

SECTOR POLICY

Defence & Security

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Issues and objectives of the policy

Crédit Mutuel Alliance Fédérale, which is a company with “Entreprise à mission” status, wants to work towards a fairer and more sustainable society. To this end, the group wishes to strictly monitor operations in sensitive sectors involving social and environmental risks.

Being concerned about taking these issues and the foundations of democracy into account responsibly, the group has undertaken to define sector policies aimed at delimiting the scope of action and establishing criteria and principles to be observed during the performance of its activities and thus contributing to the ecological transformation and social progress.

The measures stemming from these policies apply to the entire group, subject to compliance with the legal and regulatory provisions applicable to each entity.

These measures may be revised each time the group deems it necessary.

Crédit Mutuel Alliance Fédérale implements a responsible policy in keeping with its mutualist values. In addition to complying with national and international obligations and legislation in force, Crédit Mutuel Alliance Fédérale, a longstanding partner for companies in the Defence & Security sector, has decided to establish rules to define the responsible intervention framework for transactions in this sector.

The group wishes to support companies in this sector responsibly with particular attention paid to respecting human rights and fundamental freedoms.

This policy acknowledges:

- **the existence of conventions, international treaties, regional agreements, as well as national regulations specific to the arms industry,**
- **the legitimate defence and security needs of States,**
- **the signature of international treaties on excluded weapons,**
- **the good practices of defence players that are members of registered professional associations such as the ASD, AIA, ORSE, and IFBEC.**

Scope of application

This sector policy applies to any counterparty involved in the Defence or Security sector, providing goods or services used for military, defence or policing purposes or dual-use equipment that could also be used in the civil segment.

The scope of application of this Sector Policy covers:

- all banking and financing transactions provided by the group’s entities (including subsidiaries and branches and in compliance with standards applicable to each country) to clients directly or indirectly involved in the Defence & Security sector;
- proprietary or third-party asset management (excepting index management) of shares in companies in the Defence & Security sector.

Crédit Mutuel Alliance Fédérale shall refrain from providing banking and financial services if there is insufficient knowledge of the purpose of the transaction (KYT), the client and its counterparties (KYC) and/or the country concerned (sensitive country or not) with regard to the application of internal rules.

The group undertakes not to systematize its opinions, no transaction being identical to the previous one, and it will pay particular attention to the corporate social responsibility developed by its clients, aligned with its commitments and mutual values especially during banking and financial service transactions.

Scope of the policy and exclusion criteria

A. Defence equipment and weapons criteria

The group formally refrains from providing banking and financial services whose underlying purpose is linked to the production of excluded weapons as defined below.

Apart from these prohibitions, all components of weapons systems can be financed.

Definitions

Excluded weapons: All weapons prohibited by international treaties to which France is a party, and which specifically targets the arms presented below.

A.1. Anti-personnel landmines

Many countries, including France, have signed the Ottawa Convention, which became effective on 1 March 1999, banning the use, development, production, acquisition, storage and transfer of anti-personnel mines.

According to the Ottawa Convention, anti-personnel mine means “a mine designed to be exploded by the presence, proximity or contact of a person and intended to incapacitate, injure or kill one or more persons.”

A.2. Cluster munitions

The Oslo Convention, an international instrument for fighting against cluster bombs, was adopted by 94 countries, including France, in 2008 and it entered into force on 1 August 2010. The said convention bans the use, production, storage and transfer of all cluster munitions.

The Oslo Convention defines cluster munitions as a conventional munition that is designed to disperse or release explosive sub-munitions.

At a national level, France adopted national implementing law No. 2010-819 promulgated on 20 July 2010.

A.3. Unconventional weapons and weapons of mass destruction (WMD) subject to national or international regulation

The following types of weapons are concerned:

- nuclear weapons possessed by non-nuclear-weapon states (the Treaty on the Non-Proliferation of Nuclear Weapons, which became effective on 5 March 1970),
- biological and toxic weapons (the Biological and Toxic Weapons Convention, which became effective on 26 March 1975),
- chemical weapons (the Chemical Weapons Convention, which became effective on 29 April 1997),
- and delivery systems for weapons of mass destruction (systems capable of delivering WMDs), as defined by the French regulation.

At a national level, France adopted Law No. 2011-266 of 14 March 2011 on the Fight against the Proliferation of Weapons of Mass Destruction and their Delivery.

B. Counterparty criteria

The group does not participate in banking and financial services for counterparties involved in the development, manufacturing, production, acquisition, storage, retention, supply, disposal of, import, export, trade, brokerage, transfer and use of the weapons also mentioned in paragraph A.

The group will focus its resources on companies in the French defence technological and industrial base and, by extension, on the European arms industry.

C. Exports criteria

Crédit Mutuel Alliance Fédérale acknowledges the following main international and European principles:

- the Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-use Items, which became effective in September 1996,
- the UN Programme of Action to Prevent, Combat and Eradicate the Illicit Trade in SALW in all its aspects,
- the Protocol against the illicit manufacturing of and trafficking in firearms, their parts, components and ammunition, additional to the UN Convention against cross-border organized crime,
- the European Union Code of Conduct regarding the export of weapons, dated 1998, and the EU Council Common Position 2008/944/CFSP of 8 December 2008 defining common rules governing control of exports of military technology and equipment,
- Regulation (EU) 2021/821 of the European Parliament and of the Council of 20 May 2021 setting up a Union regime for the control of exports, brokering, technical assistance, transit and transfer of dual-use items (recast),
- the OECD Convention on corruption, which entered into force on 15 February 1999.

Crédit Mutuel Alliance Fédérale shall refrain from financing any banking service and/or financial transactions involving:

- the sale of weapons or military or security equipment to non-State entities outside Member States of the EU and/or NATO, unless these exports have been duly authorised by national competent authorities.
- transactions related to terrorism or money-laundering.
- exports of military goods directly or indirectly intended for countries subject to military embargo or to conflict zones, pursuant to sanctions imposed by French, European and international authorities save for exemption authorised by the competent authorities and/or pursuant to regulations in force within the European Union.

Crédit Mutuel Alliance Fédérale may take part in transactions related to military and security equipment that are duly authorized, pursuant to applicable national and international regulations in force and that do not fall under the categories listed in the exclusion section as long as:

- the weapons-exporting companies or groups are domiciled in a Member State of the European Union or a country similar to the intra-Community regime in terms of weapons transfer,
- they fulfil our client eligibility rules,
- they have obtained the necessary authorisations from the competent authorities.

For any other country outside the European Union or a country similar to the intra-Community regime in terms of weapons transfer, the group shall ensure that the export of said military equipment has been authorised by the competent authorities and does not contravene French regulations.

As a result, the group reinforces the study and analysis of goods and services or banking transactions, particularly to:

- conflict zones;
- countries under international financial sanctions.

The group is also vigilant about the knowledge of counterparties involved in the structure of the transaction, beyond respecting the internal rules of KYT compliance.

Each case will be examined with particular attention paid to the potential risks related to the financial structure, the various parties involved (intermediaries, banks, clients, etc.) and the origin of the funds (countries under embargo, countries linked to the production and trafficking of narcotics, countries where serious violations of human rights and fundamental freedoms have been observed, etc.).

Entry into force

This policy was updated on 25 March 2025. In order to ensure compliance with the criteria and principles set out in its Defence & Security sector policy referred to above, the group may have recourse to and rely on the expertise, assessments and/or information provided by various experts or external service providers selected with reasonable care, and that it also relies on information provided by the companies concerned in the Defence & Security sector.