Over 100 elected directors and employees applied for a chance to lead these collaborative workshops to raise awareness of systemic climate change mechanisms and provide the more than 1,000 training days scheduled until May 2023.

TRAINING ON CLIMATE ISSUES FOR CRÉDIT MUTUEL ARKÉA DIRECTORS AND EMPLOYEES

Since March 2022, more than 5,500 employees and directors have participated in Climate Fresk, a collaborative workshop that provides an understanding of climate change issues. The Group decided to build on this success and take it up a notch by offering this Climate Fresk training to all its employees and directors by the end of 2024. To roll out this workshop on a wide scale, a community of Climate Fresk facilitators made up of volunteer employees trained in educating their colleagues about these issues was created.

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 – Niveau Active	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) - Groupe La Française (2010) - Crédit Mutuel Asset Management (2012) - CIC Private Debt (2014) - BLI – Banque de Luxembourg Investments S.A. (2017) - Schelcher Prince Gestion (2018) - Arkéa Capital (2019) - Suravenir (2019) - Duby Transatlantique Gestion (2020)	The six Principles for Responsible Investment are a voluntary and aspirational set of investment principles that offer a menu of possible actions for incorporating ESG issues into investment practice.
2019	Principles for Responsible Banking (PRB) ⁶	Crédit Mutuel group	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.
2020	Poseidon Principles	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) ⁷	Crédit Mutuel group	At the initiative of the banking sector and in coordination with the financial initiative of the United Nations Environment Programme (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.

6 - More details on page 33.
7 - More details on page 33.

DATE SIGNED	COMMITMENT	ENTITY	CONTENT
2021	Net-Zero Asset Managers Initiative	La Française Asset Management (2021)	The Net-Zero Asset Managers Initiative is an international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5°C, and to supporting investing aligned with net zero emissions by 2050 or sooner.
2021	PRB - Commitment to financial health and inclusion	Crédit Mutuel group	Pursuant to the Principles for Responsible Banking (PRB) and in coordination with the financial initiative of the United Nations Environment Programme (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 (2021) Federal Finance Gestion (2021) Schelcher Prince Gestion (2021) Crédit Mutuel Asset Management (2021) La Française Groupe(2022)	The Finance for Biodiversity Pledge initiative 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.

3.2
PARTICIPATION IN FINANCIAL SECTOR
INITIATIVES IN EUROPE AND FRANCE

Crédit Mutuel actively contributes to financial sector initiatives in France and Europe.

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) 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, Observatoire de la Finance Durable, green taxonomy, convergence of measurement and alignment methodologies, integration of ESG risks into Pillar III reports, CSRD - Corporate Sustainable Reporting Directive, etc.).

Crédit Mutuel also takes part in industry-wide responses to numerous ESG consultations at the 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 is updated annually and resulted in a number of achievements in 2022, as described below.

4.1
OUR ACTION PLAN

Crédit Mutuel’s consolidated action plan is centered around three priorities:

- **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.

Its aim 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 Climate Risk and CSR Steering Committee, which provides regular updates on the status of projects to the executive and supervisory bodies.

It is based on:

- regulations and supervisors’ expectations;
- goals announced 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.



4.2
OUR MAIN ACHIEVEMENTS IN 2022

GOVERNANCE AND CULTURE

In early 2023, the executive officers and directors were given access to two new climate indicators in the risk dashboard, namely a breakdown of loans by level of exposure to physical risk and a breakdown of real estate loans by energy performance rating

- Expansion of the national CSR and climate risks division
- Awareness training on climate risk management and green finance for Crédit Mutuel Océan’s managers

PPRINCIPLES FOR RESPONSIBLE BANKING

Publication of a first series of alignment targets for the oil & gas and electricity production sectors within the framework of the Net-Zero Banking Alliance for Crédit Mutuel Alliance Fédérale

CARBON AUDIT

Consolidation and publication of scopes 1, 2 and 3 at group level (excluding financing for the time being)

IDENTIFICATION OF GREEN ASSETS

Calculation of the green taxonomy eligibility ratio

- Definition, rating and reporting of chronic and acute physical climate risks to which our customers may be exposed
- Identification of energy performance certificates (EPC) for our customers, particularly in the context of the ECB stress test and Pillar 3 report

INCLUSION OF CLIMATE RISK CRITERIA IN THE RISK TOOLS

Development of a national climate risk materiality matrix

- Further integration of climate and environmental risks into day-to-day risk management: national mapping, risk appetite framework, ICAAP, RACI⁸ and risk section of the financial report, including the integration of liability/reputational risk

REGULATORY/SUPERVISORY

Participation in the ECB’s thematic review on climate and environmental risk management and updating of our national action plan accordingly

- Participation in the FBF’s work on defining sector-specific non-financial indicators

CARBON MEASUREMENT OF FINANCED ASSETS

Active contribution to the FBF’s work on measuring the carbon footprint and trajectory

CLIMATE STRESS TESTS

Participation in the pilot climate stress test conducted by the ECB

8 - Annual internal control report.

5



IDENTIFY OUR NON-FINANCIAL RISKS TO KEEP THEM UNDER CONTROL

Confédération Nationale du Crédit Mutuel drew on an analysis of the main ESG (environmental, social and governance) risks of the Crédit Mutuel group to identify its most strategic CSR issues, in line with current and/or future regulatory developments (particularly the CSRD – Corporate Sustainable Reporting Directive).

This analysis led to the definition of a CSR risk universe, with risks 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 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	Risks of controversial financing and investment 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 ■ Development of a specific climate risk materiality matrix 	<ul style="list-style-type: none"> ■ Eco PTZ (zero-interest loans) ■ Green asset ratio (taxonomy- eligible assets) ■ Exposures to ACPR sensitive sectors ■ Breakdown of real estate loans by energy performance rating⁹ 	<p>€791m (page 42)</p> <p>34% (page 46)</p> <p>4.8% (page 30)</p> <p>39% of the real estate portfolio rated EPC D (page 41)</p>
Integration of climate change	Risk that our business may have a negative impact on climate change Failure to integrate physical risk and transition risk	<ul style="list-style-type: none"> ■ Calculation of greenhouse gas emissions ■ Calculation of induced emissions (scope 3 – financing by Crédit Mutuel Alliance Fédérale) ■ Development of a specific climate risk materiality matrix 	<ul style="list-style-type: none"> ■ GHG emissions (organization level) ■ Carbon footprint of the corporate credit portfolio (Crédit Mutuel Alliance Fédérale) ■ Number of incidents related to weather hazards impacting Crédit Mutuel facilities ■ Portion of the portfolio highly exposed to chronic risk¹⁰ ■ Portion of the portfolio highly exposed to acute risk 	<p>449,676 eq. tons CO₂ (page 47)</p> <p>158.2 eq. tons of CO₂/€m (page 40)</p> <p>86 incidents in 2022 (page 31)</p> <p>5% (page 31)</p> <p>1.8% (page 31)</p>

¹⁰ - see the Crédit Mutuel group's Pillar 3 report: <https://www.creditmutuel.com/partage/fr/CNCM/telechargements/presse-et-publications/publications/2023/2022-Information-relatives-au-Pilier-3-de-Bale-III-Exercice-2022.pdf>

¹¹ - see the Crédit Mutuel group's Pillar 3 report: <https://www.creditmutuel.com/partage/fr/CNCM/telechargements/presse-et-publications/publications/2023/2022-Information-relatives-au-Pilier-3-de-Bale-III-Exercice-2022.pdf>

SOCIAL

ISSUE	RISK	RISK CONTROL MEASURES/ COMMITMENTS	KEY MANAGEMENT INDICATORS	RESULTS/ PAGE NO.
ESG criteria in loan and investment decisions	Risks of controversial financing	■ SRI ■ Adoption of sector policies	■ Share of assets under management classified as SFDR Article 8 or 9 ■ Number of sectors covered by a sector policy	66% (page 50) 7 sectors on average (page 39)
Financing the real economy and the needs of society	Risk of an offering that does not meet the needs of the regions	■ Regional coverage ■ Organization by market	■ Local public sector financing ■ Number of nonprofit customers ■ Outstanding regulated social loans (low-income rental housing loans, social lease-ownership loans)	€17bn (page 54) 549,747 (page 53) €1.104bn (page 52)
Combating corruption, fraud and unethical practices	■ Corruption risk ■ Compliance risk, non-compliance with customer protection rules	■ Employee training ■ Creation of an AML/CTF unit within the Compliance department ■ HATPL reporting process	■ Percentage of employees trained ■ Number of employees responsible for AML/CTF	86% (page 57) 399 (page 57)
Data protection and privacy	Risk of a data security breach	■ Technical security measures, CISO/DPO, ■ GDPR training	■ The regional groups provide employee training in protection of customers' personal data.	Qualitative indicator (page 58)
Customer relationship quality	Risk of loss of customers and attractiveness	Complaint management at the regional level: ■ Regular quality assessments ■ Satisfaction survey ■ Adaptation of the proposed offerings Mediation unit coordinated at the confederal level	■ Number of eligible complaints submitted to the bank ombudsman ■ Number of decisions favorable to the customer	1,239 (page 59) 407 (page 59)
Combating financial exclusion	Loss of net banking income	Support for vulnerable customers by offering special packages of banking services Development of personal and business microloans	■ Number of personal microloans granted by Crédit Mutuel in 2022 ■ Number of assisted microloans and additional loans granted (ADIE, France Active Garantie, Initiative France) ■ Amount of assisted microloans and additional loans ■ Number of customers benefiting from the vulnerable customers offering	991 (page 55) 7,002 (page 55) €64m (page 55) 83,640 (page 55)
Development of human capital	Compliance risk, non-compliance with customer protection rules	■ National and local agreements ■ Training plans and tools	■ Percentage of employees who took at least one training course during the year ■ Average number of training hours per employee per year	97% (page 64) 32 hours (page 64)
Improvement in employees' working conditions	Absenteeism risk Turnover risk Risk of damage to customer relations	■ National and local agreements ■ Awards obtained	■ Total number of days of absence	1,105,969 (page 65)
Equality of opportunity	Risk of discriminatory practices (in recruitment, remuneration and career management)	■ National and local agreements	■ Gender breakdown (management and non-management) ■ Percentage of employees who are disabled ■ Percentage of women in managerial promotions	45% of managers are women 67% of non-management staff are women (See page 62) 3.1% (page 60) 41.8% (page 60)
Long-term relationships with subcontractors and suppliers	Risk of non-compliance with the vigilance plan	■ Vigilance plan ■ Supplier relations charter	■ 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	Risk of the mutualist model being undermined	■ Coverage of the distribution network ■ Cooperative review	■ Percentage of customers who are members	81% (page 10)
Governance diversity and independence	Risk of decisions not consistent with the Group's strategy	Monitoring of the gender breakdown within the governing bodies and the representativeness of directors	■ Breakdown of directors by socioeconomic group ■ Percentage of women directors	Voir page 68 Caisses locales : 41% Fédérations : 33% (page 68)
Directors' integrity and expertise	Risk of unsuitable skills	Training plan for directors at regional group level	■ Average attendance rate at Board of Directors' meetings ■ Average attendance rate at Committee meetings ■ Percentage of directors receiving training	90% (page 67) 91% (page 67) 89% (page 68)

6



INTEGRATE CLIMATE AND ENVIRONMENTAL RISKS INTO OUR OBJECTIVES

6.1 GOUVERNANCE

Climate and environmental risk governance is in line with that of the CSR policy and the work carried out on the 13 project areas in the national action plan, presented in section 2 (page 20).

6.2 OBJECTIVES

Climate disruption and environmental damage are sources of structural changes that can affect economic activity and, consequently, the financial system. They are therefore a systemic issue that impacts the Crédit Mutuel group. As a result, climate and environmental risks are managed specifically while also being treated as risk factors that can directly or indirectly change or increase exposure to existing risks.

These risks are viewed according to key areas of analysis, allowing a materiality analysis to be performed as well as specific work on all risks in question.

6.2.1 – Our vision

Within the Crédit Mutuel group, climate and environmental risks are identified, assessed, monitored and managed.

Definitions

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

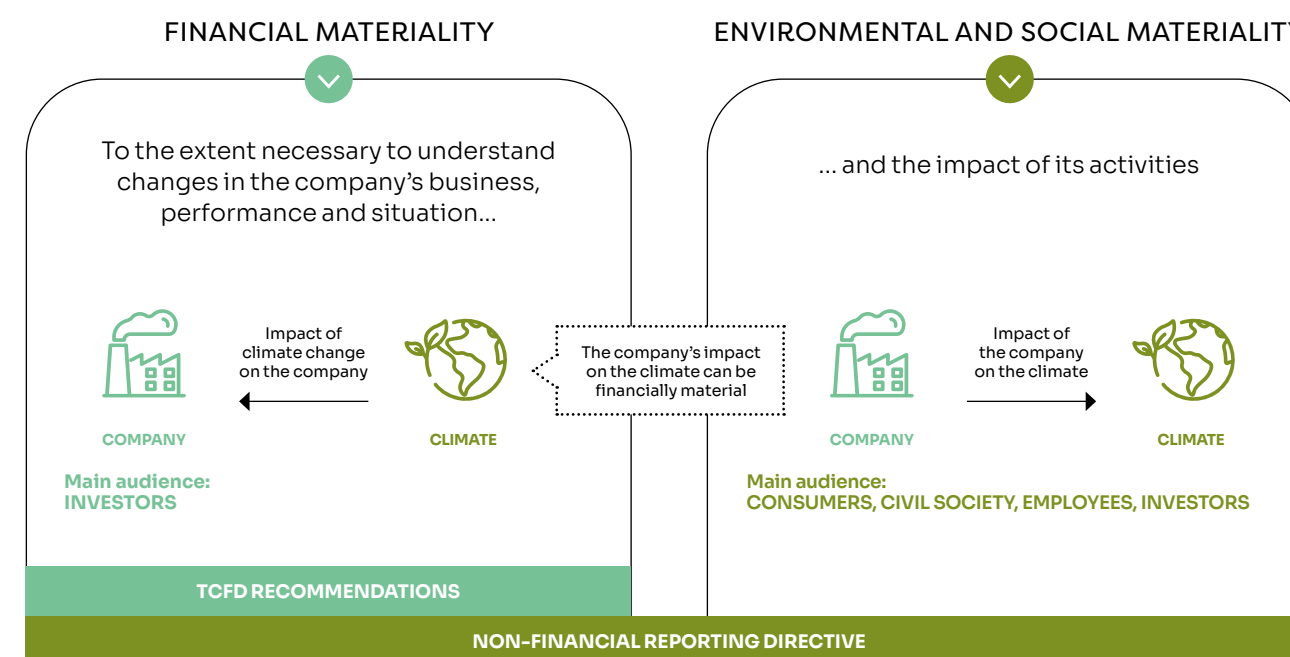
Physical risk refers to the direct losses caused by climate change (in particular, the proliferation of extreme climate events and gradual shifts in the climate) and environmental damage (such as air, water and ground pollution, water stress, the loss of biodiversity and deforestation).

Liability and reputational risk are also included in the scope covered (see section 6.2.2.3), as are non-climate environmental risks (see section 6.2.2.4).

Double materiality

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

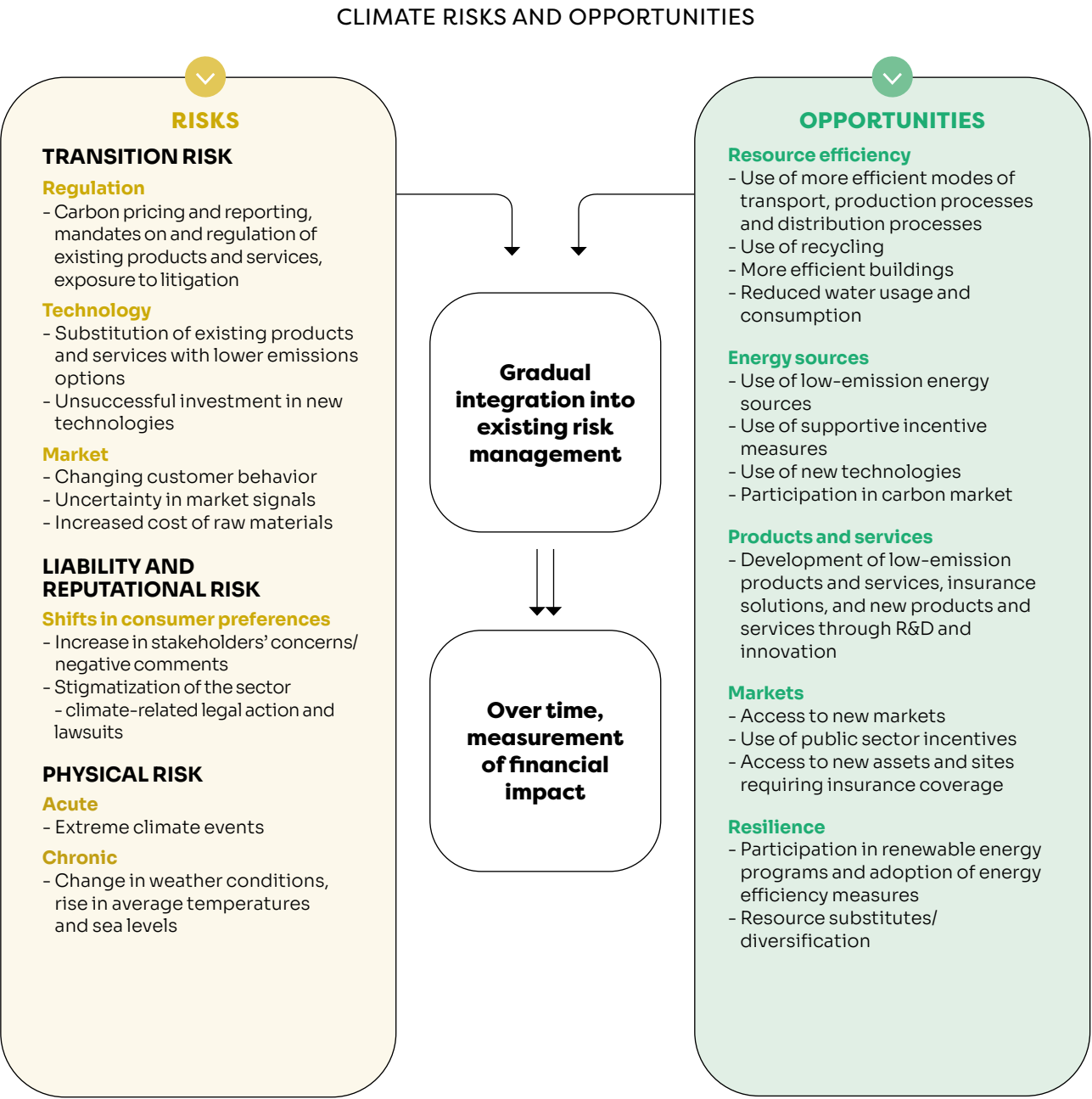
- assessment of the potential and proven impacts of climate change and environmental risks on all the Group's activities, on the one hand; and
- assessment of the impacts of these activities on climate and environmental factors, on the other.



Matrix risks that create 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 lower-carbon economy. Seeing the transition as an opportunity is therefore essential to finance and build the economy of tomorrow, by adapting business strategies and models.



The Crédit Mutuel group's goal is to have each of the regional groups incorporate these risks and opportunities and the related issues into their own climate strategies.

A global energy transition is needed to move to lower-emission energy sources.

Improvements in the energy efficiency of industries, buildings and homes, vehicles and other energy-consuming sectors are needed. This will require significant investment in all sectors. The regional groups are helping their customers, who represent a wide swath of the real economy, by encouraging and supporting their transition.

6.2.2 – Materiality analysis

The transmission of climate and environmental risks to other risks (particularly credit risks) occurs in many ways and differs according to whether physical or transition risks are assessed. That is why 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, particularly by developing a climate risk materiality matrix;
- adapt existing tools and processes, if necessary;
- implement management indicators.

In order to have a holistic, well-documented view of the impact of climate and environmental risks on existing risk categories, the Crédit Mutuel group has developed a national materiality matrix for physical and transition risks.

This materiality analysis was prepared by experts in collaboration with the regional groups and the relevant risk managers based on several methodological principles:

- Production of a common structure, to be adapted by each regional group based on the specific characteristics of its model;

- Analysis of all risk categories in the national risk mapping including, when possible, qualitative justifications and quantitative and forward-looking criteria;
- Study over several time horizons: short-term (<3 years), medium-term (3-10 years), long-term (>10 years). 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 conventional financial risks and requires projections over a long period;
- Independent analysis of the impact of physical risks and transition risks;
- Monitoring of IPCC's RCP 8.5 scenario¹¹ for the physical risk analysis;
- Monitoring of the NGFS' orderly transition scenario¹² for the transition risk analysis.

The climate risk materiality analysis is conducted in light of the Crédit Mutuel group's risk appetite and does not currently include double materiality. The procedure provides for an annual reassessment of the method that may eventually include it, in combination with other work being carried out.

The results are as follows:

CREDIT MUTUEL GROUP'S CLIMATE RISK MATERIALITY MATRIX

RISK CATEGORY	PHYSICAL RISK			TRANSITION RISK		
	Short-term <3 years	Medium-term 3-10 years	Long-term >10 years	Short-term <3 years	Medium-term 3-10 years	Long-term >10 years
Credit risk	+	++	++	+	+++	++
Operational risk	+	++	+++	+	++	++
Market risk	+	++	++	+	++	++
Interest rate risk	+	+	+	+	+	+
Liquidity risk	+	+	+	+	+	+
Conglomerate's insurance risk	+	+	++	+	+	++
Equity risk	+	+	+	+	+	+
Strategic risk and business risk	+	+	++	++	+++	+++

- +++ High impact
- ++ Medium impact
- + Low impact

11 - United Nations Intergovernmental Panel on Climate Change.
12 - Network on Greening the Financial System.

The impact of physical and transition risks is generally more significant after three years.

Transition risks mainly materialize over the medium and long term, with a significant impact on credit and strategic risks. The highest increase in probability of default may occur in companies in business sectors that produce or consume large amounts of fossil fuel (transport, chemicals, metallurgy, agri-food) and in sectors impacted by technology shocks (automotive). In addition to banking, a very significant increase in transition risk may impact asset management and insurance activities. Moreover, if the Group fails to adapt to the expectations and constraints of an orderly transition scenario, it may find itself in strategic impasses over the long term that could result from a combination of competition, technology and regulatory risks.

Physical risks would materialize with a significant impact on long-term operational risk, linked to an increase in physical risk over time due to the frequency and severity of acute and chronic events impacting physical assets. The Crédit Mutuel group has in fact noted an increase in the cost of damage related to natural events in recent years. System malfunctions may also increase as a result of the associated physical constraints.

This analysis helped to guide (and confirm, for actions already undertaken) the regional groups’ strategic choices. Actions aimed at mitigating these risks are presented in section 6.2.3.3.

6.2.2.1 Transition risks

Transition risks, as defined in section 6.2.1, can materialize in different ways depending on the business sector¹⁴. The Crédit Mutuel group therefore classifies loans according to transition risk as part of its loan monitoring process, whereby it analyzes:

- its exposure to sectors identified as sensitive on a semi-annual basis (see below) ;
- its exposure to fossil fuels, to which sector policies apply (see section 6.4.2);
- its outstanding loans to taxonomy-eligible sectors (see section 6.4.3.2);
- the energy performance of financed buildings (see section 6.4.2).

4.8% of total exposures concern companies in the sectors that, according to the ACPR’s guidelines, are most sensitive to transition risk, such as energy, metals, chemicals and crop and animal production. For the Crédit Mutuel group, this necessarily implies supporting these companies in their transition to a low-carbon economy. Retail banking customers (mortgages, auto loans, consumer credit and loans to professionals and microenterprises) also benefit from transition support (section 7).

As part of the materiality analysis of its transition risk exposures and the work this gives rise to, the Crédit Mutuel group is analyzing several transition scenarios. All these scenarios are public and from scientific sources.

ORGANIZATION	SCENARIOS USED	TIME HORIZON	USE
International Energy Agency (IEA)	Net Zero 2050 (NZE)	2050	■ Alignment of electricity and oil & gas production portfolios (CMAF scope)
Network for Greening the Financial System (NGFS)	Disorderly Orderly Hot house world	2050	■ Climate scenario analysis ■ Climate stress tests ■ Materiality matrix
International Maritime Organization (IMO)	GHG study scenario RCP 2.6	2050	■ Alignment of maritime transport portfolio (CMAF scope, Poseidon Principles)
Intergovernmental Panel on Climate Change (IPCC)	RCP 8.5	2050	■ Physical risk ■ Materiality matrix

6.2.2.2 Physical risks

Physical risk, as defined in section 6.2.1, 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.

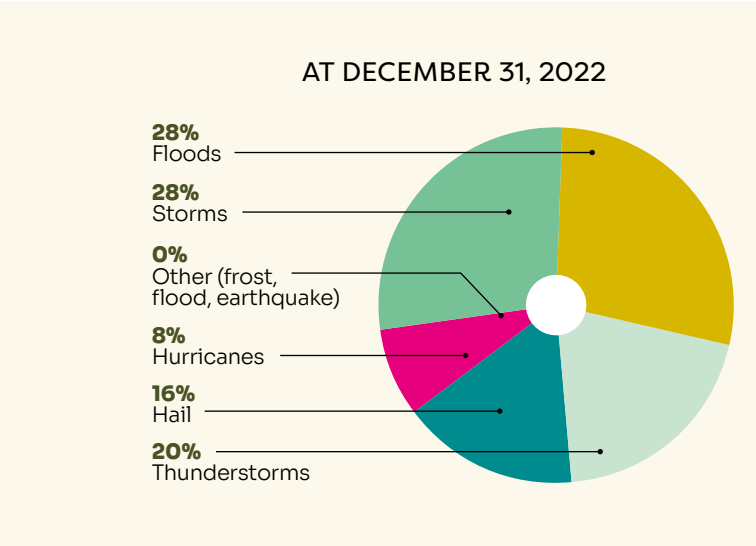
To better identify its vulnerability to physical risk, the Crédit Mutuel group is working to determine the exposure of its infrastructure and financed assets to physical climate risks.

Crédit Mutuel group’s exposure to physical risk

In terms of its infrastructure, the Crédit Mutuel group 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.

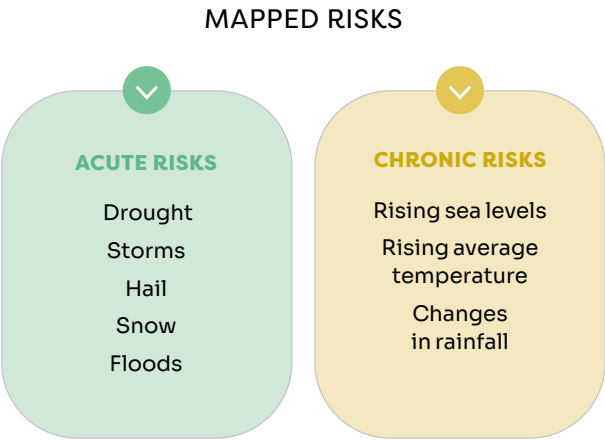
The goal is to extend the risks covered and, at the same time, help develop a tool to assess the vulnerability of the Group’s customers to physical risk. As part of its monitoring of loss events involving the Group’s buildings, the risk department also collects data on damage to its facilities related to natural events.

In 2022, 86 weather-related incidents were recorded, representing an 11.6% increase compared with 2021. The causes of these incidents break down as follows:



Crédit Mutuel group customers’ exposure to physical risk

On the customer side, at the decision of the governance bodies, work has been carried out since 2021 by a special taskforce, in line with the Group’s consolidated action plan. The result is a clear view of the vulnerability of economic assets in exposed areas, mapped for the following risks:



This work led to the creation of risk maps that include the following methodological characteristics:

- granularity at the postal code level for France, which represents 83% of the Group’s outstanding loans at 12/31/2022;
- 5-level risk scale;
- historical and forward-looking data (through 2050), from public and scientific sources.

The aim of these risk maps is to give the Crédit Mutuel group insight into the exposure of its financing to physical risks. They identify the levels of exposure of the Group’s customers to the mapped risks. Nearly 5% of the Group’s outstanding loans appear to be very exposed to chronic risk, and 1.8% to acute risk. A sector analysis of these results shows that the sectors with the most loans highly exposed to chronic risks are residential real estate, commercial real estate, building services and public works. This is due to a strong geographical dispersion of these activities. The percentage of loans highly exposed to physical risks by sector varies from zero to six for chronic risks, and from zero to two for acute risks. It should be noted that this analysis covers only the reporting scope of Pillar 3 tables, the scope of which is not representative of all the Group’s activity¹⁵.

14 - According to the ACPR, these seven 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, waste collection, treatment and disposal activities; materials recovery, remediation activities and other waste management services.
15 - As well as other indicators related to this risk, presented in section 6.4.

15 - NACE sectors A, B, C, D, E, F, G, H, L, loans secured by residential and commercial real estate and repossessed collateral.

Internally, the study methodology is meant to cover all the Group's financing (all asset classes and all sectors) in France.

A breakdown of highly exposed loans has been published since early 2023 in the Group's Pillar 3 reports, which are available on its website. Work will continue in 2023, in particular to include new risks and new countries. In addition, ongoing efforts are made to fine-tune and improve the methodology, particularly the quality and availability of source data.

6.2.2.3 Liability risk

Physical and transition risks can also generate other losses, arising directly or indirectly from legal action (commonly known as "liability risk") and the reputational losses that could occur if the public, counterparties and/or investors in the institution associate the bank with adverse environmental impacts ("reputational risk").

These risks were included in the Crédit Mutuel group's national risk mapping in 2022. A national project was launched to allow a specific and granular review, and to ensure its integration into all risk management processes. This work will be done by leveraging all pre-existing processes at the regional groups, particularly the alert and crisis management procedures in the event of controversies related to the Group's customers. In addition, when credit is granted to companies, pre-approval processes with an ESG component are in place.

6.2.2.4 Non-climate environmental risks

The Crédit Mutuel group is aware that it has a major role to play with regard to the environment that goes beyond climate issues. Indeed, other issues such as biodiversity loss, protection of natural capital and air and water pollution appear to be crucial and systemic.

Since 2021, the regional groups have taken initiatives in this area:

- Signing of the Finance For Biodiversity Pledge by Crédit Mutuel Arkéa, Federal Finance Gestion and Schelcher Prince Gestion, and by Crédit Mutuel Asset Management;
- Crédit Mutuel Océan's status as ambassador for the "Ohé la Terre" endowment fund that promotes biodiversity, agroforestry and the environment.

In 2022, the Crédit Mutuel group closely monitored natural capital and biodiversity protection. It actively contributed to working groups of the French Banking Federation and the United Nations Environment Programme, the main objectives of which are to monitor legal, scientific and regulatory developments in the area of biodiversity and its implications for the financial sector.

The Climate Risk & CSR Steering Committee approved the launch of a national project for 2023. A national working group was therefore set up to allow a specific and granular review, and to ensure its integration into all risk management processes.

CRÉDIT MUTUEL ALLIANCE FÉDÉRALE ANNOUNCES AN END TO FINANCING IMPORTS OF PRODUCTS DERIVED FROM DEFORESTATION

Under the impetus of the European Parliament, the European Union is seeking to ban imports that contribute to deforestation worldwide. This is an urgent and necessary measure to fight climate disruption and preserve biodiversity. Crédit Mutuel Alliance Fédérale supports this move and will adopt a sector policy to combat deforestation. This will entail the exclusion of all funding that could contribute directly or indirectly to the destruction of forests, particularly irreplaceable tropical forests.

This new policy will see Crédit Mutuel Alliance Fédérale step up its environmental commitments and enshrine a framework governing the banking and investment transactions of all of its entities to help preserve biodiversity and combat climate change. These financing rules, targeting those sectors that contribute most to the degradation of forest ecosystems and focused on limiting their negative impacts, will be published at the end of the first half of 2023. They will be supplemented regularly to extend their scope of application both geographically and economically in line with the roadmap to reduce the carbon footprint of Crédit Mutuel Alliance Fédérale's activities.

6.2.3 – Our commitments

6.2.3.1 Signing of international commitments and national action plan

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 published its contribution 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 (see PRB report - <https://www.creditmutuel.com/fr/publications/rapports-annuels.html>);
- The Crédit Mutuel group joined the Net-Zero Banking Alliance in May 2021, thereby pledging to align the decarbonization trajectories of its portfolio with the goals of the Paris Agreement.

These commitments (presented in section 3.1 along with the Group's other commitments) and all the resulting actions are consolidated in the action plan presented in section 4.1 of this document (page 20). 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.

6.2.3.2 Commitment to carbon neutrality: alignment targets

On May 25, 2021, 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.

A first series of targets was published for Crédit Mutuel Alliance Fédérale, which represents:

- 98% of the Crédit Mutuel group's financing in the oil and gas sector;
- 86% of the Crédit Mutuel group's financing in the electricity production sector.

In keeping with its benefit corporation status and in an effort to combat climate disruption, Crédit Mutuel Alliance Fédérale is strengthening its environmental commitments and now publishes its 2030 targets under the Net-Zero Banking Alliance in two of the most carbon-emitting sectors: oil and gas and electricity production. Based on the NZE scenario, Crédit Mutuel Alliance Fédérale's goal is to reduce the carbon footprint of its financing in the oil & gas sector by 30% by 2030.

By 2030, Crédit Mutuel Alliance Fédérale has pledged to have more than 90% of its financing related to electricity production in projects or counterparties that emit less than 100g of CO₂/kWh.

6.2.3.3 Regional groups' risk mitigation strategies

At their own initiative, several Crédit Mutuel group entities have pledged 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)¹⁶, Crédit Mutuel Arkéa¹⁷ and Crédit Mutuel Océan;
- 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)¹⁸,
 - Crédit Mutuel Arkéa has adopted an agricultural and wine-growing policy¹⁹,
 - Crédit Mutuel Océan has policies on the coal, oil and gas, civil nuclear energy, defense and mining sectors²⁰;
- Support individuals, professionals and companies in their transitions to a low-carbon economy.

16 - <https://www.bfcm.creditmutuel.fr/fr/rsm/politiques-sectorielles/index.html>
17 - https://www.cm-arkea.com/banque/assurance/credit/upload/docs/application/pdf/2022-12/politique_charbon_2022_web.pdf
https://www.cm-arkea.com/banque/assurance/credit/upload/docs/application/pdf/2022-12/politique_petrole_et_gaz_2022_web.pdf
18 - <https://www.bfcm.creditmutuel.fr/fr/rsm/politiques-sectorielles/index.html>
19 - https://www.cm-arkea.com/banque/assurance/credit/upload/docs/application/pdf/2022-02/202202_politique_agriviti.pdf
20 - <https://www.creditmutuel.fr/cmo/fr/groupe/banque-differente/politiques-sectorielles.html>

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 with 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 and 2022.

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 strategy²¹ is based on two lines of action:

- strengthening its climate commitment vis-à-vis 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 plan,²² "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.

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 constantly evolving analysis tools, and integration of these risks into the standard risk management framework.

6.3.1 – Climate risk assessment

In addition to the climate risk materiality analysis presented in section 6.2.2, the expansion of regulatory stress test exercises 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. It also provides a basic outline for integrating climate risks into the internal stress test framework.

6.3.1.1 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 the business sectors that were most vulnerable to climate shocks and had the potential to cause material impacts for the bank in terms of risk (provisions).

The results confirmed the urgent need for Crédit Mutuel to take action on climate issues. 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.

6.3.1.2 Exercise conducted by the European Central Bank (ECB)

For credit risk, the ECB stress test consisted of a multi-part projection exercise:

- Short-term credit: 1-year flood stress, 1-year drought stress, 3-year business stress (delayed transition);
- Long-term credit: 30-year business stress (transition), in 10-year intervals.

In addition, it was an opportunity for the Crédit Mutuel group to measure the interest and fee income from the most carbon-emitting sectors identified by the ECB and to provide information on operational risk management and governance of the internal stress test framework.

The credit stress tests related to transition risk were based on three NGFS transition scenarios in the long-term scenario:

- **orderly** (gradual reduction in emissions over the entire horizon);
- **disorderly** (sudden reduction starting in 2030);
- **"Hot house world"** characterized by a status quo resulting in growing physical risks and GDP losses.

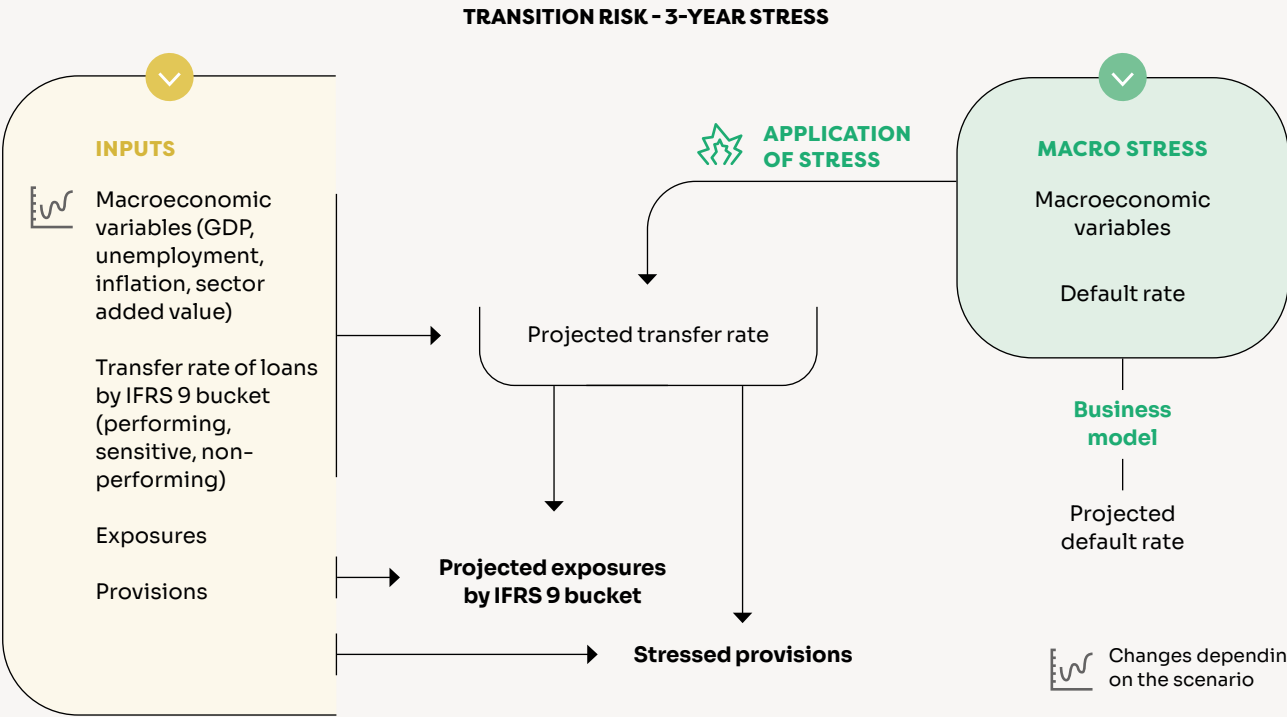
The price of carbon was the key variable in the different scenarios. It should be noted that there was little difference between these scenarios, mainly because

the hot house world scenario did not allow modeling of the material consequences of growing physical risks.

Various methodologies have been developed internally to meet the requirements of the stress test.

For transition risk, stress at a three-year horizon was determined using macroeconomic variables, the amount of the Group's exposures and provisions and the transfer rates between performing and non-performing loans²³ as source data. Macroeconomic stress was applied to obtain a projection of exposures and provisions.

PRESENTATION OF THE STRESS TEST METHODOLOGY OVER A THREE-YEAR HORIZON

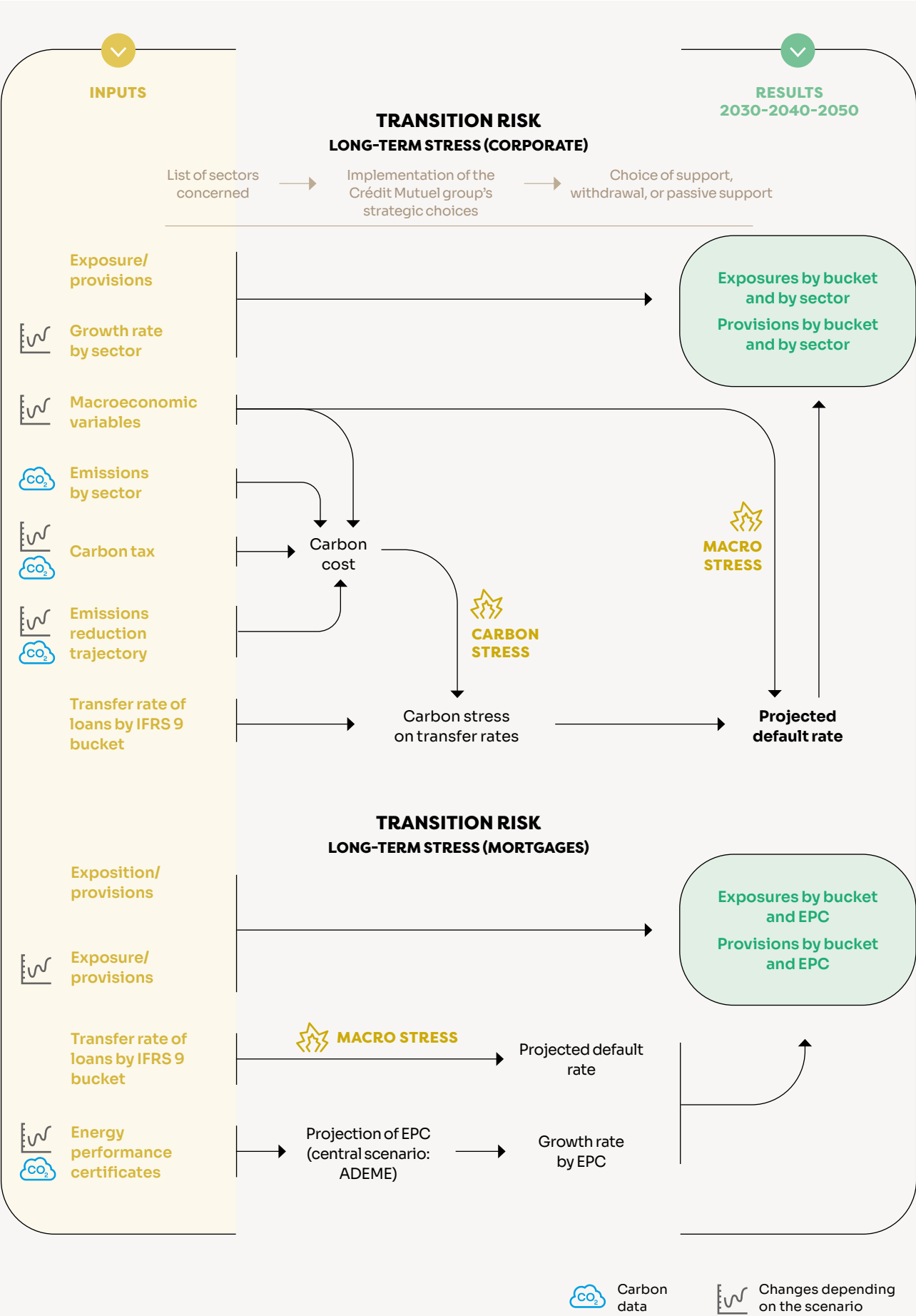


For transition risk, long-term stress was applied until 2050, with intervals every 10 years. This stress related to the real estate portfolios and business customers. Climate variables (emissions, carbon tax and emissions reduction trajectory for corporates, energy performance for mortgages) were selected.

Coupled with financial variables, and by applying macroeconomic and carbon cost related stresses, these made it possible to obtain exposures and provisions broken down by sector and by energy performance rating.

21 - https://www.cm-arkea.com/banque/assurance/credit/upload/docs/application/pdf/2021-04/strategie_climat_avril2021_1_1.pdf
22 - Ensemble#nouveau monde Strategic Plan | Crédit Mutuel Alliance Fédérale: <https://www.creditmutuelalliancefederale.fr/fr/qui-sommes-nous/plan-strategique-ensemble-nouveau-monde.html>

23 - En cohérence avec les normes IFRS9.



For physical risk, a stress test was developed over a one-year horizon to simulate the impact of a series of floods on real estate prices by département and therefore on exposures and provisions.

As in 2021, the results confirmed the urgency of the climate commitment for Crédit Mutuel. In fact, it appears that climate risks do not result in a significant increase in short-term risks (provisions, increase in the percentage of non-performing loans), whether physical (one-year horizon) or transition (three years). The results show that an orderly transition, despite 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), is the wisest choice in the long term.

6.3.2 - Integration of climate risks into risk management

6.3.2.1 Monitoring process

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.

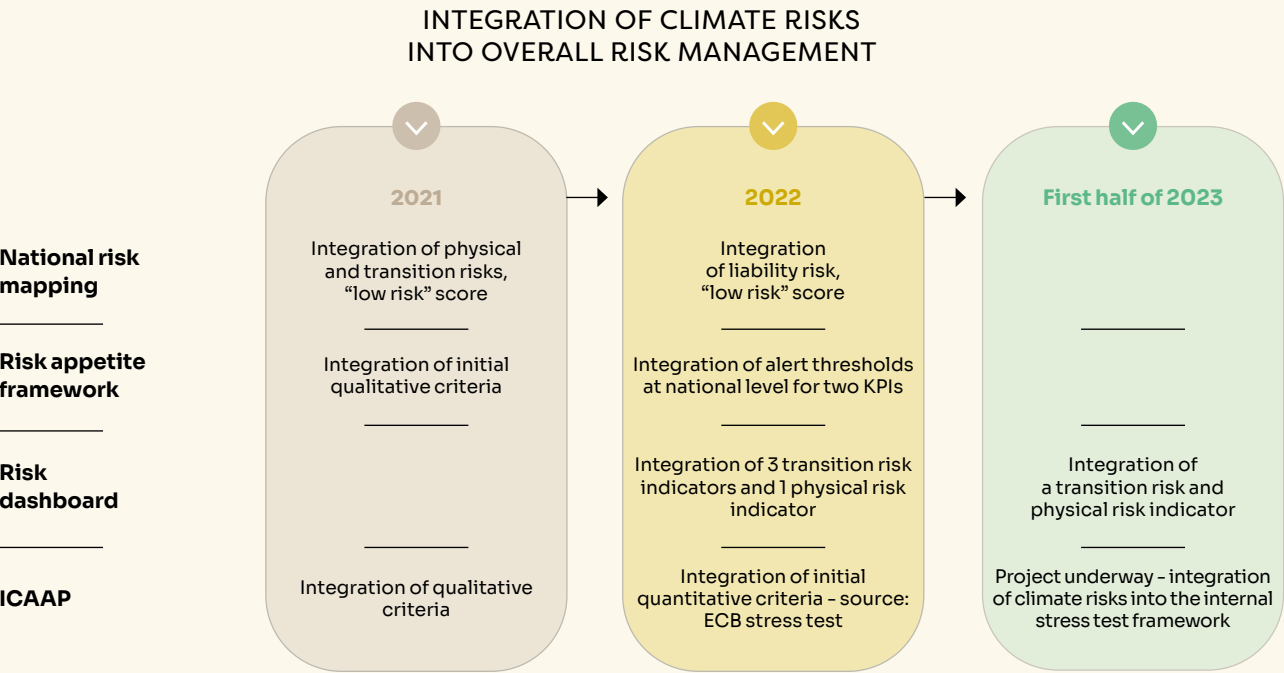
The Crédit Mutuel group also stays abreast of both legal and judicial developments on climate-related and environmental issues, while listening to the concerns of its stakeholders. In addition to regulatory and supervisory watch, the Group monitors emerging case law resulting from a growing climate justice 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

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 as methodologies improve.

In 2021, the Climate Risk & CSR 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. In 2022, liability risk was also integrated into this mapping (section 6.1, page 27).

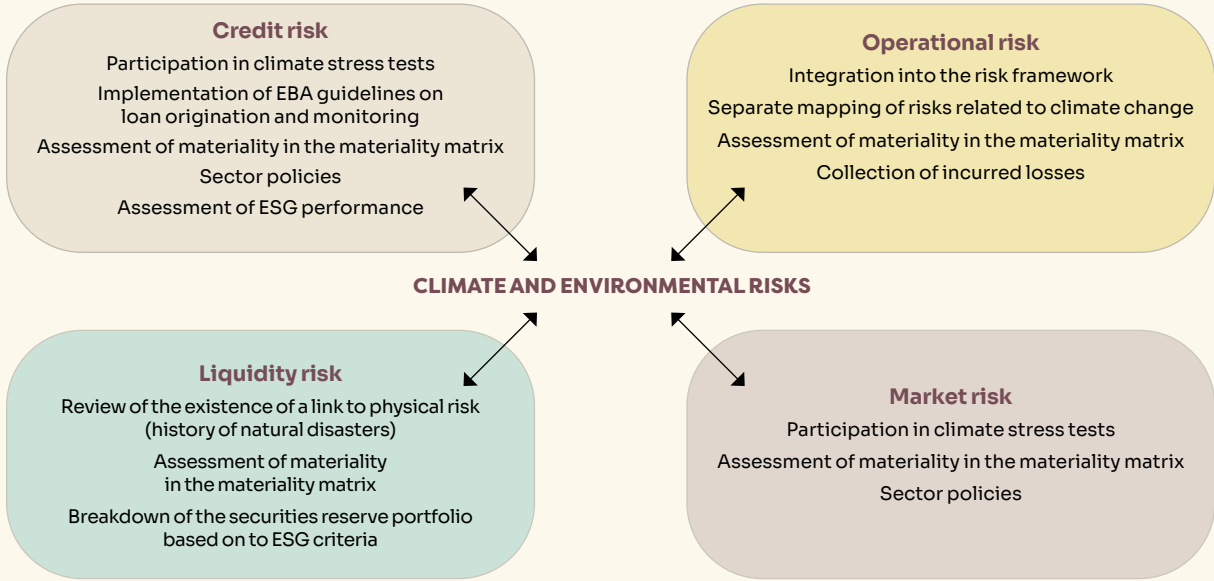
Climate and environmental risks were also incorporated into the ICAAP, first using qualitative analytical criteria and then the results of the ECB stress test, and into the annual internal control report.

All 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. This approach enables the Group's executive and supervisory bodies to carry out quantitative and targeted monitoring of climate and environmental risks.

6.3.2.3 Impact of climate risks on existing risk categories

As explained above, the matrix aspect of climate and environmental risks requires greater involvement of all the Crédit Mutuel group's risk teams.



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 34),
- Coordination of the implementation of EBA guidelines on loan origination and monitoring, incorporating ESG criteria. 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 monitored at the national level;

- Sector policies and tables for assessing customers' ESG performance implemented in the regional groups:
 - For the coal sector²⁴, the three affected regional groups 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). **Crédit Mutuel Océan**, for its part, excludes the financing of companies that contribute to the development or extension of coal-fired power plants.

- For the oil & gas sector, the entities concerned have defined financing selection criteria²⁵. 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, has not financed or invested in companies and projects in the oil & gas sector since January 1, 2022. **Crédit Mutuel Océan** does not provide any services or financing to companies with activities related to unconventional oil and gas.
- **Crédit Mutuel Alliance Fédérale** has also defined policies for the following sectors²⁶ :
 - Mining sector (other than coal),
 - Civil nuclear energy,
 - Defense and security,
 - Mobility,
 - Farming,
- **Crédit Mutuel Arkéa** has also defined sector policies for the following sectors:
 - Health,
 - Tobacco,
 - Farming/wine-growing,
- **Crédit Mutuel Océan** has also defined sector policies²⁷ for the following sectors:
 - Mining,
 - Civil nuclear energy,
 - Defense and security,
- The collection of information on customers' ESG performance (through specific collections, data providers and/or proxies);

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 6.1, page 27),

- 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. For the regional groups, 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 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 set up internal monitoring of the breakdown of its portfolio based on environmental, social and governance criteria.

24 - <https://www.bfcm.creditmutuel.fr/fr/rsm/politiques-sectorielles/index.html>
https://www.cm-arkea.com/banque/assurance/credit/upload/docs/application/pdf/2022-12/politique_charbon_2022_web.pdf
https://www.cm-arkea.com/banque/assurance/credit/upload/docs/application/pdf/2022-12/politique_petrole_et_gaz_2022_web.pdf

25 - https://www.bfcm.creditmutuel.fr/partage/fr/CC/telechargements/communiqués-de-presse/BFCM/2021-10-26_CP_Engagement-hydrocarbure.pdf
https://www.cm-arkea.com/banque/assurance/credit/upload/docs/application/pdf/2022-12/politique_petrole_et_gaz_2022_web.pdf
26 - <https://www.bfcm.creditmutuel.fr/fr/rsm/politiques-sectorielles/index.html>
27 - <https://www.creditmutuel.fr/cmo/fr/groupe/banque-differente/politiques-sectorielles.html>

6.4 INDICATORS AND TARGETS

The Group’s target is to achieve an alignment compatible with limiting global warming to 1.5°C above pre-industrial levels, ensure sound management of climate and environmental risks and comply with regulatory developments and its stakeholders’ expectations. 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

To assess its resilience to various climate scenarios, the Crédit Mutuel group is testing several methodological frameworks for measuring 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. Moreover, by adopting “Entreprise à mission” status, Crédit Mutuel Alliance Fédérale and Crédit Mutuel Arkéa demonstrate a commitment to confront climate change with resilience and play a role in combating it.

6.4.1.1 Testing of external methodologies and banking industry projects

In 2021, to assess how well its trajectory is aligned with the climate targets, 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. In 2022, the Crédit Mutuel group, via the FBF, was involved in developing a common method for carbon footprint measurement and financing portfolio alignment²⁸.

6.4.1.2 Internal methodology

Crédit Mutuel Alliance Fédérale has measured the carbon footprint of the corporate credit portfolio since 2019²⁹. 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.

The calculations used to measure the carbon footprint of Crédit Mutuel Alliance Fédérale’s corporate credit portfolio were based on greenhouse gas emissions for fiscal year 2020. The results showed a significant reduction, mainly due to the Covid pandemic.

Overall, the carbon footprint of Crédit Mutuel Alliance Fédérale’s corporate credit portfolio decreased by 55% compared with 2018.

Crédit Mutuel Arkéa also measured the financed emissions related to these banking portfolios in 2022.

Work aimed at structuring and harmonizing the measurement of the carbon footprint of the Crédit Mutuel group’s portfolios is also underway.

CARBON FOOTPRINT OF THE CORPORATE CREDIT PORTFOLIO

IN TONS OF CO ₂ /€M LENT	2022	2021	2020	CHANGE 2021 - 2022
Crédit Mutuel Alliance Fédérale	158.2	251.3	256.6	-37%

6.4.2 – Climate risk monitoring and management indicators

To comply with the Paris Climate Agreement and align their 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).

The creation of a climate risk monitoring dashboard for members of the Basel III working group and the Risk Committee enables the Crédit Mutuel group to manage these risks effectively and transparently up to the highest levels of its governance. It takes into account the following indicators:

■ For transition risk:

- Green Asset Ratio showing eligibility (see section 6.4.3.2),
- Percentage³⁰ of total loans in sectors identified as sensitive by the ACPR (see section 6.2.2.1),
- Change in coal and oil & gas exposures eligible for a sector policy, which amounted to 0.4% of total gross exposures as of December 31, 2022;

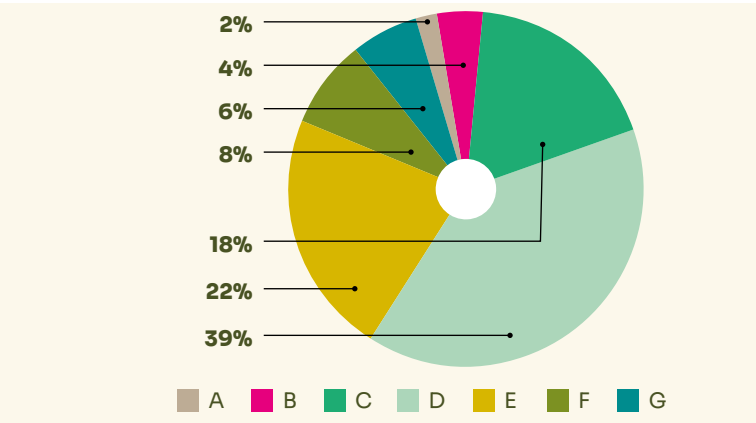
■ For physical risk:

- Major natural events identified related to a natural event (exposure and accident rate, operational risk scope) (see section 6.2.2).

The following indicators will be added in 2023:

■ For transition risk:

- Breakdown of the real estate portfolio by energy performance certificates rating, such as:



This breakdown comes from the Group’s Pillar 3 report³¹, for loans in the European Union. As of December 31, 2022, energy performance certificates (EPC) were not routinely collected for loans collateralised by residential real estate, loans collateralised by commercial real estate and collateral obtained through repossession. Additional data was therefore taken from the database of the Agence de la transition écologique (ADEME), which records EPCs performed by certificates companies in France.

— Work is being carried out to fine-tune reporting on EPCs for financed real estate held as collateral. The EPC 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.

■ For physical risk:

- Monitoring of loans highly exposed to acute and chronic risks (details in section 6.2.2.2).

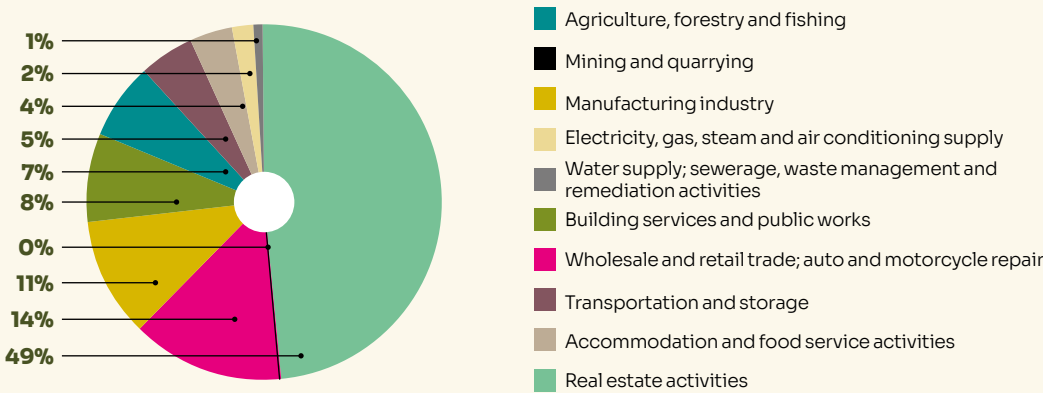
These two indicators are also published in the Group’s Pillar 3 report³².

This report also includes monitoring of the sector breakdown of the Group’s loans, particularly in sectors that contribute significantly to climate change³³, which allows it to integrate the sectors’ specific issues into its work.

28 – Carbon neutrality: French banks are ramping up – French Banking Federation <https://www.fbf.fr/fr/neutralite-carbone-les-banques-francaises-accelere/>
29 – Scope: businesses excluding retail banking, property investment companies and off-balance sheet items.

30 – 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, waste collection, treatment and disposal activities; materials recovery, remediation activities and other waste management services.
31 – see the Crédit Mutuel group’s Pillar 3 report – <https://www.creditmutuel.com/partage/fr/CNCM/telechargements/presse-et-publications/publications/2023/2022-Information-relatives-au-Pilier-3-de-Bale-III-Exercice-2022.pdf>
32 – 33 – Identified by the EBA, NACE codes: A to I, K, L.

EXPOSURES TO SECTORS THAT CONTRIBUTE SIGNIFICANTLY TO CLIMATE CHANGE



6.4.3 – Support for customers’ energy and green transition

6.4.3.1 Financing of the energy and green transition

The Crédit Mutuel group supports the progress of the energy and green transition through specially targeted loans.

With €34.665 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 energy and green transition, both via structured financing and via its long-standing energy transition financing business as a retail bank.

FINANCING OF THE ENERGY TRANSITION

(€ millions)	2022	2021	CHANGE 2022-2021
REAL ESTATE	31,687	25,660	23%
Loans for energy renovations	1,230	754	63%
Eco-PTZ	791	604	31%
Crédinergie (energy renovation loan)	101	88	15%
Energy transition loans	338	61	451%
Loans for financing new homes	30,458	24,906	22%
RENEWABLE ENERGY	2,978	2,727	7%
Renewable energy loans to professionals and farmers	791	604	31%
Structured financing for renewable energy	2,187 ¹	2,123 ²	0%
TOTAL FINANCING OF THE ENERGY AND GREEN TRANSITION	34,665	28,387	22%

1 - Scope: Crédit Mutuel Alliance Fédérale and Crédit Mutuel Maine-Anjou et Basse-Normandie.
2 - Scope: Crédit Mutuel Alliance Fédérale.

Structured financing

In 2022, Crédit Mutuel Alliance Fédérale financed 14 renewable energy projects through CIC’s Project Financing Department:

- three onshore wind farm projects located in France, totaling nearly 125 MW;
- two offshore wind farm projects in Europe representing nearly 1,920 MW;
- two biomass projects representing close to 209 MW (located in France);
- four solar projects totaling close to 377 MW (three in France, one in Spain).

Authorizations for renewable energy projects at the end of December 2022 totaled €2.2 billion.

Excluding sub-participations, authorizations for renewable energy projects at the end of December 2022 amounted to €2 billion, up 1% compared with the end of 2021. All financed projects comply strictly with the environmental standards of the country in which they are located.

Retail banking

The Crédit Mutuel group also provides financing to individuals, professionals and SMEs for energy management projects, including thermal renovation of buildings. At the end of 2022, these projects

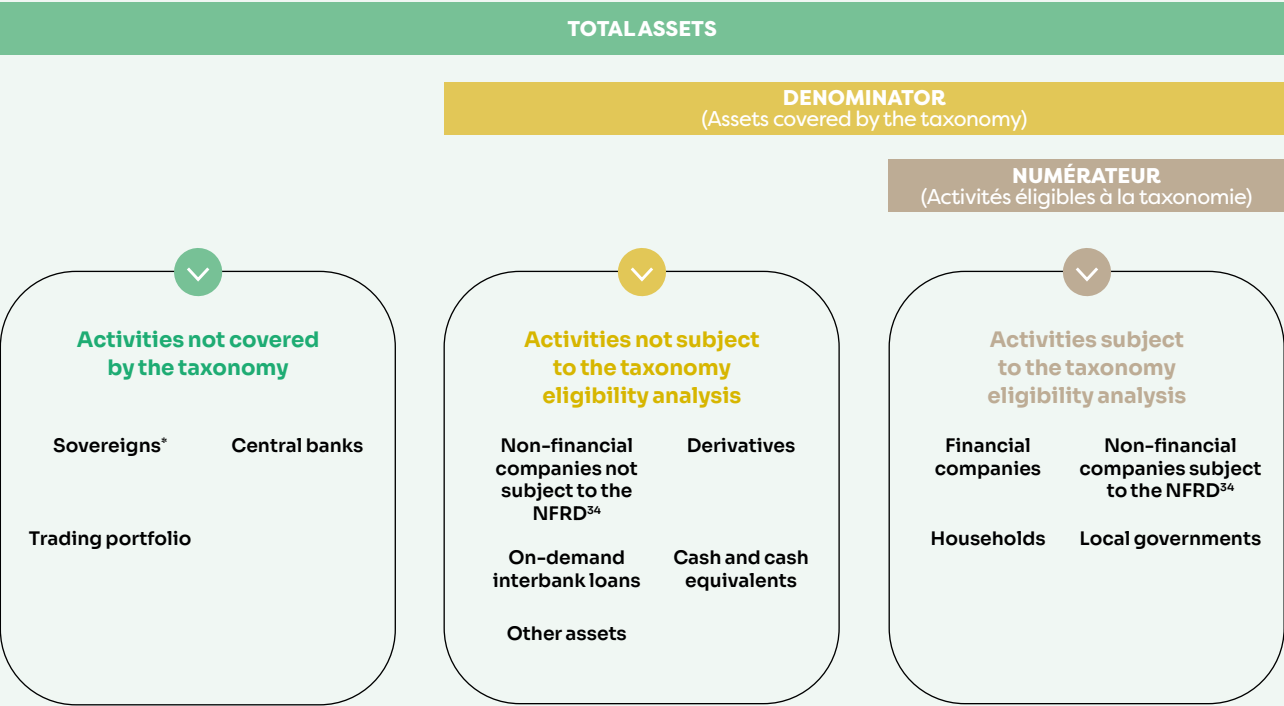
represented more than €32 billion, including loans for new homes or homes that comply with the RT 2012 standard.

6.4.3.2 Green taxonomy

Pursuant to Regulation (EU) 2020/852 of the European Commission, the Crédit Mutuel group publishes its balance sheet exposures to taxonomy-eligible sectors. The EU taxonomy is a set of sustainable development criteria for companies, investors and governments. It identifies economic activities that can be regarded as sustainable or environmentally responsible. It thereby enables finance players and companies to have a common language and facilitates sustainable investments and financing.

Presentation and methodology

The following diagram shows the assets covered by the taxonomy.




* Exposures to the CDC, a French public institution that has the same rating as France, are also considered sovereign and excluded from the scope.


The six environmental objectives of the green taxonomy

La taxonomie européenne fixe un cadre et désigne The European taxonomy establishes a framework


and designates economic activities that have a favorable impact on the environment. It specifies six environmental objectives to which the asset must contribute in order to qualify as eligible or aligned.




CLIMATE CHANGE MITIGATION
Stabilization of greenhouse gas concentrations consistent with the temperature goal of the Paris Agreements.




SUSTAINABLE USE AND PROTECTION OF WATER AND MARINE RESOURCES
Reduction of the risk of adverse impacts of the climate on economic activities, populations, nature or assets.




POLLUTION PREVENTION AND CONTROL
Prevention and reduction of emissions of pollutants other than CO2 into air, water or land. Improvement of air, water or soil quality levels.



CLIMATE CHANGE ADAPTATION
Reduction of the risk of adverse impacts of the climate on economic activities, populations, nature or assets.



TRANSITION TO A CIRCULAR ECONOMY
Waste prevention, reduction, re-use and recycling.



PROTECTION AND RESTORATION OF BIODIVERSITY AND ECOSYSTEMS
Conservation of natural habitats, prevention of their deterioration, use and sustainable management of land and forests. Implementation of sustainable agricultural practices.

As of December 31, 2022, the asset eligibility analysis applies only to the first two targets related to climate change mitigation and adaptation.

The Crédit Mutuel group took steps in 2022 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 applicable regulations.

After reviewing the regulatory texts, internal work coordinated by the National Confederation 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 2024.

Given the strategic importance of this project, special multidisciplinary workshops were conducted in 2022 over several months, with the following objectives:

- become familiar with the texts and calculation methodology;
- define common management rules for the regional groups;

- identify published eligibility ratios for each counterparty required to publish non-financial information, in accordance with the Non-financial Reporting Directive (NFRD);

- calculate ratios (numerator and denominator) based on 2022 data.

The Crédit Mutuel group analyzed its exposures to determine the EU taxonomy eligibility of its portfolio. This eligibility analysis was based on several criteria presented in the methodology note of this document (p. 69, section 9).

Eligibility of the portfolio

According to the portfolio analysis conducted for fiscal year 2022, the Green Asset Ratio (GAR) rose by three points to 34.3%.

This increase mainly resulted from the use of an asset identification method that was different from the one used in 2022 (ratios published by financial and non-financial corporate clients subject to the NFRD included in the eligibility analysis).

ASSET ELIGIBILITY DETAILS

	GROSS CARRYING AMOUNT (€M)	TAXONOMY-ELIGIBLE ASSETS		TAXONOMY-NON-ELIGIBLE ASSETS		RATIO OF TOTAL ASSETS (%)
		Amount (€M)	Ratio (%)	Amount (€M)	Ratio (%)	
Financial corporations	50,303	2,193	4%	48,110	96%	
Non-financial corporations subject to NFRD disclosure obligations	14,301	3,021	21%	11,280	79%	
Households	304,376	241,421	79%	62,955	21%	
<i>Of which loans collateralised by residential immovable property</i>	<i>237,878</i>	<i>237,878</i>	<i>100%</i>	-	-	
<i>Of which building renovation loans</i>	<i>139</i>	<i>139</i>	<i>100%</i>	-	-	
<i>Of which motor vehicle loans</i>	<i>2,224</i>	<i>2,224</i>	<i>100%</i>	-	-	
Local governments financing	12,894	362	3%	12,532	97%	
TOTAL ASSETS INCLUDED IN THE NUMERATOR AND DENOMINATOR	381,874	246,997	65%	134,877	35%	
Non-financial corporations not subject to NFRD disclosure obligations	284,103			284,103	100%	
Derivatives	9,818			9,818	100%	
On-demand interbank loans	4,839			4,839	100%	1%
Cash and cash-related assets	1,539			1,539	100%	
Other assets	38,289			38,289	100%	
TOTAL ASSETS INCLUDED ONLY IN THE DENOMINATOR	338,588			338,588	100%	
TOTAL ASSETS COVERED BY THE TAXONOMY	720,462	246,997	34%	473,465	66%	
Sovereigns	74,035					8%
Central bank exposures	142,262					15%
Trading book	23,440					2%
TOTAL ASSETS	960,199					

DETAILS OF REGULATORY TAXONOMY RATIOS

RATIO	ASSETS	2022	2021
Proportion of exposures to taxonomy-eligible economic activities	Assets covered by the taxonomy	34.3%	30.9%
Proportion of exposures to taxonomy-non-eligible activities	Assets covered by the taxonomy	18.7%	31.3%
Proportion of exposures to central governments, central banks and supranational issuers	Total assets	22.5%	19.4%
Proportion of derivatives	Total assets	1.0%	0.2%
Proportion 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	Total assets	29.6%	24.4%
Proportion of the trading portfolio	Total assets	2.4%	1.9%
Proportion of on-demand interbank loans	Total assets	0.5%	0.6%

Eligibility of nuclear energy and fossil gas related activities

In accordance with Delegated Regulation (EU) 2022/1214, theCrédit Mutuel group publishes“Template 1 - Nuclear energy and fossil gas related activities” required by the regulation. As regards templates 4 and 5, whose publication is also required under

Delegated Regulation 2022/1214, the Crédit Mutuel group is unable to publish data as of December 31, 2022 due to its unavailability, particularly as this data is based on the prior publication of these tables by non-financial companies which financial institutions use for their own publication.

NUCLEAR ENERGY AND FOSSIL GAS RELATED ACTIVITIES

LINE	NUCLEAR ENERGY RELATED ACTIVITIES	2022
1	The company carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	YES
2	The company carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	YES
3	The company carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	YES
FOSSIL GAS RELATED ACTIVITIES		
4	The company carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	YES
5	The company carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	YES
6	The company carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	YES

Next steps

In 2023, Crédit Mutuel will continue to assess how well its assets are aligned with the two current objectives of the taxonomy (climate change mitigation and adaptation). It will use the ratios calculated by its customers and analyze the technical criteria for its exposures to households, local governments and companies for which the purpose of financing is determined.

It will also conduct a sector analysis of the assets considered taxonomy-aligned.

The other four environmental targets will be included in its analysis once the additional delegated acts of the European Commission are published in the Official Journal of the European Union.

6.4.4 – Measurement of our direct footprint (scope 1/2/3, organization level – excluding financing)

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

■ **Crédit Mutuel Arkéa** has set a goal of reducing the direct carbon footprint of its operations, with a 25% 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 relative to 2019. To achieve this target³⁵, 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 an initial target of reducing its greenhouse gas emissions by 20% in 2020 compared with 2011. A new emissions reduction target of 30% by 2030 was announced in 2021.

■ **Crédit Mutuel Océan** easily achieved the target set in 2018 to reduce its emissions by 18.1% (-23%) by 2022. A new emissions reduction target by 2026 will be published at the end of 2023.

To monitor its direct carbon footprint (organization level), the Crédit Mutuel group measures greenhouse gas emissions related to its activities. For 2022, total emissions amounted to 449,676 tons of CO₂ equivalent as a result of changes to the measurements taken last year by the regional groups, as well as the reduction measures taken at the regional groups. The scope used to calculate greenhouse gas emissions is indicated in the methodology note (see p. 69). As of December 31, 2022, scope 1, 2 and 3 emissions are taken into account for the “organization level” scope. For scope 3, emissions generated by the financing granted by the Crédit Mutuel group were not included in the calculated total.

The most significant item relates to purchases of goods and services, which represent 200, 964 eq. tons of CO₂, nearly 45% of total calculated emissions.

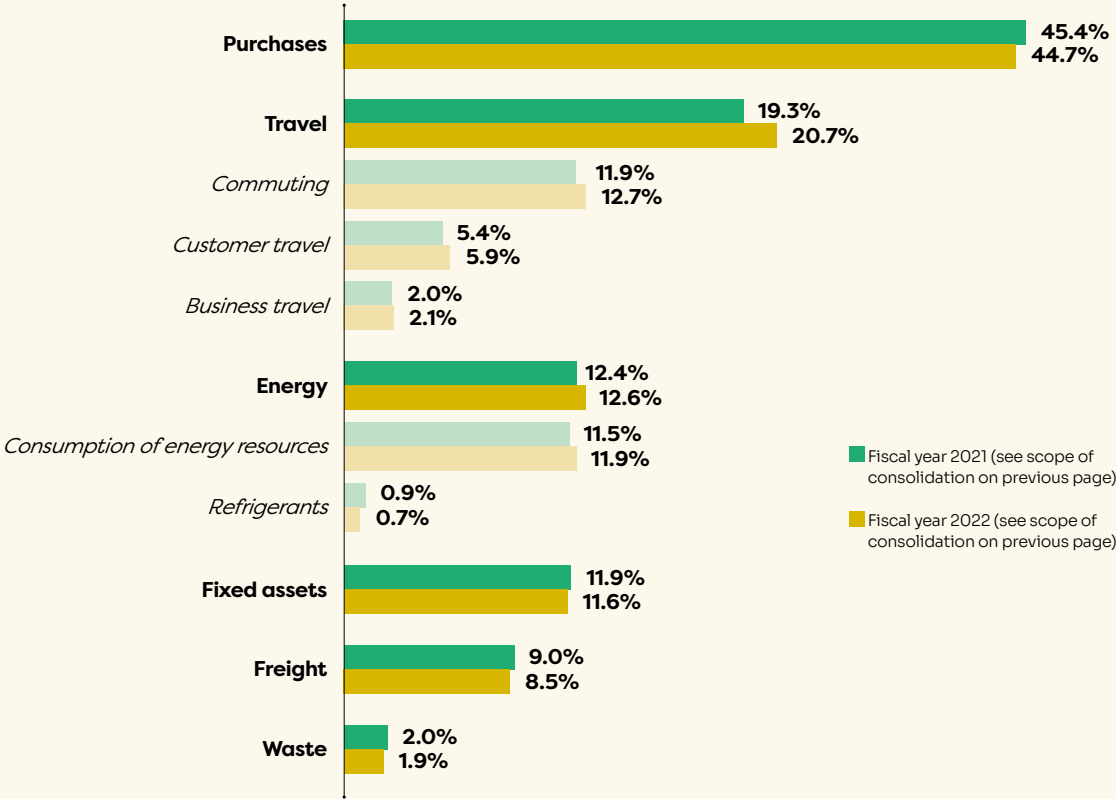
RESULTS OF THE CREDIT MUTUEL GROUP’S CONSOLIDATED CARBON AUDIT (CO₂ EMISSIONS IN EQ. TONS ORGANIZATION LEVEL - EXCLUDING FINANCING)

In eq. tons CO ₂	2022 ¹	2021 ²
Direct greenhouse gas emissions (scope 1)	27,340	26,934 ³
Direct greenhouse gas emissions (scope 2)	16,258	15,912 ³
Indirect greenhouse gas emissions (scope 3)	406,078	410,635 ³

1. Scope of consolidation:
- Crédit Mutuel Arkéa, Crédit Mutuel Maine-Anjou et Basse-Normandie, and Crédit Mutuel Océan: 2022 data
- Crédit Mutuel Alliance Fédérale: 2021 data
2. Scope of consolidation:
- Crédit Mutuel Arkéa, Crédit Mutuel Maine-Anjou et Basse-Normandie, and Crédit Mutuel Océan: 2021 data
- Crédit Mutuel Alliance Fédérale and Crédit Mutuel Nord Europe: 2020 data
3. corrected data.

35 - 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
(ORGANIZATION LEVEL - EXCLUDING FINANCING)



CRÉDIT MUTUEL ALLIANCE FÉDÉRALE STEPS UP ITS EFFORTS TO COMBAT CLIMATE CHANGE BY ROLLING OUT AN ENERGY CONSERVATION PLAN

Long committed to environmental transformation, in October 2022 Crédit Mutuel Alliance Fédérale launched an energy conservation plan built around four key measures, including lowering heating temperatures, turning off all neon signs during non-business hours, organizing company-wide eco-friendly practices and reducing and adapting employee travel.

This plan will be ramped up in order to build on the energy conservation efforts made since 2018: Crédit Mutuel Alliance Fédérale had pledged to reduce its CO₂ emissions by 30% in five years; after three years it has already reduced them by 21%.

6.4.5 – Contribution to the work of the Sustainable Finance Observatory

The Crédit Mutuel group is fully committed to the work carried out by the Sustainable Finance Observatory aimed at supporting the gradual transformation of financial operators and ensuring greater

transparency on environmental and social issues. In 2022, it took part in the various working groups set up to better align the commitments made, particularly in support of the low carbon transition and carbon neutrality. Its commitments were subsequently published on the Observatory website³⁶.

36 - <https://observatoiredefinancedurable.com/fr/>

7



SUPPORT
OUR CUSTOMERS AND
EMPLOYEES

Given its cooperative status and regional presence, the Crédit Mutuel group is mindful of societal transitions. In 2022, 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. actions en faveur de ses salariés, afin de favoriser la qualité de vie au travail, d’assurer l’employabilité et l’égalité de toutes ses collaboratrices et collaborateurs, tout en luttant activement contre toute forme de discrimination.

7.1
A GROUP 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.

7.1.1.1 ESG criteria in loan decisions

This is reflected in the various measures taken at its regional groups, described in more detail in section 6.3, including:

- development of sector policies for sensitive sectors;
- application of EBA guidelines on loan origination and monitoring;

SUSTAINABLE FINANCE INDICATORS

(€ millions)	2022	2021	2020	CHANGE 2022-2021
Assets managed by the Group’s asset management companies	157,085	181,576 ³	144,277	-13%
SRI investments ¹	54,244	51,259 ³	16,749	6%
Assets in CIES-accredited solidarity employee savings plans ²	1,180	728 ³	582	58%
Assets in products classified as SFDR Article 8 or 9 funds	104,424	82,117 ³	NC ⁴	27%
Share of assets classified as SFDR Article 8 or 9 funds	66%	45% ³	NC ⁴	+ 11 pts

1. Mainly: SRI, Greenfin, Finansol and Luxflag labels. Consolidated assets of the asset management companies of Crédit Mutuel’s regional groups.
2. Excluding Crédit Mutuel Arkéa.
3. Corrected data.
4. Information not collected for fiscal year 2020.

The Group offers a range of responsible and/or solidarity products and endeavors to be an active investor in the companies in which it holds shares on its customers’ behalf. It reports on its activity in

7.1.1.2 ESG criteria in investment decisions

For over 15 years, the Crédit Mutuel group has also developed a responsible investment offering and reaffirmed its commitment through its regional groups’ asset management subsidiaries (Crédit Mutuel Asset Management, Federal Finance Gestion and La Française). 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 ESG criteria. Since 2021, pursuant to Regulation (EU) 2019/2088, known as the SFDR, the main asset management subsidiaries of its regional groups have specified 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 responsible finance.

these businesses via the voting policy reports drawn up by regional groups’ asset management companies, as described in the CSR publications of the respective entities³⁷.

ESG - VOTING POLICY

	2022	2021	2020	CHANGE 2022-2021
Number of general meetings at which asset management subsidiaries participated	1,827	1,926 ¹	1,548	-4%
Number of resolutions put to vote	29,300	28,643 ¹	25,903	2%
Number of resolutions approved	21,950	22,124 ¹	18,823	-1%
Resolution approval rate	75%	77% ¹	72,7%	-2 pts

1. Corrected data.

37 – 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/2022-08/rapport_ffg_article_29_2022.pdf
La Française : https://www.la-francaise.com/fileadmin/docs/Actualites_reglementaires/Fonds_durables.pdf

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, 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, primarily in rural areas (job creation, tax revenues, etc.). 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, completed on December 31, 2022, showed that 20% of our sites are located in communities with fewer than 2,500 inhabitants.

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, face-to-face 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 reaching 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, Crédit Mutuel local banks offer commercial advantages to help new farmers make their plans a reality.

Some federations (Crédit Mutuel Maine-Anjou et Basse-Normandie and Crédit Mutuel Océan, via a joint subsidiary, and Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest in partnership with the SAFER land agencies) also offer “farmland carry-over” arrangements that allow new farmers to defer land purchases and so avoid burdening themselves with too much debt at the start of their careers.

For more than 10 years, Crédit Mutuel has also shown its support for agricultural colleges by sponsoring a video competition called “Je filme le métier qui me plait” (Filming the job I love). Students produce videos that seek to promote a particular aspect of farming or rural life. The winners receive grants from the federations that enable them to fund study trips or learning activities. This initiative is also sponsored by the Ministry of National Education, Youth, and Sports, the Ministry of Labor, and the Ministry of Higher Education, Research and Innovation.

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

Several groups have produced written publications that spell out their actions in this area (sector policy for Crédit Mutuel Alliance Fédérale and support policy for Crédit Mutuel Arkéa). Both these groups offer impact loans with lower interest rates and preferential financing solutions to support these projects thanks to help from the European Investment Bank (EIB).

In addition, Crédit Mutuel Alliance Fédérale offers assistance with the out-of-pocket costs of the “Bon Diagnostic Carbone” (Good Carbon Diagnostic) provided for under the France Relance plan, and pays a €500 Transition Agri subsidy for farmers applying for “Haute Qualité Environnementale” (high environmental quality) and “Agriculture Biologique” (organic farming) certification. Crédit Mutuel Arkéa also offers to pay the balance of the Carbon Audit for young farming customers.

Agroecological 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. A partnership signed in February 2023 between Crédit Mutuel Alliance Fédérale and EDF ENR will facilitate the installation of solar panels on customers’ farms and farming cooperatives. In keeping with 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 2021. 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 crisis, 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.

This commitment to vulnerable farming customers continued in 2022 by providing agriculture advisors with training in ways to detect signs of anxiety among their farming customers and respond and alert in case of distress.

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 24% 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 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 “social rental loans” (prêt locatif social - PLS) and “social rent-to-buy loans” (prêt social de location-accession - PSLA). In 2022, it distributed around one third of the entire PSLA budget (€600 million) made available to banks. The Group thus provides concrete support to social housing providers. It is also active in this sector via two subsidiaries, Atlantique Habitations, a subsidiary of Crédit Mutuel Loire-Atlantique and Centre Ouest, and Armorique Habitat, a subsidiary of Crédit Mutuel Arkéa. Via these three channels, the Group’s entities contribute significantly to the development of decent housing for local populations.

CRÉDIT MUTUEL ALLIANCE FÉDÉRALE, CRÉDIT MUTUEL MAINE-ANJOU ET BASSE NORMANDIE AND CRÉDIT MUTUEL OCÉAN DISTRIBUTE PRÊT AVANCE RÉNOVATION LOANS TO PREVENT “ENERGY LOSS”

In March, Crédit Mutuel became the first commercial bank alongside La Banque Postale to offer the Prêt Avance Rénovation, a loan that allows low-income and retired homeowners (whose age and income make it difficult to access credit) with poorly insulated homes, i.e. 800,000 individual home owners, to have a complete energy renovation without paying the costs in advance. This type of mortgage loan for preventing heat loss is made possible by the Climate and Resilience Law. What is new about this loan is that it allows borrowers to defer repayment of the non-subsidized portion of the energy renovation until the property is inherited or sold.

FINANCING OF SOCIAL HOUSING

(€ millions)	2022	2021	2020	CHANGE 2022-2021
Outstanding regulated social loans (PLS, PSLA)	1,104	1,050	1,170	5%

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.

Its regional groups provide 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.

As a mutual bank, Crédit Mutuel is fully aware of the challenges that the nonprofit sector, like itself, faces. Through its annual participation in the Forum National des Associations et Fondations, with support from Associathèque, Crédit Mutuel reaffirms its commitment to support all players in the nonprofit sector.

In 2022, a hands-on workshop entitled “Agir et financer la transition écologique des associations” (Taking action and financing the green transition of associations) was an opportunity to provide practical tips for complying with new regulatory and social requirements, understand the risks involved in not taking a CSR approach, and help associations decide on actions to be taken. The green transition is indeed a high-stakes issue, not only because offering a viable future to future generations is an urgent matter, or because the France Relance plan has made it a strategic pillar, but also because the mission and actions of associations need to be aligned.

CRÉDIT MUTUEL ALLIANCE FÉDÉRALE STRENGTHENS ITS COMMITMENT TO ASSOCIATIONS

As an “Entreprise à mission” committed to working for a better, more open society, Crédit Mutuel Alliance Fédérale naturally supports all those who strive to achieve this goal through nonprofit initiatives. This commitment is being ramped up through two new initiatives: the Pay Asso solution offered free of charge and third-party liability insurance offered to all managers of sports and cultural associations that are customers. These initiatives reflect Crédit Mutuel Alliance Fédérale’s ongoing commitment to the nonprofit sector.

THE BANK FOR NONPROFITS

	2022	2021	2020	CHANGE 2022-2021
Number of nonprofit customers (associations, labor unions, works councils)	549,747	556,523	556,526	-1,2%
Loans to nonprofit organizations (in € millions)	3,116	3,063	-	1,7%

7.1.2.5 Local public sector

With nearly €17 billion in outstanding loans, 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 2022, Crédit Mutuel developed the specific loan launched in 2021 to fund local governments’ environmental projects. In addition, Crédit Mutuel increasingly funds local public enterprises, 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 and payment solutions but also those of its subsidiaries, such as Homiris (remote surveillance of public buildings), 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 how Crédit Mutuel and its customers support the development of the regions in which it operates to promote growth and finance innovations.

SOLIDARITY SAVINGS, TRACKED PRODUCTS AND SHARING PRODUCTS

(in € millions)	2022	2021	2020	CHANGE 2022-2021
Assets in Livret A passbook accounts	64,203	58,127	54,223	10%
Assets in LEA (Livret d’épargne pour les autres) passbook accounts, excluding capitalized interest	347	291	234	19%

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 signing on to 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.

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 2022 it provided ADIE with €18.6 million in financing packages which helped create or preserve 6,300 jobs. In addition, thanks to cooperation between Crédit Mutuel and France Active in 2022, more than 2,000 loans were granted that enabled the consolidation or creation of businesses operating mainly in the social and solidarity economy sector.

In 2022, it confirmed its commitment to these three microcredit support networks, with nearly €488 million refinanced or disbursed to over 12,000 recipients.

The Crédit Mutuel group also grants personal microloans through partnerships with the non-profit sector.

These microloans, ranging from €300 to €8,000, are intended for people who do not have access to bank credit and must deal with an emergency or take care of essential needs, lack stable employment or receive minimum social benefits, but are in the process of re-entering the economy.

Since the creation of personal microcredit in 2006, some 200 regional agreements have been signed across the country with nonprofit networks that provide integration assistance and social services, such as Secours Catholique, departmental unions of family associations, the Red Cross, several family support networks such as Familles Rurales, Emmaüs, Restos du Cœur, Missions Locales youth services

centers, Crésus, numerous community social service centers and local organizations.

The goal is to develop a shared approach to helping those in need turn their hopes of re-entering society, finding or keeping a job or returning to the workplace into reality. By granting loans that are partly guaranteed by the Social Cohesion Fund (Fonds de Cohésion Sociale), Crédit Mutuel allows them to regain access to the banking system and again become ordinary bank customers.

Under the agreement signed with Bpifrance, Crédit Mutuel bears 50% of the risk on these loans and the Social Cohesion Fund the remaining 50%.

SUMMARY OF ASSISTED MICROLOANS³⁸ GRANTED BY THE GROUP

		2022	2021	2020	CHANGE 2022-2021
Personal assisted microloans					
Number of microloans granted during the year	No.	991	972	852	2%
Amount of microloans financed during the year	€m	3.1	2.5	2.1	24%
Business assisted microloans - ADIE partnership					
Number of applications processed	No.	5,029	4,659	3,703	8%
Amount of credit lines provided	€m	15.6	13.5	10.6	15%
Business assisted microloans - France Active Garantie partnership					
Number of new microloans financed	No.	1,973	2,021	1,750	-2%
Amounts guaranteed	€m	48.4	48.4	42.7	0%
Business assisted microloans - Initiative France partnership					
Number of additional bank loans granted	No.	5,060	4,484	3,624	13%
Amount of additional bank loans granted	€m	425.8	362.0	257.4	18%

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 (used by

23,171 customers as of December 31, 2022) and the special package of banking services for financially vulnerable customers (OCF). As of December 31, 2022, 83,640 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.

³⁸ - 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.

Crédit Mutuel Alliance Fédérale has laid out its approach in a policy in support of vulnerable customers 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 payment charges, going above and beyond French regulatory requirements.

All in all, fees related to rejected payments and irregular account operation are capped for more than 400,000 financially vulnerable customers. 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 Faciil’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 et 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 GROUP FOCUSED 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 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 levels.

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 comply with financial, economic and commercial 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.

ANTI-MONEY LAUNDERING INDICATORS

	2022	2021	2020	CHANGE 2022-2021
Number of employees responsible for anti-money laundering (FTE)	399	387	287	3%
Number of employees targeted for AML/CFT training	60,533	56,085	52,764	8%
Number of employees who have completed AML/CFT training	52,200	46,048	46,297	13%
Percentage of employees who have completed AML/CFT training	86.2%	82.1%	87.7%	+4 pts

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

The groups thus have tools in place to detect suspicious transactions, which are analyzed by employees. Responsibility for the systems deployed lies with the regional investment services compliance officers (RCSIs), who are authorized by the Autorité des marchés financiers (AMF).

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

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 or engages in lobbying activities representing more than one half of his or her time over a period of at least six months” with a view to influencing one or more public decisions, including one or more 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 companies, the relevant Crédit Mutuel group entities have taken measures to identify risks to 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 mutual shareholders, 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 mutual shareholders and with business partners.

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 Autorité de Contrôle Prudentiel et de Résolution (ACPR).

They thus put a handling structure in place that allows customers to complain to:

- their advisor, the customer’s normal contact person;
- the complaints department, if they have not received a satisfactory response from their advisor;
- the ombudsman in the event that part or all of their complaint is rejected or inadequately addressed.

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 France’s favorite bank³⁹ and was once again a winner at the 2023 Podium de la Relation Client⁴⁰, which honors major brands that excel in customer relations on a day-to-day basis.

BANKING MEDIATION INDICATORS

	2022	2021	2020	CHANGE 2022-2021
Number of eligible claims submitted to the bank ombudsman	1,239	817	758	52%
Number of decisions favorable to the customer	407	285	283	43%

7.2.3 – Responsible purchasing

In accordance with Law no. 2017-399 of March 27, 2017 on the duty of vigilance of parent companies and ordering companies, 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 supplier’s 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.

39 - The Posternak-Ifop survey helps companies analyze citizens’ reactions and consumer behavior. Companies were last ranked between November 3 and 4, 2022 based on a representative sample of 1,004 French people aged 18 and over.
40 - 2023 BearingPoint - Kantar Podium.

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.

EMPLOYMENT INDICATORS

		2022	2021	2020	CHANGE 2022-2021
Recorded workforce at 12/31/2022	No.	89,331	88,676	88,800	1%
Non-managerial staff	No.	52,003	52,374	52,094	-1%
Percentage of staff on permanent contracts	%	94.1%	94.4%	95.0%	0 pt
Percentage of full-time employees	%	88.4%	89.0%	88.8%	-1 pt
Gross payroll	€m	4,149	4,043	4,010	3%
Total number of new hires	No.	19,026	16,802	15,221	13%
of which, women	No.	10,120	9,035	8,343	12%
of which, on permanent contracts	No.	9,164	6,317	6,498	45%
Number of managerial staff promoted to a more senior position during the year	No.	2,708	2,229	1,983	21%
of which, women	No.	13	988	816	14%
Number of disabled workers	No.	2,788	2,381	2,296	17%
Percentage of total workforce who are disabled	%	3.1%	2.7%	2.6%	16%
Proportion of women in the workforce	%	56%	56%	56%	0 pt

7.3.1 – Equality of opportunity

As of December 31, 2022, Crédit Mutuel operated mainly in France, where 84.5% 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.

As the Group’s employees are essentially based in France or Europe, it is evident that national and EU legislation, together with measures taken within the business 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.

In terms of social dialogue, the Crédit Mutuel division has maintained and developed a constructive activity. It has strengthened its human resources and pursued a policy of negotiation and improvement of existing industrial agreements.

Along these lines, a framework agreement on safeguarding the career paths of employee representatives within the Crédit Mutuel division was signed at the end of 2021. In short, this agreement establishes a framework that makes the term of office as an employee representative an integral part of their career path. It therefore makes these positions more attractive, particularly from the standpoint of generational renewal. In addition to management of employee representatives’ career paths, this framework agreement also aims to contribute to a better understanding of the staff representative bodies and further promote social dialogue.

As a follow-up to this framework agreement, the Crédit Mutuel division also made tools available to help with its implementation, including activities/ skills forms corresponding to the main staff representation duties provided to the division’s employers.

It also set up a joint communication unit to better promote the agreement.

Through this agreement, the signatories wish to add certain provisions to the Crédit Mutuel sectoral collective bargaining agreement on union rights and social dialogue in order to safeguard and promote the career paths of elected representatives and trade union representatives. The signatories point out that the negotiations that led to the signing of this agreement were preceded by a joint and constructive process that involved an assessment and a shared diagnostic by the joint working group centered around the following three areas:

- **Area 1** – Better balance between union and/or employee representation work and the employee’s primary job and help with the various interviews.
- **Area 2** – Recognizing the skills acquired during the term of office and taking them into account during the employee’s subsequent career, with possible support in a certification process.
- **Area 3** – Appreciation and recognition of the role of trade union organizations and employee representative bodies in terms of their respective responsibilities and their contribution to social dialogue, an area more focused on communication.

The signatories confirm their desire to create the conditions whereby trade union and staff representation experience is recognized, integrated and valued during a professional career that is attractive for the employee and useful for the company, while respecting an appropriate work-life balance.

Regarding the recent agreement on safeguarding the career path of employee representatives, we are now, through a joint communication unit, entering a support and communication phase in which a modern, constructive and attractive social dialogue plays a meaningful role.

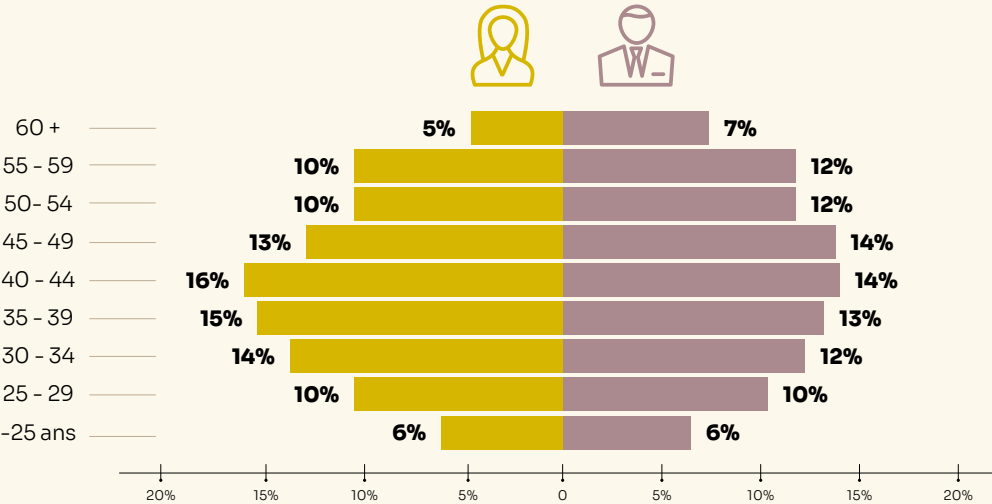
In an effort to sustain and improve the quality of its social dialogue, the Crédit Mutuel division also strengthened the human and time resources allocated to the representative trade unions through amendment no. 3, made on July 5, 2022, to the Crédit Mutuel sectoral agreement on union rights and social dialogue.

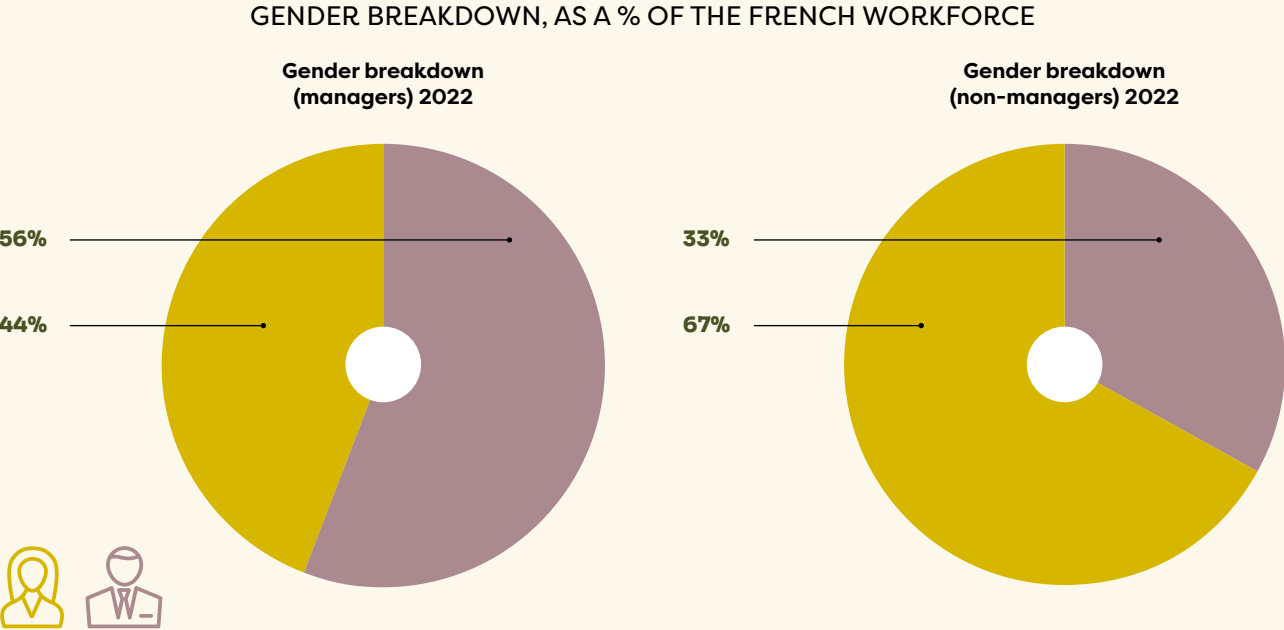
In late 2022, the social partners in the Crédit Mutuel division also began updating the framework agreement on the handling of rude and aggressive behavior in customer relations. The aim is to take into account the emergence of new forms of rude behavior, particularly on digital platforms, and strengthen and improve existing measures based on feedback collected at the various employer entities of the Crédit Mutuel division.

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 AT 12/31/2022)





Numerous awareness-raising initiatives on employment of people with disabilities were organized at several federations in 2022. 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 received:

For example, the Crédit Mutuel group ranked first in the “Best Employers 2022” list drawn up by Capital magazine. Crédit Mutuel and CIC took first and second place among retail banks: they ranked 2nd and 3rd respectively in the banking and financial services category (Caisse des Dépôts et Consignations ranked first), out of a total of 18 candidates.

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: 96/100;
- Crédit Mutuel Arkéa: 91/100;
- Crédit Mutuel Maine-Anjou et Basse-Normandie: 87/100;
- Crédit Mutuel Océan: 88/100;
- Confédération Nationale du Crédit Mutuel: 81/100.

CONFÉDÉRATION NATIONALE DU CRÉDIT MUTUEL PLEDGES ITS SUPPORT BY SIGNING THE DIVERSITY CHARTER

Combat discrimination. This has been Confédération Nationale du Crédit Mutuel’s commitment for several years. By signing the Diversity Charter, it joins more than 4,500 organizations that have proactively pledged to take action in support of diversity. By making inclusive management that respects individual differences a driver of cohesion and well-being at work, diversity is a source of economic and social performance.

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 digital 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 course are available).

The growing digitization 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.

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 Compétences:

- CQP Business Customer Administrator – registered in the RNCP (national directory of professional qualifications);
- CQP Personal Customer Administrator – registration in progress;
- CQP Business Accounts Executive – renewal obtained in 2022;
- CQP Wealth Management Advisor – registration in progress;
- CQP Local Mutual Bank Manager – registration in progress.

This process of continuous improvement of the quality of social dialogue is therefore bearing fruit. For example, the registration of our professional qualification certificate (CQP) for the Business Accounts Executive occupation was recently renewed in the national directory of professional qualifications (RNCP). We should note that the CQPs created by the Crédit Mutuel division and officially recognized and registered in the RNCP certify our employees’ professionalism and contribute to their employability.

The decision was also made in 2022 to create a new agriculture accounts executive 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.

In addition, the Crédit Mutuel division, in partnership with OPCO ATLAS, will oversee a study on the issues of attractiveness, recruitment and retention, particularly for younger generations of employees, in which all the regional groups will take part.

EMPLOYEE TRAINING INDICATORS

	2022	2021	2020	CHANGE 2022-2021
Amount of payroll spent on training	209.0	192.4	159.4	9%
Percentage of payroll spent on training	5.0%	4.8%	4.0%	0.2 pts
Number of employees who have completed at least one training course	86,291	83,808	83,379	3%
Percentage of employees who have completed at least one training course	96.6%	94.5%	93.9%	2 pts
Total number of hours spent on employee training	2,883,800	2,802,551	2,190,204	3%

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 (79%), the surveys confirm the company’s strengths, namely the work atmosphere and relations with colleagues. 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.

	2022	2021	2020	CHANGE 2022-2021
Number of employees under permanent contract who left the organization	6,385	6,757	6,752	-6%
Dismissals	885	962	950	-8%
Total number of days of absence (working days)	1,105,969	974,261	1,014,700	15%

8



LEVERAGE OUR UNIQUE QUALITIES AS A MUTUAL BANK TO CREATE LONG-TERM VALUE

The Crédit Mutuel group uses its mutualist model as a force to define a strategy that creates value for all its stakeholders. Supported by the people in the regions in which it operates, it ensures that its members are fairly represented in the governance bodies.

CRÉDIT MUTUEL ARKÉA BECOMES AN “ENTREPRISE À MISSION”

After adopting a raison d’être in 2019, in accordance with the Pacte law, Crédit Mutuel Arkéa officially became an “Entreprise à mission”, a status it obtained at the General Meeting in May 2022.

Crédit Mutuel Arkéa’s missions are centered around five commitments that results from its raison d’être and form the basis of its long-term strategy:

- take decisions by aiming for a balanced approach between economic performance and positive social and environmental impact through cooperative governance rooted in the regions;
- support all stakeholders in their environmental transition;
- develop regional cooperation and commit to local vitality;
- commit to inclusion and cultivate a lasting relationship of trust with all mutual shareholders and customers, from pioneers to the most vulnerable;
- promote the collective commitment to serve the common good by keeping its mutualist values alive.

A Mission Committee composed of nine members, including five people from the business or nonprofit sector who are not part of the company, two directors and two employees, one of whom is the mission advisor, was appointed by the Board of Directors in June 2022. Its role is to approve, monitor and assess, by establishing measurement indicators, the proper implementation of the roadmap through which these five commitments will be integrated into day-to-day operations.

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 mutual shareholders, democratic control and allocation of profits between mutual shareholders 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 mutual shareholders 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;
- 87 federal or inter-federal banks;
- 1,991 local banks;
- 8.6 million mutual shareholders and 10.6 million customers (Crédit Mutuel cooperative group);
- 21,000 directors, 40.5% of whom are women.

8.2 MUTUAL SHAREHOLDERS AND MUTUAL SHARES (CAPITAL OWNERSHIP AND VOTING RIGHTS)

At Crédit Mutuel, capital is owned by customers and mutual shareholders in the form of mutual shares. Mutual shareholders participate in the decisions of their local cooperative bank and make sure it is properly managed. Crédit Mutuel’s local cooperative banks belong to their mutual shareholders, 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 mutual shares, customers and mutual shareholders become joint owners of their local bank. This gives them the right to make their voices heard and participate in general meetings, an important part of the cooperative experience.

By casting their vote based on the “one person, one vote” cooperative principle, mutual shareholders can be involved in developing their bank’s strategy by choosing their 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 general meeting is an important part of the cooperative experience and an opportunity for mutual shareholders 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 mutual shareholders, directors and the management team to meet and discuss the bank’s development, as well as a chance for mutual shareholders to have a voice by voting on all resolutions based on the “one person, one vote” principle.

Crédit Mutuel’s 8.6 million mutual shareholders are the foundation on which its cooperative model is built. They own its capital, vote at their local banks’ general meetings and elect the directors who represent them on the Board of Directors. The indicators related to membership are included in section 1.2.2.

PARTICIPATION IN GENERAL MEETINGS	2022	2021 ¹	2020 ¹
Number of mutual shareholders invited to local banks’ General Meetings	7,576,830	NC	NC
Number of mutual shareholders who participated in local banks’ General Meetings	406,442	NC	NC
Mutual shareholders’ rate of participation in local banks’ General Meetings	5%	NC	NC

1. Given the health situation in 2020 and 2021, mutual shareholders’ participation in General Meetings was not tracked on a comparable basis.

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 mutual shareholders who elected them at local General 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 mutual shareholders 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.

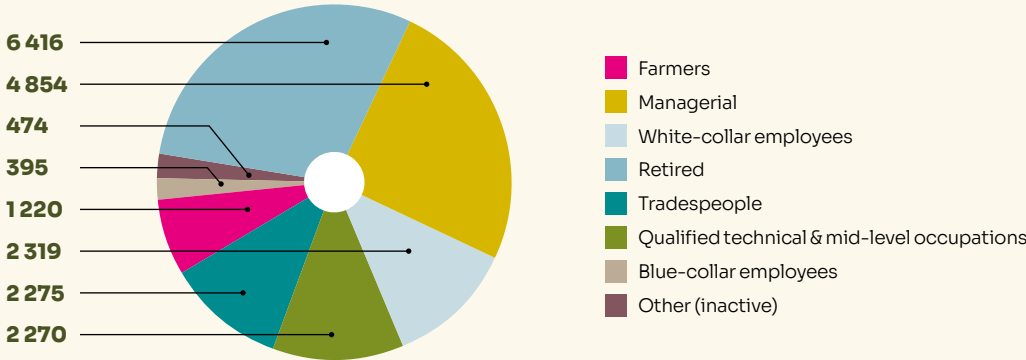
INVOLVEMENT OF ELECTED DIRECTORS	2022	2021	2020
Directors’ rate of attendance at Board of Directors’ meetings	90%	86%	93%
Directors’ rate of attendance at Audit Committee meetings	88%	94%	95%
Directors’ rate of attendance at Risk Committee meetings	87%	92%	94%
Directors’ rate of attendance at Appointments Committee meetings	94%	96%	96%
Directors’ rate of attendance at Compensation Committee meetings	93%	94%	94%

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 general meetings.

REPRESENTATIVENESS OF DIRECTORS	2022	2021	2020	CHANGE 2022-2021
Number of female directors of local banks	8,181	8,082	8,349	1%
Number of female directors of federations	178	178	168	0%
Percentage of local bank directors who are women	40.5%	39.5%	38.6%	-

BREAKDOWN OF DIRECTORS OF LOCAL BANKS BY SOCIOECONOMIC GROUP



8.5
DIRECTORS’ INTEGRITY AND EXPERTISES

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 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 mutual shareholders to become local bank directors;
- develop digital tools to improve and facilitate the upskilling of elected directors (via online training tools, self-training, etc.).

TRAINING OF DIRECTORS (LOCAL BANK LEVEL)

	2022	2021	2020	CHANGE 2022-2021
Number of directors who took at least one training course during the year	18,039	13,745	6,203	31%
Percentage of directors trained	89.2%	67.2%	28.7%	-
Total number of hours of training provided	55,558	41,444	18,376	34%
Hours of training per director trained	3.08	3.02	2.96	2%

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 no. 2017-1265 of August 9, 2017, which transpose European Directive 2014/95/EU of October 22, 2014 on the disclosure on non-financial information.

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

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

9.1
SCOPES

The overall scope of this report covers all of the Group’s businesses, whether carried on by the cooperative entities or by its subsidiaries. The consolidation performed by Confédération Nationale du Crédit Mutuel relies on data collected from the Group’s five federal banks, each of which reports on the entirety of its scope of consolidation.

Some data, particularly accounting data, is obtained from CNCM’s finance department, which is in charge of preparing the consolidated financial statements. The overall data on locations 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 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 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 (general meetings of mutual shareholders, NGOs, non-financial ratings agencies, etc.);
- collective discussions on CSR practices in European cooperative banks (EACB, etc.) and other cooperative sectors;
- Regulation (EU) 2020/852 of June 18, 2020 on the establishment of a framework to facilitate sustainable investment;
- Delegated Regulation (EU) 2021/2139 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 Decree 2017/1265 of August 9, 2017 and the fight against climate change were not considered relevant as regards applicable regulatory requirements. These include the circular economy, the fight against food waste, the prevention, reduction or repair of discharges into the air, water and soil seriously affecting the environment, the fight against food insecurity, respect for animal welfare and responsible, fair and sustainable food. Some of these issues will be addressed in future years, pursuant to Regulation 2020/852 and the CSRD.

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 magazines 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. On December 31, 2022, 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, Basse-Normandie 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 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 2022 emissions report.

It should be noted that the Crédit Mutuel group’s greenhouse gas emissions report is consolidated over several years. It includes the 2022 emissions for Crédit Mutuel Arkéa, Crédit Mutuel Maine-Anjou et Basse Normandie, and Crédit Mutuel Océan, and the 2021 emissions for Crédit Mutuel Alliance Fédérale.

Taxonomy

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

- 1 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;
- the eligibility of non-financial companies subject to the NFRD was collected directly in the entities’ non-financial performance statements, calculated on the basis of fiscal year 2021;
- 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.
- All financing operations related to purchases of real estate or building renovation work by households were considered fully eligible in accordance with Delegated Regulation 2021/2178 of July 6, 2021. Unlike the previous year, loans to finance vehicle purchases granted on or after January 1, 2022 were considered fully eligible. Starting in 2023, the alignment of these exposures will be analyzed in accordance with the technical criteria set out in Annex II of Delegated Regulation (EU) 2021/2139 of June 4, 2021;
- With regard to financing provided to companies, unlike last year, for which this analysis was based only on estimates related to the eligibility of NACE activities referenced by Delegated Regulation (EU) 2021/2139, the Crédit Mutuel group looked for eligibility as published by its counterparties in their Universal Registration Document, management report or non-financial performance statement.

The ratios published by its counterparties served as a basis for weighting the loans related to these companies;

- Note that for exposures to a subsidiary, Crédit Mutuel opted to use the ratio published by the parent company.
- Deposits at the Caisse des Dépôts et Consignations were considered sovereign exposures and were therefore not recognized as assets covered by the taxonomy;
- Information on the eligibility and alignment of activities related to gas and nuclear energy was not included in its taxonomy analysis for fiscal year 2022, as no data was published by customers.

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 business 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.

Equity

Equity consists of customers’ investments in mutual 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 through other comprehensive income, 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 mutual share and so become a mutual shareholder of the cooperative (their local bank) and vote at their general 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.

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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)	 13 MESURES RELATIVES À LA LUTTE CONTRE LES CHANGEMENTS CLIMATIQUES	42
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	 13 MESURES RELATIVES À LA LUTTE CONTRE LES CHANGEMENTS CLIMATIQUES	40, 47
ESG criteria in loan and investment decisions	G4-EC2; FS1; FS2; FS3; FS11; FS15; FS16	7, 8	3	 12 CONSUMATION ET PRODUCTION RESPONSABLES  13 MESURES RELATIVES À LA LUTTE CONTRE LES CHANGEMENTS CLIMATIQUES	50
Financing of the real economy and the needs of society	FS7; FS13; G4-EC1			 12 CONSUMATION ET PRODUCTION RESPONSABLES	51
Combating corruption, fraud and unethical practices	G4-41; G4-56; G4-SO3; G4-SO4; G4-SO5; FS4	10	3	 16 PAIX, JUSTICE ET INSTITUTIONS EFFICACES	56
Data protection and privacy	G4-PR8	1; 2	3	 16 PAIX, JUSTICE ET INSTITUTIONS EFFICACES	58
Customer relationship quality	G4-PR1; G4-PR2; FS5		3		59
Combating financial exclusion	FS14		2 (financial inclusion and health commitment), 6		54
Development of human capital	G4-EN34; G4-LA9; G4-LA10	3	5	 8 TRAVAIL DÉCENT ET CROISSANCE ÉCONOMIQUE	63
Improvement in employees' working conditions	G4-L11; G4-LA1; G4-LA4; G4-LA5; G4-LA6; G4-LA8; G4-HR4; G4-HR5; G4-HR6	3	5	 8 TRAVAIL DÉCENT ET CROISSANCE ÉCONOMIQUE	64
Equality of opportunity	G4-10; G4-LA12; G4-LA13	1; 2; 3; 4; 5; 6	5	 5 ÉGALITÉ ENTRE LES SEXES	60
Long-term relationships with subcontractors and suppliers	G4-EN32; G4-EN33; G4-LA14; G4-LA15; G4-SO9; G4-SO10	1; 2			59
Mobilization and coordination of members	G4-16				67
Governance diversity	G4-7; G4-34				67
Directors' integrity and expertise	G4-38; G4-44				68

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INDEPENDENT VERIFIER'S REPORT ON THE CONSOLIDATED NON-FINANCIAL PERFORMANCE STATEMENT

CONFÉDÉRATION NATIONALE DU CRÉDIT MUTUEL

Year ended December 31, 2022

To the General Meeting,

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, 2022 (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.

Inherent limitations in preparing the Information

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 those risks together with the results of those policies, including key performance indicators, as well as the information provided for in Article 8 of Regulation (EU) 2020/852 (green taxonomy); and
- implement such internal control as it determines is necessary for the preparation of Information that is free from 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 the 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.

Regulatory provisions and applicable professional standards

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 serving as an assurance program, and international standard ISAE 3000 (revised)⁴¹.

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.

Means and resources

Our work utilized the skills of four people and was carried out between April and May 2023 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 work

We planned and carried out our work taking into account the risk of material misstatement in the Information.

We consider that the procedures we carried out, on the basis of our professional judgment, enable us to form a limited assurance conclusion:

- 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 on social and environmental matters;
- we verified that the Statement presents the information provided for in of Article R. 225-105 II 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 here: Crédit Mutuel Nord Europe and CIC Ouest;
- 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, 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 performed:
 - analytical procedures, which involved verifying whether the data collected was properly consolidated and the consistency of movements;
 - detailed testing based on sampling or other selection methods, which involved verifying the correct application of definitions and procedures and comparing the data with the supporting documents. This work was carried out at a selection of contributing entities as listed above and at the corporate banking business line, Crédit Mutuel Alliance Fédérale and the asset management company. It covers between 6% and 88% of the

consolidated data selected for these tests (6% of directors, 6% of the workforce, 7% of mutual shareholders, 20% of financing authorizations, 20% of SRI investments and 88% of greenhouse gas emissions excluding financing);

- 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.

The procedures carried out for a limited assurance engagement are less extensive than those required for a reasonable assurance engagement carried out in accordance with the professional standards; a higher level of assurance would have required more extensive work.

Paris-La Défense, May 12, 2023

The independent third party,
EY & Associés

Caroline Delérable Partner,
Sustainable Development

41 - 1 ISAE 3000 (revised) - Assurance engagements other than audits or reviews of historical financial information.

THE HISTORY OF MUTUALISM IS OURS!

ACKNOWLEDGEMENTS

This edition was produced with the help of the Crédit Mutuel group's employees and elected directors. We would like to thank Crédit Mutuel's regional federations for their contribution, in particular:

Arnaud, Aurélien, Caroline, Élodie, Emma, Éric, Franck, Lionel, Louison, Manon, Mathieu, Mathilde, Medhi, Mélissa, Mouktadirath, Ronald, Stéphanie, Thibaud, Thierry, Thierry, Tyda et Yasmina.

All profiles can be found in all our institutional publications.



Photos: Crédit Mutuel - Adobe Stock - Christèle Billault.

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