

Sector policy – Consumer credit policy

Foreword

Through their various activities, Crédit Mutuel-CM11 group's entities may have cause to take part in operations in sensitive sectors involving social and environmental risks. Aware of their responsibility in this regard, the entities have undertaken to establish sector-based policies aimed at defining a field of action, and setting criteria and rules to be respected in the course of their operations in areas where social and environmental impacts are the most sensitive.

Measures taken apply to all Crédit Mutuel-CM11 group's entities, subject to compliance with the legal and regulatory provisions specific to each entity and each country. They may be reviewed whenever Crédit Mutuel-CM11 group's entities deem it necessary.

Consumer credit activities are an integral part of the economic development of Crédit Mutuel-CM11 group's entities, in compliance with its values and rules in respect of professional conduct and ethics. Consumer credit is an indispensable form of support for household consumption, especially in the prevailing economic climate.

It is a solution for financing consumer goods and/or services.

Regulatory reminder:

A harmonised EU framework has gradually been established in a number of key areas, in particular:

- European Directive 2008/48 of 23 April 2008 (transposed into French law as the Lagarde law),
- European Directive 2013/11/EU on alternative dispute resolution for consumer disputes (transposed into French law by Executive Order 2015-1033).

This mechanism was further reinforced in France with the adoption of the Hamon law in February 2014.

EU countries have transposed these directives, thereby achieving a fundamental change in the overall market.

The main objectives of the rules governing consumer credit are as follows:

- create a framework of trust in relations between credit institutions and consumers,
- provide consumers with a sufficient level of protection, as well as more transparent and more efficient customer service.

The framework for the exercise of the consumer credit business, in particular with regard to pre-contractual and contractual information or the training of intermediaries in credit operations, has been considerably strengthened.

This sector policy – consumer credit – is part of the group's corporate social responsibility (CSR) policy.

It addresses the following points:

1. Marketing practice
2. Commercial practice
3. Acceptance and financing practice
4. Debt collection practice
5. Prevention of excessive indebtedness
6. Prevention and the fight against money laundering and the financing of terrorism
7. Processing of personal data
8. Dealing with complaints

1. Marketing practice

The marketing practices employed by Crédit Mutuel-CM11 group's entities use all channels available to maintain the commercial relationship with customers, in particular through computer and digital techniques: account statements, mailing, e-mailing, SMS, telephone, websites, social networks, etc.

Within the group's networks, the consumer credit marketing practices form an integral part of managing the comprehensive relationship.

Marketing solicitation materials for prospecting and/or clients are subject to monitoring, particularly with regard to frequency, in order to ensure respect of the client base. In addition, these marketing documents and/or materials are subject to systematic validation by the legal and/or compliance departments.

The internal rules aim to preserve the confidentiality and privacy of personal data of customers (see Part 7 on the processing of personal data).

Customers are told how to unsubscribe from commercial offers: a customer who no longer wishes to receive offers or emails can at any time ask to be removed from the commercial mailing list. In the banking networks, customers can unsubscribe online or contact their account manager, who will register their refusal to be contacted via one or more channels in the information system.

2. Commercial practice

The Code of Ethics and Professional Conduct is an integral part of the general objectives set by the Crédit Mutuel-CM11 group's entities concerning:

- quality of customer service,
- respect for integrity and rigour in the processing of operations,
- compliance with internal regulations, procedures and standards.

a. Consideration of the interests of customers

Particular attention is paid to the identification, prevention and/or management of potential conflicts of interest.

It should be noted that network employees of entities based in France do not benefit from variable remuneration.

Variable remuneration for the other entities is strictly governed and limited. The quality of the operations processing is the object of controls, the results of which impact the variable portion of remuneration.

b. Duty of information

Knowing the customer, his or her needs and the operations carried out is essential in order to meet his or her expectations and to establish a long-term relationship of trust.

Respect for the duty of information consists in giving the customer all the elements enabling him or her to ensure that the proposed credit meets his or her expectations and needs, but also to appreciate the consequences that the credit may have on his or her financial situation.

Employees must provide clear, comprehensive and objective information that does not allude to deceptive benefits, thereby enabling the customer to make an informed decision.

No customer should ever be offered an operation clearly contrary to his or her interests.

c. Diligence in the execution of operations

The objective must always be to provide the best response to customer requests in respect of the request for credit and the best commercial service.

d. Behaviour expected during customer contact

Customer contact must respect the following principles:

- business relationships must be guided by listening, seeking a solution that is in the best interests of the customer. The nature of the solutions proposed depends on the knowledge of the customer's situation,
- in all circumstances, politeness, consideration, respect for privacy and confidentiality are essential.

3. Acceptance and financing practice

The decision to accept or refuse to grant credit to a customer is the bank's responsibility, and must comply with both the interests of the borrower and the prudential rules applicable to the lender.

The rules governing the granting of credit guarantee treatment appropriate to each situation, based on objective criteria and without preconceptions.

In addition to the laws and regulations relating to consumer credit, the study of the customer's solvency also integrates the principles laid down by the regulatory data protection body of the country in question (CNIL - National Commission for Information Technology and Civil Liberties – for entities based in France) and is based on:

- structured collection of information;
- consultation of external files.

Customer information is updated throughout the business relationship, and in particular during the lifespan of credits.

During the examination of the request for credit, the lender refers to the legal registers, in particular those serving to identify payment Incidents, in accordance with the applicable national regulations.

(In France, Register of Payment Incidents (FICP), Banque de France Central Cheque Register (FCC).)

4. Debt collection practice

Despite diligence in accepting customers' requests for credit, some customers may find themselves in a difficult situation stemming from personal, professional or health problems, or more generally relating to accidents of life.

The business ethics and values of Crédit Mutuel-CM11 group's entities prompt them to maintain contact and to maintain relationships with the same respect and consideration.

Measures aimed at achieving the agreed settlement of debts are taken in a spirit of support,

assistance and continuity of relationship with customers.

The group strives to optimise its debt collection processes, through the reinforcement and specific training of the teams in charge of this aspect, with a view to fostering a better relationship with the customers concerned and processing requests more efficiently.

The objective of the relevant departments, and in particular the recovery service in such cases, is to find a debt settlement solution that is appropriate to the situation and satisfactory for both parties.

5. Prevention of excessive indebtedness

The prevention of excessive indebtedness consists of mobilising human and technical resources to better educate customers on the impact of being granted credit.

Special attention is thus given to helping customers better understand their budget management, at the moment of the credit request, by making available preventative information on consumer credit that enables customers to make an informed choice.

Moreover, preventive detection actions may be implemented by group entities in addition to personalised assistance to customers who need to manage a difficult situation related to the occurrence of an accident of life.

6. Prevention of money laundering and the financing of terrorism

Crédit Mutuel-CM11 group entities' consumer credit activities are carried out in compliance with local and European regulations on the fight against money laundering and the financing of terrorism (AML/FT).

Consumer credit activities are subject to constant vigilance, adapted to the nature and specificity of the products, as well as to the particularities of each of the distribution channels, using various mechanisms:

- the principles of routine identification of customers when entering into business relationships and knowledge of customers are standard procedures,
- the type of products, the manner in which they are marketed and compliance with the relevant procedures make it possible to ascertain the true identity of the beneficial owner of the business relationship, ensuring that no anonymous transactions are possible,
- the KYC information and documents required to begin a business relationship are stated in the procedures, archived, analysed and regularly updated,

- monitoring and analysis systems are used to detect persons subject to asset freezing measures and politically exposed persons,

- monitoring and analysis systems are established on the basis of risk mapping,

- specific criteria and thresholds for consumer credit operations have been established to monitor transactions, detect suspicious transactions and alert the competent authorities where appropriate.

In addition, employees are trained in the fight against money laundering and terrorist financing and the due diligence set out in each entity's procedures.

It should be noted that no operations are conducted and no consumer credit activity carried out in non-cooperative states or territories. Group entities engaged in consumer credit activities are all located in European countries that have transposed the European directives on the fight against money laundering and financing of terrorism (AML/FT).

7. Processing of personal data

The Crédit Mutuel-CM11 group's consumer credit activities are carried out in accordance with local and European regulations concerning the processing of personal data, and comply with the recommendations issued by the competent local authorities.

All employees are bound by professional secrecy as specified in the Crédit Mutuel-CM11 group Code of Ethics, subject to the penalties provided for by law. Respect for professional secrecy means not disclosing to third parties or internal entities any information that they do not need to know and/or whose disclosure could involve the professional, civil and/or criminal liability of its author.

Professional secrecy covers all information made available to employees by the entity, or to which they have access during the course of their duties. It also covers the identity of customers and their personal data, as well as the transactions they perform and the miscellaneous information they provide.

Professional secrecy can only be lifted within the precise framework of statutory or regulatory provisions.

Employees remain bound by professional secrecy after the termination of the employment relationship for any reason whatsoever.

8. Dealing with complaints

Dealing with a complaint from a customer or a prospect should provide a response matching the expectations expressed by the customer.

The appropriate handling of complaints is carried out in a two-fold general approach to protecting

customers and detecting malfunctions, with the overriding aim of satisfying customers.

The aim of implementing preventive and/or corrective action plans is to prevent the repeat of dysfunctions, and in particular to reduce risks of non-compliance. In this way, the processing of claims contributes to the continuous improvement of processes.

The Crédit Mutuel group mediator and the mediator for the French Association of Financial Companies (ASF) have been appointed for Crédit Mutuel-CM11 group entities settled in France and having banking status, in accordance with the requirements of the regulations:

- Executive Order No. 2015-1033 of 20 August 2015 concerning the out-of-court settlement of consumer disputes,
- Decree No. 2015-1382 of 30 October 2015 on the mediation of consumer disputes,
- Decree No. 2015-1607 of 7 December 2015 on the conditions for the appointment of corporate mediators.

The group's mediator has been registered on the list of mediators notified to the European Commission by the Commission for the Assessment and Control of Consumer Mediation (CECM), a guarantee of the mediator's independence, since October 2016.

A mediation charter, available on the mediator's and the bank's websites, sets out the rules governing mediation.

Mediation is a process whereby both parties to a dispute endeavour to reach agreement with the assistance of a third party – the "mediator" – whose role is to help them resolve their dispute and reach an amicable agreement.

Disputes under the mediator's jurisdiction are described on his website and in the mediation charter.

The contact details of the mediators are available on their websites:

www.lemediateur-creditmutuel.com

<http://lemediateur.asf-france.com/>