

GENERAL POLICY ON THE INTEGRATION OF SUSTAINABILITY RISKS AND CONSIDERATION OF ADVERSE SUSTAINABILITY IMPACTS IN INVESTMENT AND INSURANCE ADVISORY PROCESSES

I. Preamble

As a cooperative and mutual bank, Crédit Mutuel Alliance Fédérale has chosen responsibility, proximity and solidarity and has demonstrated its ability to build a common good together. Crédit Mutuel Alliance Fédérale's business model is based on recognised technological strength and is decentralised, relational, and integrated in the regions.

Crédit Mutuel Alliance Fédérale has adopted a *raison d'être* in line with its values:

“Ensemble, écouter et agir” [Listening and acting together]

It is also the first benefit corporation bank, with five long-term commitments that aim to assert its identity and its values, and to mobilize expertise and energy around a shared momentum:

- 1) As a cooperative and mutualist organization, we support our customers and members in their best interests,
- 2) The bank for everyone, members and customers, employees and elected representatives, we act for everyone and reject any discrimination,
- 3) Respecting everyone's privacy, we put technology and innovation at the service of people,
- 4) A company that supports the community, we contribute to regional development,
- 5) A responsible company, we work for a fairer and more sustainable society.

Crédit Mutuel Alliance Fédérale is committed to preserving the environment and tackling global warming. It has made concrete commitments to align its activities with the Paris Agreement and applies responsible sectoral policies in line with its climate commitments (coal - hydrocarbons - mining - civil nuclear energy - defence & security - mobility).

As part of its Climate strategy, the group has set itself the objective of completely phasing out coal by 2030. Similarly, Crédit Mutuel Alliance Fédérale has stopped funding new oil and gas exploration, production and infrastructure projects and is committed to considerably strengthening its "hydrocarbons" sectoral policy by excluding from all financing customers whose activities are significantly linked to the production of non-conventional fossil fuels.

Crédit Mutuel Alliance Fédérale offers investment and insurance advice as part of its financial savings offers.

The information contained in this policy is intended to explain how Crédit Mutuel Alliance Fédérale, for its authorised entities within the European Union, undertakes, in the context of its financial savings solutions, investment advisory and insurance advisory activities, to meet the requirements of Regulation (EU) 2019/2088, known as the Sustainable Finance Disclosure Regulation (SFDR), on the disclosure of sustainability information in the investment decision-making and advisory process for funds and unit-linked life insurance. The scope of the regulation defines the financial products covered¹.

This regulation is part of the European Union's Action Plan for financing sustainable growth by actively participating in the redirection of capital flows towards sustainable activities. It aims to describe how sustainability risks are integrated into Crédit Mutuel Alliance Fédérale's investment processes and investment advisory activities and to what extent the bank assesses, integrates and monitors the principal adverse impacts of its investment decisions or investment advice on sustainability factors.

Aware of its role in supporting the energy transition, Crédit Mutuel Alliance Fédérale conducts all its activities in a responsible manner by integrating environmental, social and governance (ESG) issues² and sustainability risk analysis into the design of its offers and services in order to provide its customers with sustainable investments.

II. General policy on the integration of sustainability risks

Definition: A sustainability risk³ means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential negative material impact on the value of the investment.

Adverse sustainability impacts correspond to the adverse impacts of investment decisions on sustainability factors, i.e. environmental, social, labour, human rights and anti-corruption issues.

¹ Financial products targeted by Regulation (EU) 2019/2088

<https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32019R2088&from=FR>

² Environmental, Social and Governance (ESG) criteria make it possible to assess how sustainable development and long-term issues are taken into account in the strategy of economic actors (companies, local authorities, etc.).

³ <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32019R2088&from=FR>

The SFDR aims to make it easier for investors to compare the various sustainable investment strategies currently available by imposing transparency obligations on investment and insurance advisory activities with regard to the integration of sustainability risks and consideration of principal adverse impacts.

Investment decisions and advice integrate the following criteria:

- The environmental criterion, which refers to mitigation of the effects of climate change and takes into consideration factors such as the reduction of greenhouse gas emissions, water management, biodiversity, waste management and the prevention of climate risks.
- The social criterion, which includes issues such as accident prevention, training, respect for labour rights, social dialogue, the gender pay gap or any other form of discrimination.
- The governance criterion which verifies, among other things, the independence of the Board of Directors, diversity within the company, anti-corruption policies, and the inclusion of environmental and social issues in the decision-making process.

Implementing principles for the integration of sustainability factors into financial products

Crédit Mutuel Alliance Fédérale is committed to responsible finance through its specialised subsidiaries ⁴, which are the main producers of financial products for all the group's distribution networks ⁵. These subsidiaries integrate sustainability factors into their activities, in addition to ESG criteria, right from the design stage of their financial products, and have disclosed their sustainability policies, details of which are available on their respective websites.

Crédit Mutuel Asset Management

<https://www.creditmutuel-am.eu/fr/non-professionnels/actualites/actualites-sfdr/pdf-sfdr-article-3.html>

<https://www.creditmutuel-am.eu/ie-en/non-professionnels/regulatory-information/sfrd3.html>

Les Assurances du Crédit Mutuel

<https://www.acm.fr/fr/notre-actualite/nos-publications/rapports-transition-energetique-des-assurances-du-credit-mutuel.html>

(French only)

La Française Asset Management

https://www.la-francaise.com/fileadmin/docs/XX3533-La_Francaise_s_engage-mars_2021.pdf (French only)

Implementing principles for the integration of sustainability risks in investment or insurance advice⁶ (Article 3.2)

Sustainability risk management covers the financial products offered to Crédit Mutuel Alliance Fédérale customers through its distribution networks.

In the context of investment or insurance advice, all distribution networks pay particular attention to ensuring that customers have access to all pre-contractual information on products with environmental or social characteristics or with sustainability targets, in accordance with the AMF's⁷ position-recommendation, which requires proportionate communication on the consideration of non-financial criteria. This transparency requirement should enable customers to make informed decisions on the choice of financial investments.

Implementing principles for the integration of sustainability risks in portfolio management⁸ (Article 3.1)

In the context of mandated portfolio management, the Crédit Mutuel Alliance Fédérale entities concerned undertake to consider the extra-financial criteria set out in the present policy when making investment decisions on behalf of their customers.

Statement of having considered the principal adverse impacts (Article 4)

⁴ Crédit Mutuel Alliance Fédérale's asset management companies: Crédit Mutuel Asset Management, Cigogne Management; Dubly Transatlantique Gestion; Banque de Luxembourg Investissements; La Française AM; and les Assurances du Crédit Mutuel.

⁵ Crédit Mutuel Alliance Fédérale groups together the Crédit Mutuel banks of the following federations: Centre Est Europe (Strasbourg), Sud-Est (Lyon), Ile-de-France (Paris), Savoie-Mont Blanc (Annecy), Midi-Atlantique (Toulouse), Loire-Atlantique et Centre Ouest (Nantes), Centre (Orléans), Normandie (Caen), Dauphiné-Vivarais (Valence), Méditerranéen (Marseille), Anjou (Angers), Massif Central (Clermont-Ferrand), Antilles-Guyane (Fort-de-France) and Nord Europe (Lille).

Crédit Mutuel Alliance Fédérale also groups together Caisse Fédérale de Crédit Mutuel, Banque Fédérative du Crédit Mutuel (BFCM) and all of its subsidiaries, notably CIC, TARGOBANK, Banque Européenne du Crédit Mutuel (BECM), Banque de Luxembourg, Banque Transatlantique, and Crédit Mutuel Investment Managers.

⁶ Excluding customised recommendations.

⁷ [https://www.amf-](https://www.amf-france.org/sites/default/files/doctrine/Position/Information%20to%20be%20provided%20by%20collective%20investment%20schemes%20incorporating%20non-financial%20approaches.pdf)

[france.org/sites/default/files/doctrine/Position/Information%20to%20be%20provided%20by%20collective%20investment%20schemes%20incorporating%20non-financial%20approaches.pdf](https://www.amf-france.org/sites/default/files/doctrine/Position/Information%20to%20be%20provided%20by%20collective%20investment%20schemes%20incorporating%20non-financial%20approaches.pdf)

⁸ Management mandates proposed by banks.

Article 4 of the Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector requires:

- Disclosure by financial market participants of information related to considering the principal adverse impacts of investment decisions on sustainability factors;
- Disclosure by financial advisers of information related to considering the principal adverse impacts on sustainability factors in their investment and insurance advice.

The concept of sustainability is set out in the regulations according to the principle of double materiality, i.e. the impact of sustainability risks on investments but also the impact - adverse - of an investment decision on sustainability factors.

The Crédit Mutuel Alliance Fédérale entities acting as producers of financial investments already analyse the impact of investment products on certain sustainability factors: environmental protection, labour rights, corporate governance, but also human rights, anti-corruption and money laundering.

Thus, in the context of investment and insurance advisory activities or mandates, Crédit Mutuel Alliance Fédérale's distribution networks will consider the principal adverse impacts of the products offered to customers on all the sustainability factors covered by the regulation, when the required underlying information is available with sufficient quality and quantity standards.

Crédit Mutuel Alliance Fédérale's distribution networks will rely, among other things, on the data analysis of the principal adverse impacts on producers' investment decisions.

Remuneration policy including the consideration of sustainability risks (Article 5).

Crédit Mutuel Alliance Fédérale has chosen to give priority to fixed remuneration in line with its mutualist values and its responsibilities to its members and customers. Its remuneration policy includes a permanent concern for sustainable development and career progression for its employees. For most of the group's employees, notably those working for the distribution networks, Crédit Mutuel Alliance Fédérale has chosen not to set individual sales targets that could generate variable remuneration.