

2024



ARTICLE 29 ENERGY-CLIMATE LAW REPORT

PREAMBLE

Crédit Mutuel Alliance Fédérale¹ published this report on its third-party portfolio management and investment advisory activities² as at December 31, 2024.

It has been prepared in response to the regulatory requirements on transparency in relation to the integration of ESG criteria into its investment strategies and how those criteria are taken into account in the management of sustainability risks.

Aware that sustainability efforts in relation to environmental, social and societal matters require the consideration of all economic, digital, ecological and geopolitical stakeholders, ESG criteria remain a strategic priority for Crédit Mutuel Alliance Fédérale. Under the 2024-2027 Togetherness, Performance, Solidarity Strategic Plan, the Group has committed to implementing initiatives and ensuring development and the capture of new business in order to bolster its performance so that it can lead the environmental and societal transformation.

As the first bank to obtain the status of a benefit corporation*, Crédit Mutuel Alliance Fédérale strives for a fairer and more sustainable society. To this end, its business model is being transformed to ensure greater responsibility and regional integration, and to enable it to contribute to the common good.

Crédit Mutuel Alliance Fédérale has adopted a corporate purpose (raison d'être) in line with its values: "Ensemble, écouter et agir" (Listening and acting together). The Group has five long-term commitments that draw on its skills and focus its business model on a shared and sustainable dynamic: 1) As a cooperative and mutualist organization, we support our customers and members to the best of their interests. 2) As a bank for everyone, members and customers, employees and elected officers, we act on behalf of each person and reject all forms of discrimination. 3) Respectful of each person's privacy, we make sure that technology and innovation benefit people. 4) As a community-oriented company, we contribute to regional development. 5) As a responsible company, we strive for a fairer, more sustainable society.

Through its activity, Crédit Mutuel Alliance Fédérale faces risks or opportunities brought about by the ecological transition and sustainable development.

In order to increase the positive impact of its activities and limit negative impacts, Crédit Mutuel Alliance Fédérale has built its strategy based on:

- a transition plan aimed at reducing the carbon footprint of its financing activities by 20% by 2027;
- adaptation policies and actions;
- taking biodiversity and ecosystems into account in its strategy and business model; ;
- policies for affected communities;
- innovative and sustainable investment and savings solutions for its multi-expertise asset management business.

With **the creation in 2024 of the Mutualist Institute for the Environment and Solidarity** as a center of expertise for environmental, social and governance matters, the Group has given itself the means to fulfill its mutualist commitments.

Through the 14 Crédit Mutuel federations that control it, Crédit Mutuel Alliance Fédérale contributes to the development of the Crédit Mutuel Group, operating under the aegis of the Confédération Nationale, **by prioritizing people and the long term.**

The banking networks of Crédit Mutuel Alliance Fédérale provide investment advice to customers, while portfolio management on behalf of third parties is carried out mainly by delegation to the dedicated subsidiary Crédit Mutuel Gestion, and by Dubly Transatlantique Gestion for Banque Transatlantique, which publishes its own Article 29 Energy-Climate Law (LEC) report on its website.

In 2024, the management companies – Crédit Mutuel Asset Management, La Française Systematic Asset Management, La Française REM, CIC Private Debt, Crédit Mutuel Impact, Cigogne Management, Crédit Mutuel Gestion and New Alpha Asset Management – **were consolidated under the holding company, thereby sharing the same governance.** La Française. BLI (Banque de Luxembourg Investissements), CIC Market Solutions and Dubly Transatlantique Gestion remain under their current shareholder given the near-exclusive commercial and operational ties that exist between them. Collective management is carried out by the entities of La Française group, which also publish their own Article 29 LEC reports.

* The technical terms in this report that are marked with an asterisk are defined in a glossary available in the appendix.

I

PART I
INFORMATIONS PURSUANT
TO THE PROVISIONS OF
ARTICLE 29 OF THE ENERGY
AND CLIMATE LAW

A	Crédit Mutuel Alliance Fédérale’s general approach to taking environmental, social and governance criteria into account	6
B	Internal resources deployed by Crédit Mutuel Alliance Fédérale	14
C	Approach for taking environmental, social and governance criteria into account in the governance of Crédit Mutuel Alliance Fédérale	20
D	Strategy for engagement with issuers and management companies and related implementation	26
E	European taxonomy and fossil fuels	28
F	Paris Agreement alignment strategy	32
G	Strategy to align with long-term biodiversity objectives	34
H	Approach for incorporating environmental, social and governance criteria into risk management, including physical, transition and responsibility risks related to climate change and biodiversity	42
I	List of financial products referred to in Articles 8 and 9 of the Disclosure Regulation (SFDR)* 30	46

II

PART II
INFORMATION PURSUANT TO THE
PROVISIONS OF ARTICLE 4 OF
REGULATION (EU) 2019/2088 OF THE
EUROPEAN PARLIAMENT AND OF THE
COUNCIL OF NOVEMBER 27, 2019



J	Summary of the principal adverse impacts (PAI) on sustainability factors	48
K	Engagement policy	50

	GLOSSARY	52
--	----------	----

I-A

GENERAL APPROACH
to taking environmental, social and
governance criteria into account



I-A-1	Investment advisory activity and general approach for taking ESG* criteria into account	7
I-A-2	Third-party management or advisory activity and general approach for taking ESG criteria into account	8
I-A-3	Contributions to collegial initiatives to promote more sustainable finance	12

I-A-1 INVESTMENT ACTIVITY ADVISORY
AND GENERAL APROACH FOR TAKING ESG* CRITERIA INTO
ACCOUNT

The Financial Savings Strategy and Governance team within the Cr dit Mutuel Alliance F d rale Sales Department is responsible for defining and implementing the financial savings strategy, including (but not limited to) the following activities:

- selection and referencing of the financial services and instruments distributed;
- defining the target markets for the financial services and instruments distributed.

The financial savings development strategy is validated by the Savings Decision-Making Committee and is reviewed annually. It makes reference to the Group's ESG (environmental, social and governance) objectives with the aim of pursuing a growing selection of financial products that can address customers' concerns regarding responsible and sustainable investments.

The processes for selecting and referencing services and instruments incorporate an analysis of the percentage of alignment with the SFDR and the European Taxonomy Regulation, and an analysis of producers' PAI disclosures and their ability to comply with our sector policies.

For products created by management companies outside the Group, information on their sector exclusion and sustainability policies is collected via their websites and taken into account during the qualitative analysis conducted for the selection and listing of such products.

The non-financial analysis methodology, commercial communications and legal documentation are also analyzed as part of this process.

As part of the governance of financial products, the universe of securities listed in the Cr dit Mutuel Alliance F d rale distribution networks is periodically reassessed by the Financial Savings Strategy and Governance team. The latter reserves the right to reassess its distribution strategy and to take any measures it deems necessary, in particular the delisting of offer(s)/product(s) due to financial and/or non-financial risks.

When providing investment advice, customers are informed via the suitability report provided for each transaction of the ESG criteria of the securities recommended to them and the sustainability preferences taken into account for the provision of said advice.

I-A-2 **THIRD-PARTY MANAGEMENT OR ADVISORY ACTIVITY AND GENERAL APPROACH FOR TAKING ESG CRITERIA INTO ACCOUNT**

Crédit Mutuel Alliance Fédérale offers customers advisory and/or management services on financial assets held in vehicles such as securities accounts, share savings plans and life insurance policies. As a distributor, Crédit Mutuel Alliance Fédérale is committed to progressively supporting members and customers in opting for more responsible investments that create sustainable and shared value. To this end, the Group relies on the expertise of Crédit Mutuel Gestion, which incorporates these requirements into its selection and management processes.

Thus, in addition to traditional financial analysis, Crédit Mutuel Gestion takes ESG (environmental, social and governance) criteria into account in its management processes. This enables a better understanding of the profile of the issuing companies and helps to pinpoint those that favor a sustainable model. This comprehensive and integrated analysis is designed to meet the expectations of members and customers looking for more meaningful investments that offer sustainable performance. Specialized teams have structured an approach based on three independent and complementary pillars.

ENVIRONMENT	SOCIAL	GOVERNANCE
Corporate environmental approach Carbon policy Water, waste and biodiversity management Conception and life cycle of products and services	Respect for the human being and non-discrimination Health and safety Human resources policy	Operating procedures of the Board of Directors Corporate organization Voting rights and relations with minority shareholders

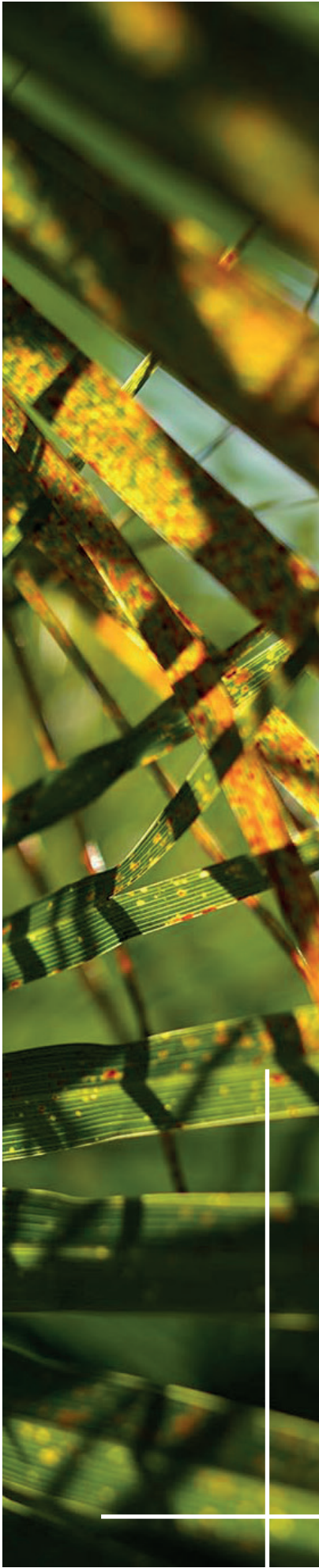
These three pillars are weighted based on the opportunities and non-financial risks specific to each business sector, with a trend assessment over at least three years and a monthly update of raw ESG and controversy data. This non-financial approach compares companies within their own business sector to determine those that show the best progress in understanding the risks (transition, physical, market, financial, regulatory and reputational) and those that offer opportunities related to sustainable development matters as defined by the 17 United Nations Sustainable Development Goals (SDGs)

At the end of this analysis, each security is ranked according to the following classification:

	CLASSIFICATION	DESCRIPTION	COLOR
1	NEGATIVE	High ESG risk Potentially frozen assets	
2	NOT VERY INVOLVED	More indifferent than opposed	
3	ADMINISTRATIVE NEUTRAL	Administrative neutral Compliant with sector regulations	
4	ENGAGED	Committed to the trajectory Best in Trend	
5	VERY ENGAGED	Real relevance	

This proprietary model makes it possible to standardize the information that is collected on a monthly basis (based on an overall score of 1 to 10, with 10 being the best score).

In addition to this quantitative step, a qualitative analysis (based on dialog with company managers in particular) is conducted internally by a team of ESG experts.



The investment strategy also takes into account compliance with sector policies, in particular:

» In relation to the **defense and security** sector policy, the dedicated management subsidiary, Crédit Mutuel Gestion, uses “normative” exclusions that correspond to shared elements that have acquired a universal dimension, and in some countries have even been made regulatory. Excluded weapons are based on agreements signed by many countries, including France. For example, the Ottawa Convention on the Prohibition of Anti-Personnel Mines and the Oslo Convention on Cluster Munitions. Therefore, all companies involved in the following activities are excluded:

- anti-personnel mines;
- cluster munitions;
- biological weapons;
- chemical weapons;
- nuclear weapons of non-nuclear States, and
- vectors of weapons of mass destruction as defined by French regulations.

» The **defense and security sector** includes any counterparty providing military, defense and law enforcement products and services and dual-use equipment that can also be used in the civil field.

» Under the **tobacco** sector policy, Crédit Mutuel Gestion implements Crédit Mutuel Alliance Fédérale's commitment to tobacco-free finance by subscribing to the Tobacco-Free Finance Pledge. It therefore excludes companies with any revenue linked to traditional tobacco production.

» Under the **coal** sector policy, Crédit Mutuel Gestion seeks to contribute to the energy transition by excluding companies operating in the most carbon-intensive sectors (mining and energy), and aims for a complete exit from coal by 2030. In this regard, companies that do not meet at least one of the following thresholds are excluded from the different investment universes:

- annual coal production < 10 million tons;
- coal-based electricity generation capacity < 5 GW;
- share of coal in revenue < 10%;
- share of coal in the energy production mix < 10%.

In addition, all companies deploying new capacities are excluded.

» Under the **hydrocarbon** sector policy, Crédit Mutuel Gestion applies **two approaches** depending on the profile of its funds and mandates.

■ **A strict approach** significantly limiting the exposure of the relevant UCIs⁴ and mandates to the hydrocarbon sector. This involves excluding issuers **with the following characteristics**:

- developing new conventional and unconventional hydrocarbon exploration and extraction projects;
- for which more than 20% of total hydrocarbon production comes from unconventional operations.

■ **An alternative approach** allowing investment in issuers that are actively involved in the transition to a low-carbon economy. Under this approach, for certain UCIs and mandates, the authorized threshold for total hydrocarbon production from unconventional operations can be raised to 30% of total production if the issuer presents a credible transition plan defined by **the following criteria**:

- they have a minimum threshold of 20% of total published investment earmarked for low-carbon energies. Annual monitoring is carried out by a Stewardship Committee³ (an exclusion analysis committee comprising members of the general management, the investment, risk or compliance department, and the sustainability strategy and coordination committee). This threshold must be gradually increased with the objective of reaching 50% by 2030, compatible with the International Energy Agency's (IEA) Net Zero by 2050 scenario;
- this threshold is supplemented by an analysis of the dynamics of all new conventional and unconventional hydrocarbon projects:
 - a static analysis (latest available data): within the issuer's expansion investments (excluding maintenance investments), the share of low-carbon energies must be at least equal to the share of new upstream hydrocarbon projects (conventional and unconventional).
 - if this last criterion is not met, the issuer may be authorized if it undertakes to invest at least as much in low-carbon energy as in new hydrocarbon projects by 2030 (as indicated in its annual report and publications), with the objective of reaching 50% by 2030.

Details of the sector policies are available on La Française Group's website.

The integration of ESG criteria is also reflected in the multi-management offering through a fund analysis and selection process conducted jointly by Crédit Mutuel Gestion and the UCI⁴ analysis department of BLI⁵ (Banque de Luxembourg Investments), a Luxembourg asset management subsidiary of the group.

In addition to the quantitative and qualitative analysis of external funds, a non-financial analysis is conducted at this stage based on the internal methodology referred to as SRI ID (Sustainable and Responsible Investment Identification). The aim of the latter is to identify how sustainable and responsible investment is taken into account by the management companies and funds considered.



I-A-3 CONTRIBUTIONS TO COLLEGIAL INITIATIVES TO PROMOTE A MORE SUSTAINABLE FINANCE

To take sustainable investment and ESG criteria into account, Crédit Mutuel Alliance Fédérale uses an **integrated model that is applied cohesively across the group's business lines** in order to meet its customers' needs.

In terms of contributing to collegial initiatives to promote more sustainable finance, Crédit Mutuel Asset Management has signed the following initiatives:



In addition to these major international initiatives, **Crédit Mutuel Alliance Fédérale has also signed the following⁶** :

- the Global Compact (2003), which covers human rights, labor, the environment and the fight against corruption;
- the Principles for Responsible Banking (PRB, 2019) which aim to align banking activities with the United Nations Sustainable Development Goals (SDGs) and the Paris Climate Agreement;
- the Poseidon Principles (2020) ;
- the Net-Zero Banking Alliance (NZBA, 2021), a commitment to carbon neutrality by 2050;
- PRB – Commitment to Financial Health and Inclusion;
- the Global Compact for Tobacco-Free Finance by adhering to the Tobacco-Free Finance Pledge (2023).

This work contributes to the actions of the financial marketplace to develop sustainable and responsible financial practices.

In 2024, for example, Crédit Mutuel Asset Management stepped up its commitments to the CDP⁷ in terms of biodiversity by signing an open letter fully supporting the integration of a robust text requiring companies to disclose complete data on plastics as part of the global treaty on plastics. Crédit Mutuel Asset Management also participated in the CDP campaign to ask companies again to disclose their climate, water and deforestation data. In 2024, Crédit Mutuel Asset Management joined the “Nature Action 100” initiative and initiated discussions with three companies while continuing to work with the Finance for Biodiversity Foundation to develop recommendations on the definition of nature-related objectives for asset managers and asset owners.

Through **Crédit Mutuel Asset Management's support for the work of the Forum de l'Investissement Responsable (responsible investment forum - FIR)** it participated in the promotion of and academic research on climate transition as part of the 2024 FIR-PRI Award, as well as in thematic discussions on biodiversity and deforestation, forced labor/child labor, environmental dialog and the circular economy.



I-B

INTERNAL RESOURCES
DEPLOYED
by Crédit Mutuel Alliance Fédérale



I-B-1	Resources specifically used to incorporate ESG criteria	15
I-B-2	Actions taken to strengthen internal capacity	18

I-B-1 RESOURCES SPECIFICALLY USED TO INCORPORATE ESG CRITERIA

Within Crédit Mutuel Alliance Fédérale, every member and customer, regardless of their situation or income, has the benefit of a dedicated advisor tasked with creating and developing a relationship of trust by listening, taking action, giving relevant advice and providing quality services. Our 25,000 customer relationship managers are the bedrock of our multi-channel, regional and relationship-focused retail banking model. This human dimension is a significant source of added value, as is our long-term commitment to our customers.

Technological innovation is also used to foster local relationships and to continuously improve the customer-advisor relationship, whether for face-to-face or remote discussions. As part of their skills development, the customer relationship managers receive training each year on how to take ESG criteria into account. As a reminder, the incorporation of non-financial criteria within Crédit Mutuel Gestion's management teams is based on a proprietary ESG analysis model, supported by selected rating agencies such as ISS (Institutional Shareholder Services) ESG that cover companies and governments.



In the first half of 2024, true to its role as a responsible company, Crédit Mutuel Alliance Fédérale created the Mutualist Institute for the Environment and Solidarity to define the ESG roadmap and coordinate the projects of all of its business lines. As the Group's center of expertise in environmental, social and governance matters, the Institute reports directly to the Chief Executive Officer and is an essential step in addressing the challenges of the ecological and societal transformation

To achieve the objectives set out in the strategic plan, Crédit Mutuel Alliance Fédérale has adapted its resources by bringing together experts (40 employees at the end of 2024) under the aegis of the Mutualist Institute for the Environment and Solidarity. With a central role in meeting the objectives of the 2024-2027 "Togetherness, Performance, Solidarity" Strategic Plan, the Institute focuses its actions on supporting employees (solutions and expertise) in encouraging ecological transformation among the group's customers. The teams assigned to monitoring ESG risks report hierarchically and functionally to the Risk Department.

The Institute operates inclusively on all identified needs, such as:

- ensuring consistent and coordinated action on ESG matters by all group entities;
- producing and making available the data needed for the non-financial analysis of the business lines;
- developing appropriate ESG training to support our employees and elected representatives;
- ensuring better support for our customers in their ecological transition, particularly through specific commercial offers and tailored services.



To this end, in 2024 the Institute overhauled the network of ESG and CSR officers, a lever for supporting the transformation of the business lines. A review of the CSR policy for all entities and business lines involved in asset management and for the distribution of financial products was initiated, beginning with the sector policies, particularly those relating to hydrocarbons and defense and security. In 2025, the Institute will publish the Group’s roadmap setting out the mutualist strategy for the environment and solidarity.

The governance of Crédit Mutuel Alliance Fédérale is responsible and committed, commensurate with the challenges of sustainability. While the ESG Governance Committee meets every three months, bringing together the Group’s main executive managers, and is tasked with guiding the ESG strategy and its implementation, a number of departments are involved in the management of sustainability issues.

Within the Group’s Sales Department, the Financial Savings Strategy and Governance team meets regularly with internal and external partners to select financial services and instruments that incorporate ESG criteria and which are likely to be offered for marketing within the Group, in line with the needs of customers and the markets within its distribution networks.

To select each new offering (financial service and

instrument), the Financial Savings Strategy and Governance team analyses the offering on the basis of information (combining qualitative, quantitative and non-financial criteria) collected from producers and partners (internal and external) as well as the most recent legal and commercial documentation available. The team analyzes this information and checks the consistency of the data prior to any marketing within the distribution networks.

For the delegated management services provided by Crédit Mutuel Gestion, the Financial Savings Strategy and Governance team has established specifications around the financial and non-financial criteria to be met when proposing asset allocations for the different management profiles. These specifications were changed in Q2 2024 to incorporate minimum sustainable investment criteria for the Guided Securities Management offering. The five profiles of this offering have been classified “SFDR Article 8” since July 1, 2024, allowing us to provide our customers with an offering invested in vehicles that meet environmental and/or social objectives and that follow good governance practices.

In Crédit Mutuel Gestion’s Development Division, the Sustainable Investment Department was renamed Sustainable Finance to reflect management’s desire to ensure that all of the management company’s activities, not just investment, take sustainability into account. Its main tasks are as follows:

- coordinate all of Crédit Mutuel Gestion’s sustainable finance initiatives and ensure they are aligned with Crédit Mutuel Alliance Fédérale’s initiatives;
- implement, under the aegis of Crédit Mutuel Gestion’s Executive Committee, third-party portfolio management services that take into account customers’ sustainability preferences in accordance with the specifications set by the Financial Savings Strategy and Governance team of Crédit Mutuel Alliance Fédérale’s Sales Department;
- provide training and information to Crédit Mutuel Gestion employees on sustainable finance and sustainable investment;
- ensure regulatory monitoring.

In order to disseminate ESG information as closely as possible to the teams, a sustainable finance officer has been appointed for each management division, in addition to an ESG officer for advisory management, and a national manager has been appointed to coordinate and lead the entire team. The tasks of these eight specialists are as follows:

RELAY	ESG INTEGRATION IN MANAGEMENT	TRAINING / ENGAGEMENT
<ul style="list-style-type: none">• Relevant extra-financial information for portfolio managers• Enable the "feedback" of client and manager needs regarding extra-financial matters to Crédit Mutuel Gestion management	<ul style="list-style-type: none">• Ensure that ESG is integrated• Consider ESG criteria, sectoral policies...	<ul style="list-style-type: none">• Local point of contact for various networks and managers on all extra-financial topics• Implementation of local actions on extra-financial matters based on needs

I-B-2 ACTIONS TAKEN TO STRENGTHEN INTERNAL CAPACITY

Organization

In 2024, the organization changes the way it ESG issues and risks. This involved the creation of the Mutualist Institute for the Environment and Solidarity (Institut Mutualiste pour l'Environnement et la Solidarité), which became operational at the end of the first quarter of 2024. Its purpose is to serve as the Group's center of expertise on ESG issues. It acts as an operational department of Caisse Fédérale de Crédit Mutuel that reports directly to the Chief Executive Officer.



Training

Since 2021, Crédit Mutuel Alliance Fédérale's Compliance Department has updated and supplemented, where applicable, a training module on environmental, social and governance criteria for investment services. Regulatory obligations are presented and explained in an operational manner. Educational fact sheets on sustainable investment, the taxonomy and principal adverse impacts are also made available to advisors.

In the second half of 2024, additional training in sustainable finance was rolled out for experts (380 people, mainly advisors and coordinators specialized in savings and wealth management). The employees that received the training are the network contact points for sustainability in financial savings.

Crédit Mutuel Gestion regularly informs its employees about sustainable finance issues and ways to incorporate non-financial criteria into management through in-person and digital conferences, expert meetings and other methods.

Additionally, all Crédit Mutuel Gestion employees were invited to take part in the "ça va durer" (it's going to last) webinar, an internal program on investment and sustainable real estate led by employees of the La Française group and Crédit Mutuel Alliance Fédérale.

The topics covered included, for example:

- solidarity finance;
- climate Fresk workshops;
- sustainable investment methodologies for listed assets;
- etc.

More specifically, the eight sustainable finance officers and other interested employees were given access to the "Parlons ESG" (let's talk ESG) series of webinars organized by the Confédération Nationale du Crédit Mutuel.

The topics addressed in 2024 included, for example:

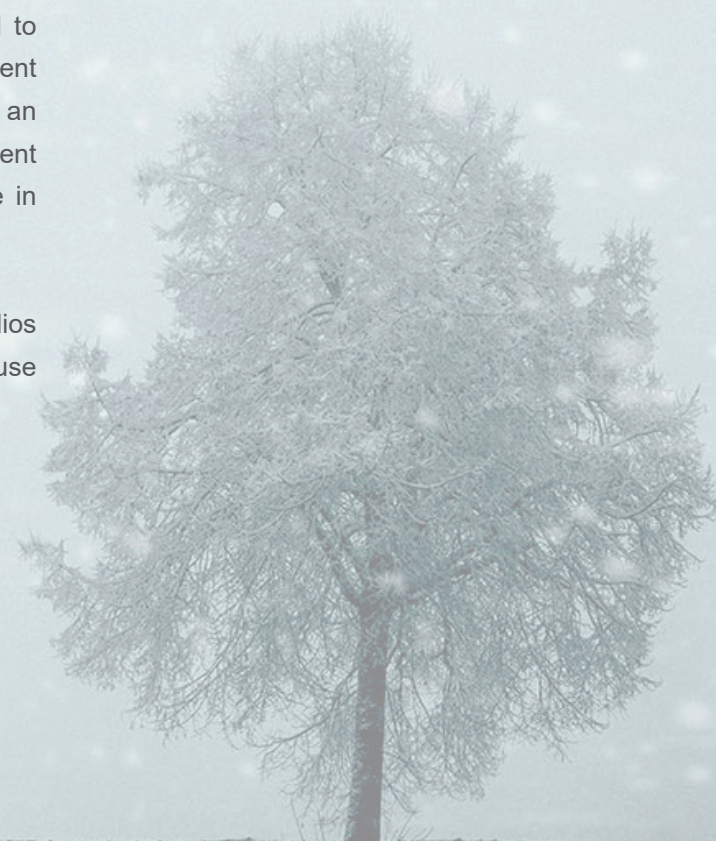
- an update on the latest regulatory and prudential requirements;
- measuring the carbon footprint;
- an overview of reporting and transparency requirements;
- the green taxonomy: alignment of Crédit Mutuel's GAR;
- greenwashing: final reports from the supervisory authorities.

Lastly, for information purposes, Crédit Mutuel Gestion sends out a newsletter entitled "L'Instant durable" to all of its employees.

Tools

As part of a best-effort approach for the benefit of all managers, Crédit Mutuel Gestion started work on integrating into its management tools all of the non-financial criteria needed to accurately measure the impact of investment choices on the portfolio's ESG profile. After an acceptance phase in early 2024, deployment began at the end of 2024 and will continue in 2025 along with further developments.

The specific tools for the reference portfolios continued to be updated and their use extended.



I-C

APPROACH FOR
TAKING
ENVIRONMENTAL,
SOCIAL, AND
GOVERNANCE
CRITERIA INTO
ACCOUNT

in the governance

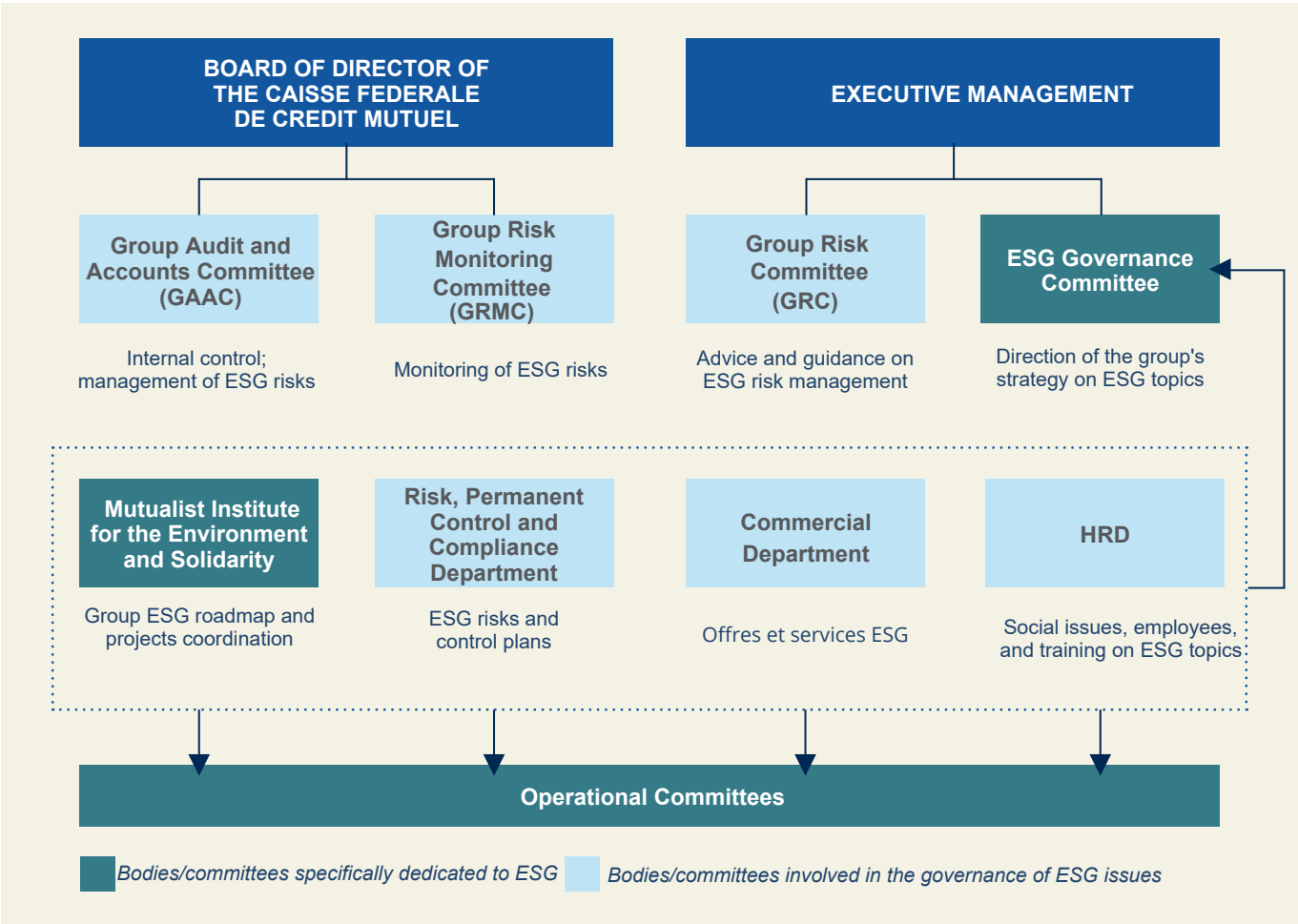


I-C-1	Organization of ESG governance at Crédit Mutuel Alliance Fédérale	22
I-C-2	Knowledge, skills and experience of the governance	23
I-C-3	Integration of sustainability risks in the compensation policy	24
I-C-4	Objective of balanced representation of women and men (Rixain law)	25

As a benefit corporation, Crédit Mutuel Alliance Fédérale is committed to working towards a fairer and more sustainable society, by adhering to its mutualist values of solidarity, proximity and mutual assistance, and by intrinsically combining performance and solidarity

- The commitment of the 2024-2027 Strategic Plan is to “lead the ecological and societal transformation” in order to be a specialist bank on these crucial issues. This one relies on three levers:
- reduce the carbon footprint of its balance sheet and activities;
 - support the ecological transformation of all its customers and business lines;
 - create and share value through the Societal Dividend.

To accomplish this, Crédit Mutuel Alliance Fédérale has established a responsible and committed governance structure by setting up a specific ESG department and specific committees to steer the management of sustainability issues. This governance system also draws on other departments involved in the management of ESG issues. The internal regulations of the Board of Directors on the integration of ESG criteria will be updated during 2025.



I-C-1 ORGANIZATION OF ESG GOUVERNANCE AT CRÉDIT MUTUEL ALLIANCE FÉDÉRALE

2024 saw changes in the organization for monitoring ESG objectives and risks. Crédit Mutuel Alliance Fédérale put in place its plan to create the Mutualist Institute for the Environment and Solidarity and strengthened its ESG governance system.



Operational since March 2024, and acting as the new ESG Department reporting to the general management, **the Mutualist Institute for the Environment and Solidarity** is Crédit Mutuel Alliance Fédérale's center of expertise on sustainability issues. This strategic positioning reflects a desire to ensure that these issues, risk factors and opportunities to better support our customers are taken into account by all the group's business lines. Comprising three divisions (Expertise, Steering and Deployment), the Institute defines Crédit Mutuel Alliance Fédérale's ESG roadmap and coordinates projects;

The ESG Governance Committee meets every three months, bringing together the main executive officers and managers of the group's entities. It reports to the Chief Executive Officer and is tasked with guiding Crédit Mutuel Alliance Fédérale's strategy on ESG issues, validating implementation projects and carrying out the necessary negotiations associated with them. This committee works in conjunction with more specific steering committees;

The Savings Decision-Making Committee (CDE) meets twice a year in the presence of the two Deputy Chief Executive Officers of the Group's main networks (Crédit Mutuel and CIC). Since the second half of 2024, the Mutualist Institute for the Environment and Solidarity has joined the permanent members of the CDE. It monitors the effective application of the Financial Savings Development Strategy defined by the Financial Savings Strategy and Governance team of the Crédit Mutuel Alliance Fédérale Sales Department, which is validated annually by this Committee. Strategic adjustments and/or decisions may also be proposed and agreed during these meetings.

A number of Crédit Mutuel Alliance Fédérale departments are also involved in managing sustainability issues, in particular:

- the CEO's office, which is responsible for the commitments made by the company as a benefit corporation and in the context of the Societal Dividend;
- the Finance Division, which oversees the production of the sustainability report and is responsible for ESG indicators;
- the Risk, Compliance and Internal Control Department, whose mission is to identify, assess and manage risks related to ESG issues;
- the Human Resources Department, which is responsible for social issues related to employees and their training on sustainability issues;
- the Sales Department, which is responsible for integrating ESG objectives into the product and service offering, in order to support customers in their sustainable transition while promoting responsible financial solutions adapted to their needs.

I-C-2 KNOWLEDGE, SKILLS AND EXPERIENCE OF GOVERNANCE BODIES

To ensure that the governance bodies have the skills and expertise needed to properly manage and monitor sustainability matters, Crédit Mutuel Alliance Fédérale has appointed experts and rolled out a comprehensive training plan to improve skills across the board.

Two independent directors with expertise in environmental and social matters were appointed to the Board of Directors of Caisse Fédérale de Crédit Mutuel in 2024:

NADIA MAÏZI

Member of the IPCC, she is at the head of a research laboratory at the Ecole des Mines de Paris. She is the director of the Chair "Modeling for sustainable development" and heads up The Transition Institute 1.5 (TTI.5). Given her background and skills in climate and the environment, Nadia Maïzi has been appointed Climate and Environment Lead Director at Caisse Fédérale de Crédit Mutuel.

JEANNE LAZARUS

Head of Research at the Centre national de la recherche scientifique (CNRS), she is also a member of the scientific council of the national council for policies to combat poverty and social exclusion and dean of the undergraduate college of Sciences Po.



AS DIRECTORS OF THE HEAD ENTITY,
THEY CONTRIBUTE FULLY TO THE
GROUP'S OVERALL STRATEGY

As part of the **fit and proper test** on appointment to assess integrity, knowledge, expertise and experience, expertise in relation to risk is also assessed. Moreover, each year, all Board members undergo a self-assessment of their knowledge, skills and experience, both individually and collectively. These assessments include, in particular, questions on how they take into account and manage risks related to ESG issues.

With regard to general management, expertise is provided within the ESG Governance Committee by the sector and cross-functional experts responsible for managing the Mutualist Institute for the Environment and Solidarity.

I-C-3 INTEGRATION OF SUSTAINABILITY RISKS IN THE COMPENSATION POLICY

Crédit Mutuel Alliance Fédérale has elected to favor fixed compensation, in line with its mutualist values and responsibilities to its customers and members. Its compensation policy reflects an unwavering focus on the promotion of sustainable development and career advancement for its employees.

The compensation policy issued by Crédit Mutuel Alliance Fédérale excludes any compensation scheme that could influence or impact the activities of its employees to the detriment of social and environmental factors or the interests of its members/customers, the primacy of which is central to the group's concerns.

No commission is paid to the advisors of the Crédit Mutuel and CIC networks. The fact that advisors do not work on commission is a decisive factor in providing independent and high-quality advice and is one of the commitments monitored each year by the Mission Committee.



All three of these ESG criteria must be met in order for the amount to be paid.

As such, as of the 2024 fiscal year, the new incentive bonus agreement, which covers nearly 52,000 group employees in France, includes ESG criteria.

Specific rules apply to the compensation of corporate officers.

The Chairman of the Board of Directors and the Chief Executive Officer are assessed by the Appointments Committee and the Compensation Committee, which meet each year for this purpose. This assessment must cover all aspects of the business and, in particular, verify that the social and environmental objectives assigned to Crédit Mutuel Alliance Fédérale have been achieved. If they are not achieved, the committees can propose that the Board of Directors reduce the compensation or revoke the mandate.

In 2024, ESG criteria were integrated into a new incentive bonus agreement that reflects the commitments made by Crédit Mutuel Alliance Fédérale in its 2024-2027 **Togetherness, Performance, Solidarity** Strategic Plan, to ensure that issues related to the green and societal transition are addressed in a concrete way. The compensation component linked to environmental and social performance is referred to as the "ESG component".

Crédit Mutuel Alliance Fédérale has agreed to increase this component by 1% based on the incorporation of ESG criteria in the following proportions as of 31/12/2024:

- 30% of employees trained on environmental risks;
- a reduction in the carbon footprint of the balance sheet by reducing or maintaining the average carbon intensity of financing outstandings or reducing the absolute emissions of financing outstandings in at least five sectors that have a high environmental impact;
- 45,50% of senior management positions held by women.

I-C-4 OBJECTIVE OF BALANCED REPRESENTATION OF WOMEN AND MEN (RIXAIN ILAW)

The Rixain law sets out the following obligations for companies with at least 1,000 employees:

- Calculate and publish any differences in the representation of women and men among their senior executives and the members of their governing bodies each year no later than March 1;
- Achieve a target of 30% women and men in senior executive positions and 30% women and men as members of senior management bodies from March 1, 2026. This target will be increased to 40% from March 1, 2029.

A key commitment of the Group's Executive Management is to strengthen the position of women at Crédit Mutuel Alliance Fédérale. This is reflected in concrete actions to support women in positions of responsibility, a work-life balance and, more broadly, to raise awareness of inclusion and diversity issues.

A gender equality index, broken down into several indicators, is published for each Crédit Mutuel Alliance Fédérale entity and covers gender pay gaps, differences in individual pay increases, the number of employees that receive a pay increase on their return from maternity leave and parity among the top ten highest earners. Group entities with more than 250 employees also assess gaps in the breakdown of promotions..

Crédit Mutuel Alliance Fédérale has set a target of 50% women in senior management roles and 50% women in the Group's governance bodies by the end of 2027 as part of its **Togetherness, Performance, Solidarity** Strategic Plan.

The percentage of women in senior management roles on a permanent employment contract for entities operating under the Group agreement was 45.89% at December 31, 2024.

There is also a goal to maintain collective equal pay between women and men. More than three-quarters of the Group's companies scored above 85 on the gender equality index.



I-D

STRATEGY FOR
ENGAGEMENT
with issuers and management companies and
related implementation



IN TERMS OF ENGAGEMENT, CREDIT MUTUELALLIANCE
FÉDÉRALE DRAWS ON THE VOTES CAST BY CRÉDIT MUTUEL
ASSET MANAGEMENT IN ACCORDANCE WITH LA FRANÇAISE
GROUP'S VOTING POLICY.

The team responsible for implementing the voting policy asks companies on a regular basis about the resolutions proposed at general meetings. Crédit Mutuel Alliance Fédérale uses its voting and engagement policies to strengthen dialog with companies around the adoption of best practices in terms of sustainability.

The aim is to encourage issuers to adopt best practices while taking into account specific characteristics and constraints applicable to them. Escalation procedures may be initiated if the target company fails to respond or does not engage in an appropriate manner to address the issues or weaknesses identified. Such escalation is determined on a case-by-case basis and may ultimately result in a divestment and a downgrade in the overall non-financial rating, especially if the issuer is the subject of a serious controversy.

The voting reports are available [HERE](#).

EUROPEAN TAXONOMY AND FOSSIL FUELS

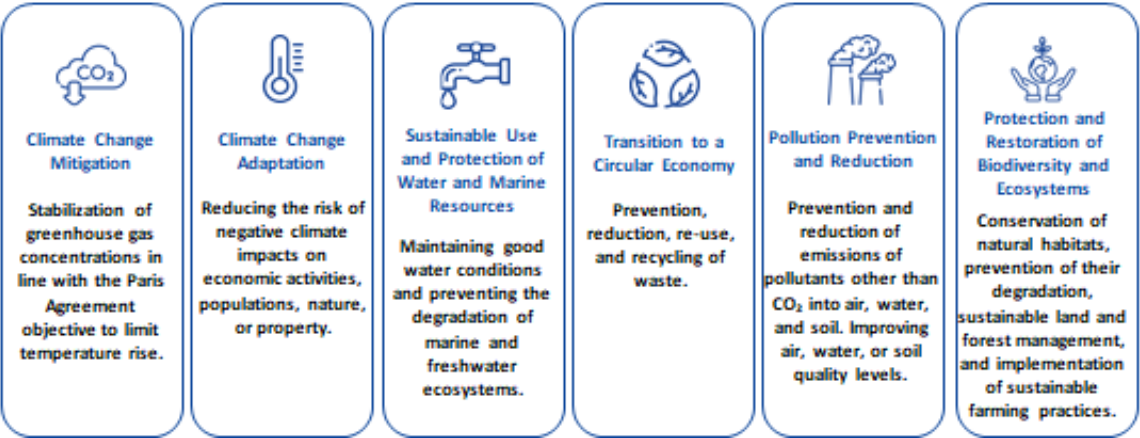


Crédit Mutuel Alliance Fédérale has chosen a responsible policy in line with its mutualist values. Its aim is to support its customers in transforming their business models and thus contribute to the fight against global warming, the erosion of biodiversity and environmental degradation. The main levers for this are investment in sectors aligned with the European taxonomy and a reduction in our exposure to fossil fuels

European taxonomy

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. The European taxonomy is established based on the key concepts of eligibility and alignment. An economic activity is eligible for the taxonomy if it is included in the list published in the delegated acts of the Taxonomy Regulation; the list includes 145 activities in 16 macro-sectors. These are activities that may contribute to one of the six environmental objectives of the taxonomy; they represent more than 90% of greenhouse gas (GHG) emissions in the European Union.

THE SIX ENVIRONMENTAL OBJECTIVES OF THE GREEN TAXONOMY

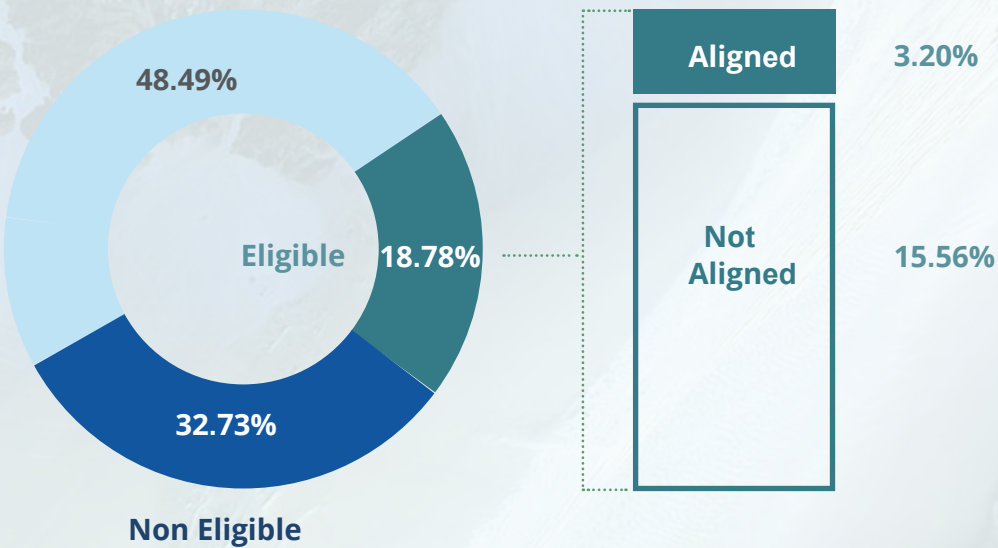


Among these eligible activities, an activity is considered taxonomy-aligned or environmentally sustainable only if it meets all of the following criteria:

- it contributes substantially to one of the six environmental objectives mentioned above; to this end, it complies with the technical review criteria laid down in the delegated acts;
- it does no significant harm to other environmental objectives;
- it respects certain minimum social guarantees.

In order to meet the regulatory requirements concerning the first objectives of the European taxonomy, **Crédit Mutuel Alliance Fédérale selected the service provider ISS ESG to calculate the level of eligibility and alignment of the direct management portfolio**, as the data is not yet freely accessible.

The first results published on the basis of investments made as at December 31, 2024, relating to total assets under management in directly held securities of €8.2 billion and a coverage rate of 89.6%, show a rate (based on issuer revenues) of 18.8% in overall eligibility - with 49.9% in deferred eligibility - and 3.2% in alignment, of which 2.9% mainly on the theme of climate change mitigation, thanks to the renewable energy sector. Note that the portion considered “green, enabling and transitional” under the Taxonomy is 2.8%



Fossil fuels

In 2019, Crédit Mutuel Alliance Fédérale decided to reduce the exposure of its financing and investment portfolios to coal to zero by 2030 for all countries worldwide.

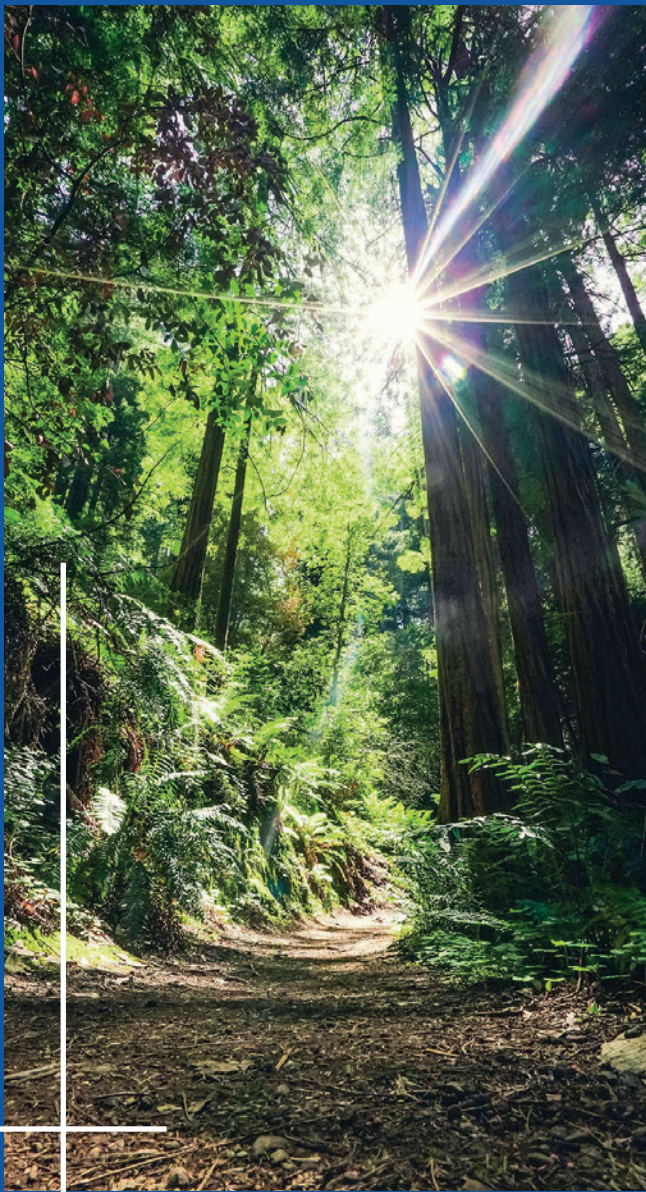
In 2021, Crédit Mutuel Alliance Fédérale made a decision that it would step up its commitment to combating climate change by stopping all financing of new oil and gas exploration, production and infrastructure projects⁸.

Since January 1, 2024, Crédit Mutuel Alliance Fédérale no longer provides banking or financial services to companies whose share of unconventional hydrocarbon production exceeds 20%, and is listed in the Urgewald NGO’s Global Oil & Gas Exit List (GOGEL).

Since July 1, 2024, the group has ceased all involvement with energy companies that continue to develop new oil and gas exploration and production projects. In addition to this commitment, Crédit Mutuel Alliance Fédérale is ending all involvement with oil and gas-producing energy companies that do not have a credible and verifiable Net Zero by 2050 trajectory, with a significant decrease in production by 2030.

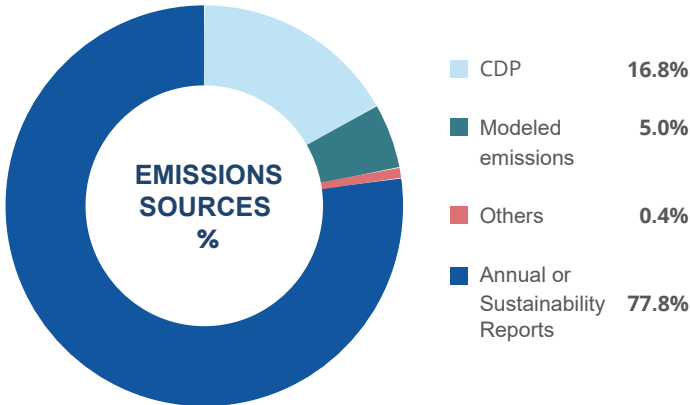
Crédit Mutuel Alliance Fédérale’s exposure to companies active in the fossil fuel sector is 3.97% of assets under management on behalf of third parties⁹, representing a decrease in relation to 4.36% the previous year.

PARIS AGREEMENT ALIGNMENT STRATEGY¹⁰

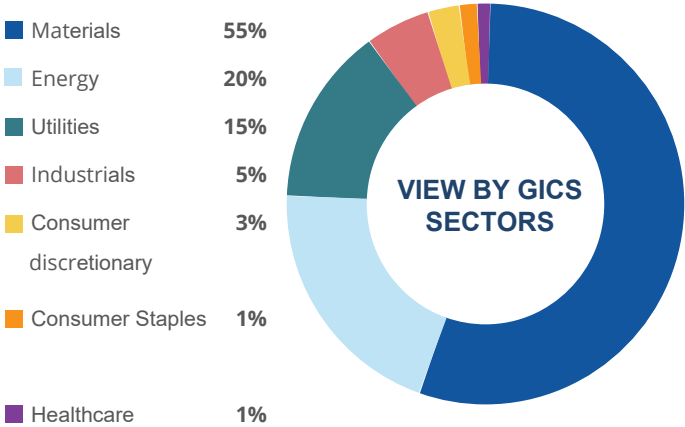


In terms of combating climate change, **Crédit Mutuel Alliance Fédérale’s goal is to align with the trajectory of the Paris Climate Agreement aimed at limiting the increase in global temperatures to between 1.5 and 2° C by 2100.** In addition, Crédit Mutuel Alliance Fédérale has endorsed the commitment signed by Confédération Nationale du Crédit Mutuel to join the Net Zero Banking Alliance organized by the United Nations to support the global transition of the real economy towards net zero emissions. This ambition is reflected in the 2024-2027 Strategic Plan in the target to achieve a 20% reduction in the carbon footprint of the balance sheet and its activities through a gradual expansion of sector policies. Also, in 2024, Crédit Mutuel Alliance Fédérale strengthened its commitment to the preservation of biodiversity by joining Act4Nature International. The environmental approach integrated into the strategic plans is a vector of performance and sustainable solidity.

Concerning the environment in particular, **Crédit Mutuel Gestion aims to encourage the climate transition by contributing to the redirection of financial flows towards an economy that is compatible with the international goal of limiting global warming to below 2 degrees centigrade as set out in the Paris Climate Agreement.** To this end, it is drawing on the databases established by the service provider ISS ESG on greenhouse gas (GHG) emissions.



- ISS ESG offers a calculation of carbon emissions on 88% of the reported portfolio assets (lines held directly). Data are available at the level of the parent issuer on 2% of the outstanding assets but they are not considered in the analysis.
- Of the outstandings covered, 78% of the emission figures are reported by the issuers, 17% are from the Carbon Disclosure Project and 5% are modeled by ISS ESG. The emissions modeled by ISS ESG are not taken into account in the calculation scope (internal model)



The carbon intensity of the portfolio (Scopes 1 and 2) is 51 TCO2e/€m invested, mainly attributable to the materials, energy and utilities sectors, which account for 90% of emissions and 15% of outstandings. The emissions amount to 369,658 tons.

I-G

STRATEGY TO ALIGN WITH LONG-TERM BIODIVERSITY OBJECTIVES



Biodiversity describes the diversity of species, their genes and ecosystems in which they interact. It also describes how species interact with each other and with their environments. All species are included, whether plant or animal, whether listed by science or not.

Global wildlife populations have shrunk by 73% over the past 40 years due to human activities¹¹. 25% of animal and plant species are threatened, with one million species at risk of extinction, and nearly three quarters of the planet's surface has been altered¹².

The fight against biodiversity erosion is therefore a priority for Crédit Mutuel Alliance Fédérale, as is the fight against global warming. According to the 2019 report of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES), "Nature's Dangerous Decline", the erosion of biodiversity is mainly due to **five erosion factors fueled by human activities**:

- change in the use of land and water surfaces (artificialization and simplification of soils, degradation of habitats, deforestation, conversion of wetlands, fragmentation of natural environments, etc.);
- the overexploitation of resources (including overfishing, poaching and the overexploitation of water resources);
- climate change (changes in the frequency and intensity of weather phenomena, temperature variations) affecting the functioning of ecosystems;
- pollution (air, water, soil, sound and light pollution);
- invasive alien species (species that are transported and settle in an environment from which they do not originate, disrupting the equilibrium of this environment and native species).

To meet the challenges of preserving the biosphere, which is necessary for the survival of the humankind, the Kunming-Montreal Global Biodiversity Framework was adopted in December 2022. Structured around four long-term objectives and 23 targeted actions, it requires growth in the necessary financial resources and the mobilization of at least \$200 billion per year by 2030.

Financial players have an essential role to play in preserving biodiversity, by mobilizing their customers and the private sector through the incorporation of specific criteria into investment assessments and choices, and by financing biodiversity conservation and restoration initiatives.

Committed through the Act4nature International initiative, Crédit Mutuel Alliance Fédérale has set five objectives:

- 1. assess biodiversity-related impacts and dependencies;
- 2. reduce the impact of financing and investments on biodiversity;
- 3. mobilize dedicated financing to promote an environmental transition combining biodiversity and climate;
- 4. accelerate the transition of our customers' operations towards agriculture that is more environmentally-friendly and biodiversity-friendly;
- 5. reduce the biodiversity impact within the scope of our "office life".

A public review of these commitments is currently being published on the Act4nature International website for the period 2022-2024. Furthermore, future work could lead to other thematic policies on pollution and artificialization.

In January 2025, Crédit Mutuel Alliance Fédérale published a policy to combat deforestation consistent with the Global Biodiversity Framework and the European objective of reducing the risk of deforestation and forest degradation¹³.



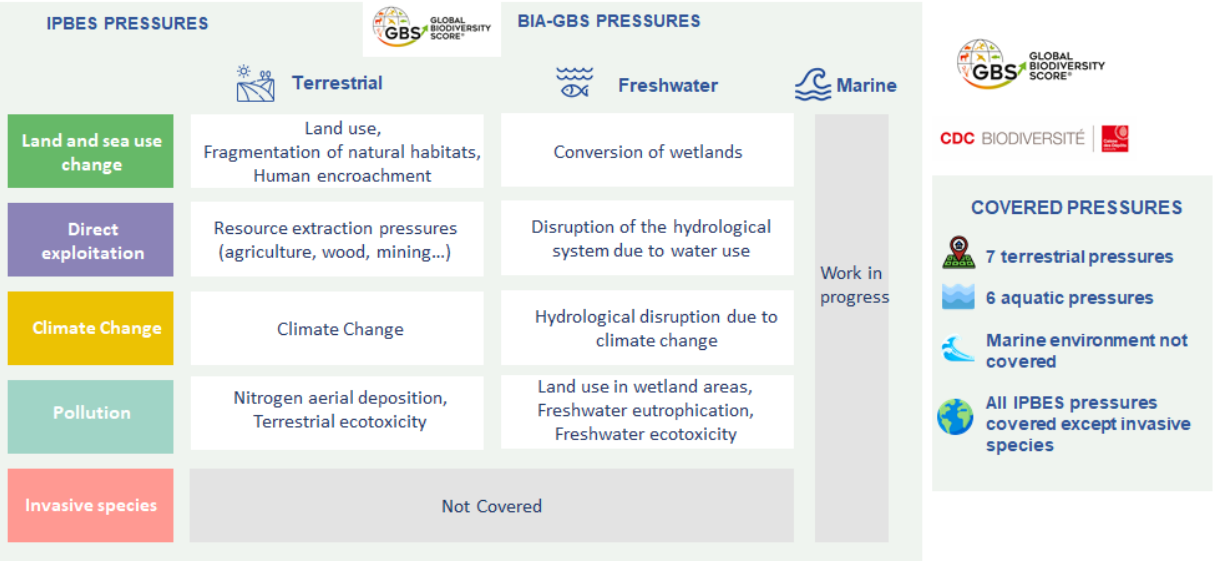
Understanding biodiversity from a double materiality angle involves taking into account both the dependencies of human activities on the services provided by nature and biodiversity, and the factors of human activities that impact those services. The activities of financial institutions are both dependent on ecosystem services and responsible for impacts on biodiversity.

Through sector policies, Crédit Mutuel Alliance Fédérale frames its business model to cover sectors that are sensitive to environmental criteria. The criteria adopted under the sector policies mainly aim to limit climate degradation by limiting the atmospheric concentration of greenhouse gases emitted by human activities, at a global level. Through this primary objective, the sector policies make it possible to limit the contribution of the group's activities to biodiversity erosion factors. The deforestation policy adopted in January 2025 contributes to this.

This policy governs investments and third-party management in cases where a company is involved in a controversy linked to deforestation. A list of excluded companies, those involved in the most significant controversies, is used to prohibit the inclusion of these companies within the scope of investment and third-party management activities.

The biodiversity footprint is used to assess transition risk: the larger a company's footprint, the higher its exposure to transition risk. This risk is assessed in relation to four components, terrestrial and aquatic freshwater biodiversity in terms of static impact (history of cumulative negative impacts) and dynamic impact (new impacts over the current period).

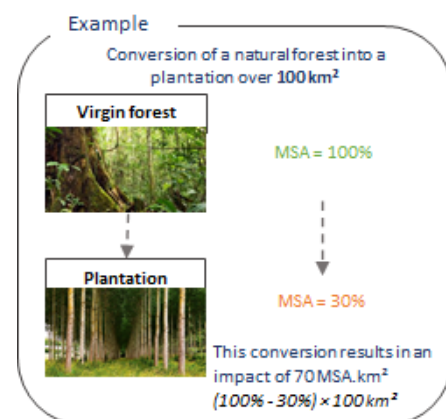
The pressures defined by the IPBES are covered by 13 BIA-GBS pressures:



Source : Carbon4 Finance

For Crédit Mutuel Gestion, Crédit Mutuel Alliance Fédérale uses the BIA-GBS (Biodiversity Impact Analytics – Global Biodiversity Score) tool to carry out initial biodiversity footprint measurements on the entire portfolio of directly-held securities (excluding UCIs and Crédit Mutuel B cooperative shares). The investment portfolio represents €8.2 billion. The analyzable coverage rate is 92.4%.

The Biodiversity Impact Analytics model (BIA-GBS measurement tool) is used to assess transition risk. Similarly, physical risk is assessed via a dependency score (for Scope 1, direct transactions, and Scope 3 upstream of the value chain) that reflects the portfolios' exposure to biodiversity degradation. The analysis carried out by CDC Biodiversité and Carbon4 Finance uses the ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) database to calculate the level of dependence of each of the portfolio investments on 21 ecosystem services (dependence scores ranging from 0%, i.e. no known dependence, to 100%, i.e. very high dependence).

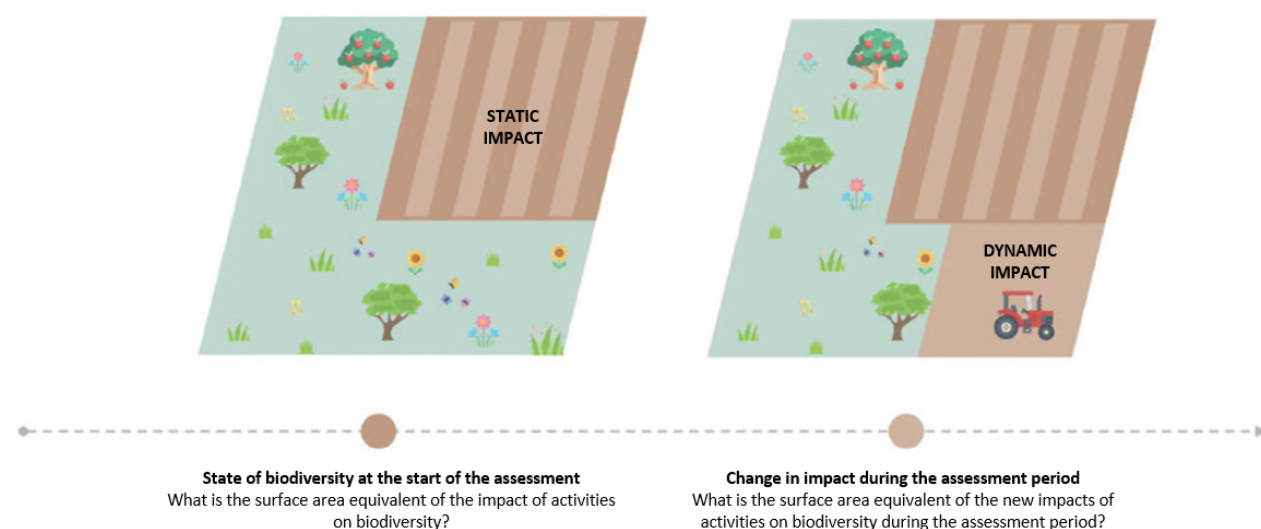


» The analysis work is based on the GBS, which assesses **THE IMPACTS** in MSA.km² (mean species abundance per km², a metric developed by CDC Biodiversité and Carbon4 Finance), the fraction of biodiversity integrity lost over a given surface area. An impact of 1 MSA.km² is equivalent to the artificialization of 1 km² of surface area in its natural state.

Source : Carbon4 Finance

As a reminder, MSA (mean species abundance) functions as a percentage of remaining natural biodiversity and can characterize either a state or an impact. It assesses the ecological integrity of ecosystems on a scale of 0% to 100%.

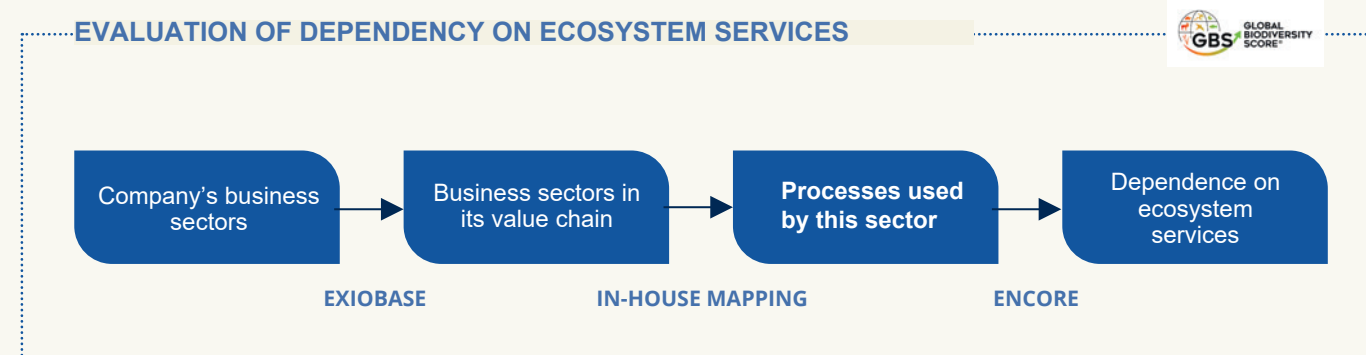
The GBS differentiates impacts along the value chain and accounts for static (permanent or inventory) and dynamic (additional or flow) impacts separately.



Source : Carbon4 Finance

The BIA-GBS™ links economic activity data to pressures on biodiversity and translates them into biodiversity impacts.

» **DEPENDENCY** is calculated based on the company's business sectors, as well as the business sectors in its upstream value chain (to take into account the upstream Scope 3 dependency).



Source : Carbon4 Finance

A higher dependency score indicates a greater degree of disruption of production processes if the ecosystem service were to disappear, and potentially increased financial losses.

» The agreements adopted at COP 15 of the Convention on Biological Diversity set out four targets for 2050, with associated targets for 2030. However, **THE ALIGNEMENT SCORE** is a first step because many limitations have been identified in terms of methodology and data availability, which prevent us from making projections at this stage. Nevertheless, the objectives of the CBD can be translated as a reduction in the intensity of the static impact in MSA.km² per euro of revenue.

At December 31, 2024, the share of the portfolio invested in companies for which the two static intensities (aquatic and terrestrial) were lower than the sector average to date (convergence methodology) was 80%.

Transition risk is assessed using the biodiversity footprint: the greater the footprint, the higher the exposure to a transition risk. To obtain a single and comparable measurement based on these different impacts, the MSA.km² is converted into "MSA share per billion" (MSAppb*), an aggregated indicator taking into account the relative weight of the different impacts (static or dynamic) and ecosystems (terrestrial or freshwater aquatic).

The biodiversity footprint of the investment portfolio is 39 MSAppb* per billion euros invested at the end of 2024. This is the "normalized" score, as the impact figures must be normalized to aggregate the static and dynamic terrestrial and aquatic impacts. For example, the biodiversity footprint is 66 MSAppb* per billion euros for the Stoxx600 index.

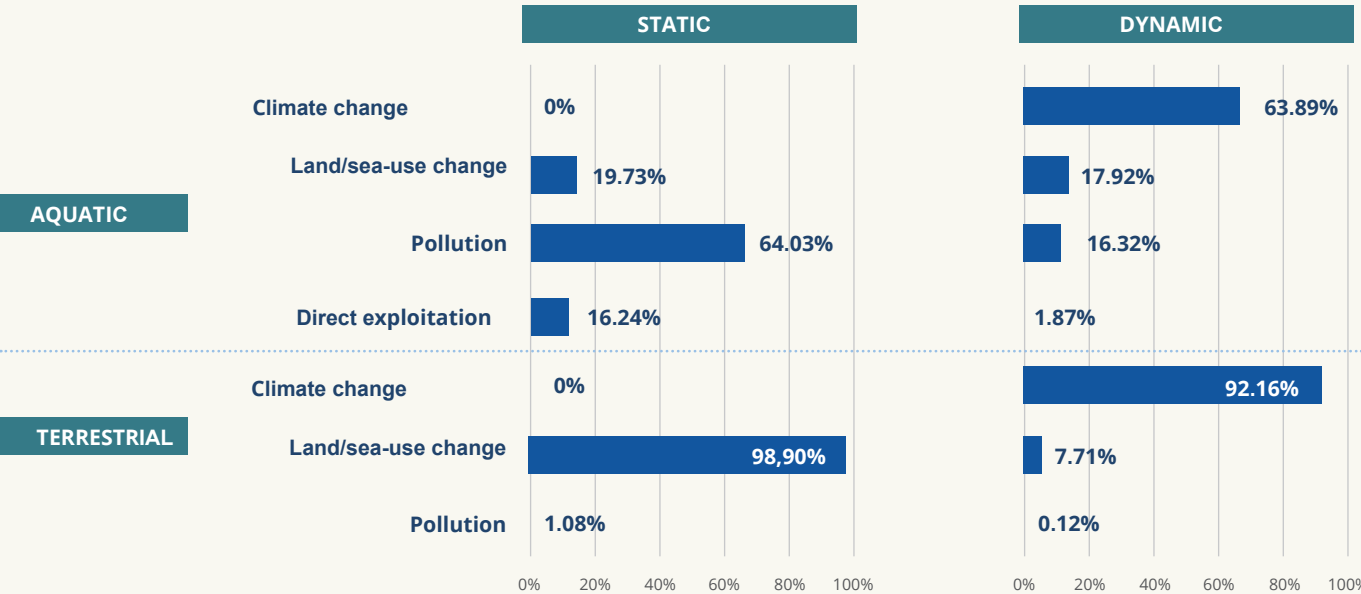
In terms of the impact intensity of the four components, the relative figures are aggregated in two stages: Expressed in MSA.km2, the impacts are presented by component, because the impact figures in MSA.km2 of the different components are not directly comparable (each component concerns a different timeline and ecosystem).

Impacts at December 31, 2024 :

Impacts financed by the portfolio en MSA.km²			impact intensity of the portfolio AValue-based approach in MSA.m²/EURk invested		
	DYNAMIC	STATIC		DYNAMIC	STATIC
AQUATIC	0.2	25.9	AQUATIC	0.0	3.9
TERRESTRIAL	17.3	396.3	TERRESTRIAL	2.6	59.4

The portfolio’s impact on biodiversity is particularly present in terms of static terrestrial ecosystem impact (396.3 MSA.km2), i.e. in relation to past impacts. Furthermore, for every one thousand euros invested, the impact intensity of the portfolio is a dynamic impact equivalent to the artificialization of 2.6 m2 of terrestrial biodiversity and zero on the aquatic ecosystem. In terms of pressure defined by the IPBES, the breakdown of the impacts financed by the portfolio shows that the pressure of changing land and sea use is mainly static.

Alignment with long-term biodiversity objectives:



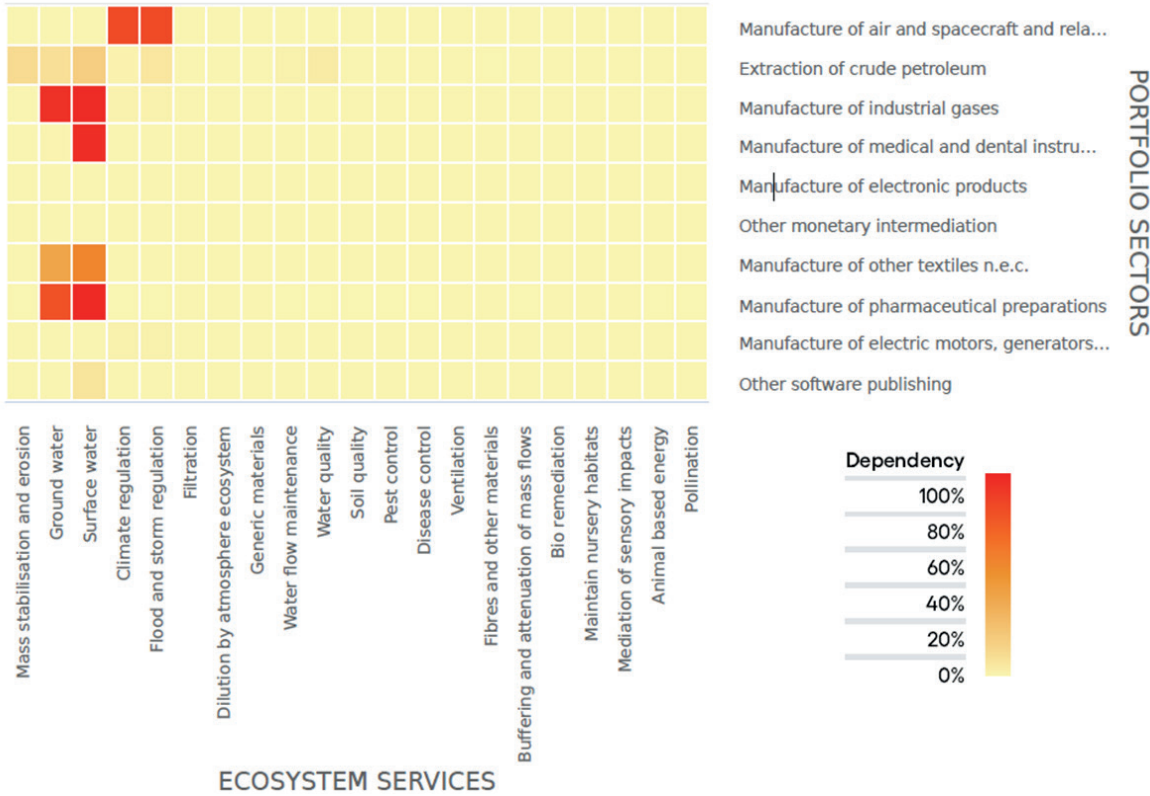
Source : GBS 1.4.8, 04/24, Carbon4 Finance

In terms of dependence on ecosystem services, the BIA-GBS measures the dependence of companies and financial institutions on ecosystem services, i.e. the services offered by nature (pollination, water sanitation, etc.), by calculating their score, which can range from 0% (no known dependence) to 100% (very high dependence) according to the ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) methodology. The dependency score reflects the portfolio’s exposure to biodiversity degradation.

As an average dependency score can hide strong dependencies in a portfolio (low dependencies can compensate for high dependencies), the Critical Global Dependency Score approach is more closely followed.

Critical Dependence Score	
SCOPE 1	43%
UPSTREAM SCOPE 3	47%

Critical dependency score (Scope 1) :



Source : GBS 1.4.8, 04/24, Carbon4 Finance

The sectors that are most critically exposed to at least one ecosystem service are those related to the manufacture of industrial gases, health and pharmaceutical products, airline production, and those related to the textile sector, mainly to water and climate ecosystem services.

Given that the theme of biodiversity is a recent adoption, Crédit Mutuel Alliance Fédérale began by defining policies on issues related to nature but will continue its work (tools, methodologies, convergence of approaches) with a view to better prioritizing risks related to the loss of biodiversity and ecosystems.

APPROACH FOR INCORPORATING ENVIRONMENTAL, SOCIAL AND GOVERNANCE CRITERIA

into risks management



In accordance with Article 3 of the SFDR, the policy on the integration of sustainability risks is available at the following address: [Green finance products and services | BFCM \(creditmutuel.fr\)](#)

Overall risk management framework

Climate change risk management (physical risk and transition risk) is integrated into Crédit Mutuel Alliance Fédérale's financial risk management system.

All projects developed are presented to the ESG Governance Committee, the Risk Committee (executive body) and then the Risk Monitoring Committee (decision-making body) of Crédit Mutuel Alliance Fédérale and are included in strategic risk monitoring, in direct collaboration with the Chairman and the executive management.

The objectives pursued by Crédit Mutuel Alliance Fédérale help to improve the collective long-term performance and are based on:

- the integration of the direct and indirect climate risk impacts of the Group's activities into Crédit Mutuel Alliance Fédérale's risk mapping;
- investments in the financing of projects with a high climate impact;
- support for companies in transforming their business models;
- the alignment of sector policies to combat the use of coal and conventional and unconventional hydrocarbons.

The assessment of climate risk impacts is reviewed annually to ensure that the selected level complies with the various updated exposure analyses carried out on these risks in the portfolio.

ESG risk management and assessment

Concerning third-party management activities, the main ESG risks are controlled through the systematic integration of an ESG analysis that is required before each investment as defined by the Sustainable Investment Policy. Companies that do not meet the ESG criteria are excluded from the investment scope.

Concerning the Group's asset management activities, the risk mapping is available in the respective sustainability reports of the entities that incorporate the different strands of ESG risk mitigation. For example, the areas identified in Crédit Mutuel Asset Management's mapping are:

- sector policies;
- controversies;
- labels;
- ESG integration:
- voting policy and shareholder dialog;
- internal compensation policy;
- climate/carbon footprint (Art. 29 LEC);
- biodiversity (Art. 29 LEC);
- principal adverse impacts (SFDR).

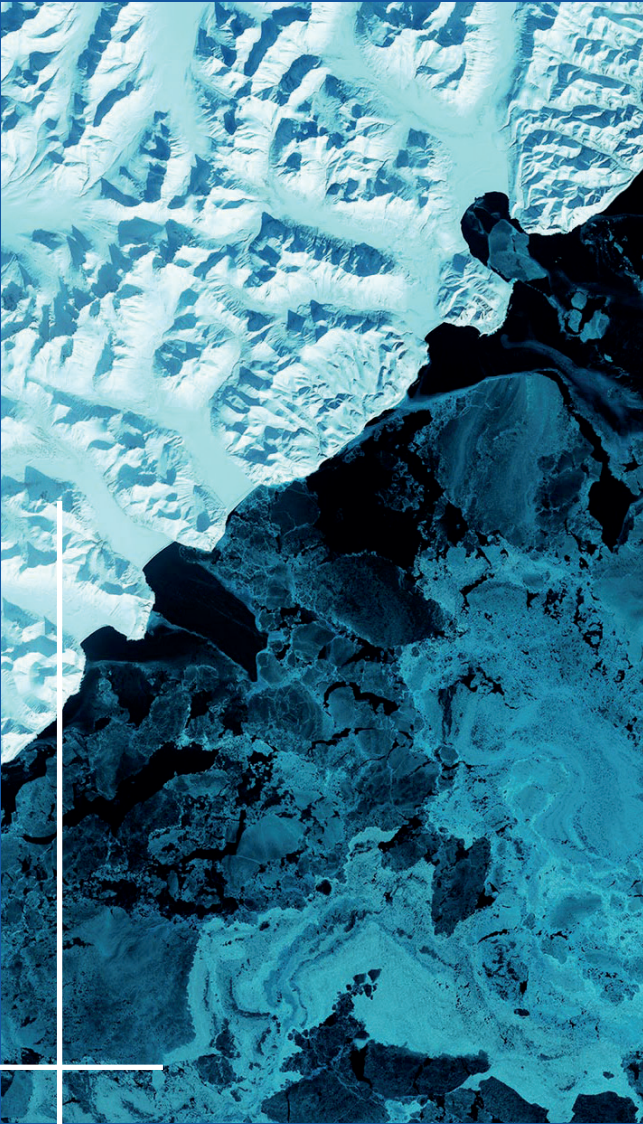
Selected fund producers and external asset managers are required to incorporate ESG considerations into their investment process. This includes **an annual analysis of the ESG policies implemented by these management companies**. It includes, in particular, an assessment by each of them of their procedures for managing sustainability-related risks, their non-financial investment policy, their exclusion policy, their engagement policy, and their annual engagement reports and reports compliant with Article 29 LEC.

The tolerance thresholds for exclusion based on ESG risks may vary depending on the investment strategy adopted by the external manager to best meet the expectations of Crédit Mutuel Alliance Fédérale customers in terms of financial savings (more information is available in our Sustainability Policy: [Green finance products and services | BFCM](#)).





LIST OF FINANCIAL PRODUCTS REFERRED TO IN ARTICLES 8 AND 9 OF THE DISCLOSURE REGULATION (SFDR)*



In 2024, Crédit Mutuel Asset Management delegated the management of a dedicated Article 8 fund to Crédit Mutuel Gestion. The rest of the offer comes under Article 6 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of November 27, 2019 (the Disclosure Regulation).

Crédit Mutuel Alliance Fédérale also offers its customers financial instruments:

- that promote, among other things, environmental and/or social characteristics where the companies in which the investments are made follow good governance practices pursuant to Article 8 of the Disclosure Regulation;
- that meet a sustainable investment objective pursuant to Article 9 of the Disclosure Regulation;
- pursuant to Article 6 of the Disclosure Regulation, i.e. all other products that are neither Article 8 nor Article 9 products.

At December 31, 2024, assets under portfolio management (excluding direct lines) were broken down as follows:



II-J

SUMMARY OF THE PRINCIPLES ADVERSES IMPACTS (PAI) ON SUSTAINABILITY FACTORS



Crédit Mutuel Alliance Fédérale has put in place tools that allow PAI to be taken into account in:

1. the collection of customer preferences in relation to sustainability;
2. the collection of data and storage of ESG data as part of its product governance activities;
3. financial investment advice by incorporating the customer's preferences into the personalized proposals sent to them.

Work is continuing to refine the selection and referencing processes of our financial savings services and products with the aim of expanding and enhancing our offerings to meet the sustainability preferences of each of our customers.

Crédit Mutuel Alliance Fédérale works on the basis of all data provided by producers on the ESG characteristics of the financial product (European ESG Template format defined by Findatex), i.e. data on:

- investments aligned with the European taxonomy within the financial instrument (percentage of alignment);
- sustainable investments within the financial instrument (percentage of commitment to sustainable investment as defined by the SFDR);
- the principal adverse impacts (PAI) on sustainability factors.

Work is also underway with **an external data provider** to collect all sustainable investment data for directly-held securities.

As part of the third-party portfolio management service delegated to it by the Crédit Mutuel Alliance Fédérale networks, Crédit Mutuel Gestion aims to integrate the principal adverse impacts of products once the required underlying information is available in the information systems in sufficient levels of quality and quantity.

Crédit Mutuel Gestion is already working as part of a **best-effort approach on integrating and potentially monitoring PAI in its management tools** so that it can accurately measure these impacts in the investment choices of the portfolios so that they can be made available to all managers.

II-K

ENGAGEMENT POLICY



The voting policy is an extension of the investment policy, the objective of which aims to achieve consistent long term performance in compliance with the defined management guidelines.

The engagement policy is directly linked to the voting policy. As such, the management company adopts a holistic approach covering all governance, social and environmental criteria, including climate. As these criteria are interdependent, this approach allows it to obtain an overall view of the issues, risks and opportunities and to integrate them into a long-term strategy. Details are available in the published engagement reports (<https://www.creditmutuel-am.eu/partage/fr/CSD-CM/CMAM/telechargements/rapport-engagement.pdf>).

An engagement policy and a voting policy are defined by each of the asset management companies.

GLOSSARY

Key concepts for understanding sustainable finance

ESG criteria

ESG (environmental, social and governance) criteria, also referred to as “non-financial” criteria, are used to assess how sustainable development and long-term matters are taken into account in the strategy of economic players (companies, local authorities, etc.).

These criteria may include, for example:

- **for pillar E** : CO2 emissions, electricity consumption, waste recycling, etc.,
- **for pillar S** : the quality of social dialog, employment of people with disabilities, employee training, etc.,
- **for pillar G** : transparency of executive compensation, the fight against corruption, the percentage of women on boards of directors, etc.

Non-financial criteria are used to assess an economic player outside of the usual financial criteria such as profitability, share price, growth prospects, etc. In other words, they take into account its impact on the environment and society, human resources management and the treatment of minority shareholders, for example.

Benefit corporation

Article 176 of the French Law of May 22, 2019 on the growth and transformation of companies (Pacte Law) introduces the status of a benefit corporation. A company must publicly state its corporate purpose (raison d’être) as well as one or more social and environmental objectives that it sets itself as part of its business activity. These elements must be recorded in the company's bylaws and declared to the registry of the commercial court, in accordance with the procedures provided for by Decree No. 2020-1 of January 2, 2020. The status of a benefit corporation will thus be mentioned in the Sirene directory, the database of companies and establishments.

Corporate governance

Corporate governance involves compliance with four indicator categories: accountability (particularly of the Board of Directors and management), fairness (respect for shareholders’ rights), transparency (disclosure of information) and independence (Board of Directors composed mainly of independent members).



Carbon neutrality

Carbon neutrality is defined by the French Energy-Climate Law (LEC) as “a balance, on the national territory, between anthropogenic emissions by sources and anthropogenic removals by sinks of greenhouse gases”.

By signing the Paris Agreement, countries pledged to limit the increase in average temperature to 2°C, and if possible 1.5°C. To this end, they pledged, in accordance with the recommendations of the IPCC, to achieve carbon neutrality in the second half of the 21st century worldwide. Developed countries are urged to achieve neutrality as soon as possible.

Socially responsible investment

A socially responsible investment (SRI) consists of systematically integrating environmental, social and governance (ESG) criteria into financial management and investment decisions and tracking this process. SRI facilitates responsible investment by encouraging portfolio management companies to take non-financial criteria into account when selecting securities for their financial assets. The term SRI can only be used to describe a financial instrument if a label has been obtained (see next section for the definition of labels).

SRI can take three main forms:

- socially responsible or sustainable development funds,
- exclusion funds or so-called “ethical investments”,
- shareholder engagement or shareholder activism.

An investment is considered socially responsible based on the nature of the business carried out by the company. This type of investment most often involves avoiding investments in companies that produce or sell addictive substances or products (alcohol, gambling and tobacco) and seeking out those that promote social justice, sustainable development and clean alternative/technological energy.

Non-financial ratings

Rating of the environmental, social and governance policy of economic players, which highlights their level of engagement in relation to environmental, social and governance matters.

Green Bonds

A green bond is a **loan issued to investors on the market** by a company or public entity **to enable it to finance projects that contribute to the ecological transition** (renewable energy, energy efficiency, sustainable waste and water management, sustainable land use, clean transport and adaptation to climate change, etc.), particularly infrastructure investments. It differs from a traditional bond in that detailed reporting must be provided on the investments financed and the green nature of these projects.

Sustainable products within the meaning of the SFDR

These are the products defined in Articles 8 and 9 of the SFDR:

- “Article 8” products promote, among other things, environmental and/or social characteristics, where the companies in which the investments are made follow good governance practices;
- “Article 9” products have a sustainable investment objective, in that they contribute to an environmental or social objective and do no significant harm to other environmental or social objectives, and have a proven positive impact.
- The other products are referred to as “Article 6”.

Disclosure Regulation or SFDR¹⁴

This regulation establishes harmonized rules on transparency and sustainability disclosures at European level. It aims to promote investments in sustainable activities while strengthening the protection of end investors. It is based on:

- a transparency approach on the one hand;
- the disclosure of information on the impact of external sustainability events on the company (see sustainability risks) but also on how the company affects society and the environment (see negative impacts on sustainability factors), on the other hand.

The provisions of the SFDR thus require reporting entities to publish information on how they integrate sustainability risks and take negative sustainability impacts into account in their policies, and on the sustainability of the products they create or make available.

Taxonomy Regulation ¹⁵

The primary objective of this regulation is to create **a common language enabling companies and investors to classify economic activities according to their environmental externalities**. The regulation thus makes it possible to:

- Classify sustainable activities from an environmental perspective
- Supplement the transparency requirements introduced by the SFDR (for financial products, and in particular “Article 8” and “Article 9” sustainable products with an environmental objective) and the NFRD (Non-financial Reporting Directive, which governs the obligation to publish a non-financial report).

Corporate social responsibility

Corporate social responsibility (CSR) involves **implementing measures to meet the challenges of sustainable development**. For an economic player, CSR means that while being economically viable it aims for a positive impact on society and to mitigate impacts on the environment.

1. As of the date of publication, this includes the following entities: Caisse Fédérale de Crédit Mutuel (Crédit Mutuel Centre Est Europe, Crédit Mutuel Sud-Est, Crédit Mutuel Ile-de-France, Crédit Mutuel Savoie Mont Blanc, Crédit Mutuel Midi Atlantique, Crédit Mutuel Loire Atlantique et Centre Ouest, Crédit Mutuel Dauphiné Vivarais, Crédit Mutuel Méditerranéen, Crédit Mutuel du Centre, Crédit Mutuel Normandie, Crédit Mutuel Anjou, Crédit Mutuel Antilles Guyane, Crédit Mutuel Massif Central, Crédit Mutuel Nord Europe), Banque Européenne du Crédit Mutuel, Banque Transatlantique, CIC Group (CIC Ile de France, CIC Ouest, CIC Nord-Ouest, CIC Ouest, CIC Sud-Ouest, CIC Lyonnaise de Banque, CIC Est), Crédit Mutuel Gestion, Monabanq. View the full organizational chart of Crédit Mutuel Alliance Fédérale at <https://www.bfcm.creditmutuel.fr/fr/bfcm/organigramme.html>

2. See Article L. 511-4-3 of the French Monetary and Financial Code (CMF).

3. The Stewardship Committee (SC) defines / reviews and approves the following policies on an annual basis: • Sector/ exclusion policies • Voting policy • Engagement policy • Controversy policy. It also ensures the implementation of these policies, decides on exemptions based on specific cases presented to it and communicates the exclusion lists and minutes of decisions on a quarterly basis.

4. Undertakings for Collective Investment.

5. Sustainable and Responsible Investment at BLI (banquedeluxembourginvestments.com)

6. The list of standard objectives and international initiatives supported by Crédit Mutuel Alliance Fédérale is available at the following link.

7. Carbon Disclosure Project, a non-profit organization created in 2000 requiring companies to disclose their climate impact. Since then, the scope of environmental disclosure has been expanded to include deforestation and water security, and has been strengthened in terms of support for cities, states and regions.

8. Excluding maritime sector policy: https://www.bfcm.creditmutuel.fr/partage/fr/CC/BFCM/assets/articles/rsm-politiques-sectorielles/Politique_Mobilite_Secteur_Maritime.pdf

9. Scope: excluding life insurance arbitrage mandate.

10. The strategy must ensure that activities, policies and projects contribute to limiting global warming to well below 2°C compared to pre-industrial levels, by continuing efforts to limit it to 1.5°C.

11. World Wildlife Fund, 2024 Living Planet Report: A System in Peril.

12. IPBES (2019), Summary for Policymakers

13. <https://cdnwmsi.e-i.com/SITW/wm/global/1.0.0/WEBA/BFCM/assets/articles/telechargements/nos-politiques-sectorielles/2.0/20241220-Politique-Thematique-Deforestation.pdf>

14. SFDR : Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (known as the SFDR or Disclosure Regulation).

15. Taxonomy : Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (known as the “Taxonomy Regulation”).

NOTE

This presentation is produced and distributed by Crédit Mutuel Alliance Fédérale. Any unauthorized reproduction or use of this document, even partial, will incur the liability of the user and may result in prosecution. This document is a regulatory report and does not in any way constitute a solicitation or recommendation to buy or sell.

CAISSE FÉDÉRALE DE CRÉDIT MUTUEL

Cooperative corporation in the form of a public limited company with share capital of € 5,458,531,008 euros
Registered office : 4 rue Frédéric-Guillaume Raiffeisen - 67913 Strasbourg - Cedex 9
RCS Strasbourg B 588 505 354 - ORIAS N° 07 003 758
Bank governed by Articles L.511-1 et seq. of the Monetary and Financial Code.

Photos credits
Unsplash

Design and production
C Studios International

Printed in France on certified paper.

Crédit Mutuel Alliance Fédérale

