

Mr. Pierre-Edouard Batard
Chief Executive Officer
Crédit Mutuel
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Cedex 17
Paris 75847
France

Thursday 8 December 2022

Dear Mr. Batard,

I am writing to share ShareAction's 2022 banking survey '**In Debt to the Planet. An assessment of the 25 largest European banks' biodiversity and climate strategies.**'. We are extremely grateful for your contribution to our report and for all the positive engagement we have had this year with Crédit Mutuel.

With COP27 now behind us and little progress made, we need the financial sector to lead the way if we are to reach the Paris climate goal net-zero by 2050. Banks have the opportunity to play a critical role by reducing the financing of harmful activities and increasing the finance to low-carbon alternatives.

The report assesses the themes critical to achieving net zero by 2050 and ranked banks based on the performance of their policies. We also highlight leading practice and call out banks whose policies are falling behind their peers.

Our research shows that Europe's largest banks are not yet doing enough to address the twin crises of climate change and biodiversity loss. This exposes banks to risks which pose a serious threat to future revenue and reputation, as well as posing material risks to our planet and everyone on it. While we recognise that the turbulent economic and political environment this year has created challenges, we urge banks to urgently strengthen their climate change and biodiversity policies.

Based on our analysis, your organisation ranked 20th with an overall score of 36% which is equivalent to a C-rating band. The climate change section of our questionnaire accounting for two-thirds of the marks. Crédit Mutuel scored 48% and 12% of the points in the climate section and the biodiversity section, respectively. We would like to commend Crédit Mutuel for featuring in one leading practice example of the report for setting a sector-leading thermal coal policy, for using a robust definition of the Arctic, and for restricting financing to corporates expanding unconventional oil and gas for selected segments.

To support you with identifying priorities for 2023, we have outlined three key asks for climate change and one key ask for biodiversity for Crédit Mutuel which will be the focus of our engagement next year:

- Set a transparent green finance target focusing on climate change mitigation and adaptation that is commensurate with the bank's historical climate impact and market size, and transparently communicate on progress.

- Explicitly link executive remuneration KPIs to the development and successful implementation of portfolio decarbonisation targets and sector policies across all subsidiaries.
- Require the disclosure of climate-related information to enter or renew a client relationship or execute or renew a transaction, including capital markets transactions. This should include: GHG emissions covering scope 1-2 emissions, and scope 3 emissions for sectors where they are material and requiring a climate transition plan meeting criteria defined by the bank by a set deadline.

Biodiversity loss poses material risks to banks and requires urgent action. We encourage Crédit Mutuel to prioritise taking action on biodiversity loss with the same urgency as climate change and publish a standalone biodiversity strategy ahead of its 2024 AGM.

We are committed to engaging with and supporting Crédit Mutuel in the development of its policies and targets, and hope that our constructive dialogue will continue throughout 2023. As a next step, the banking team would appreciate the opportunity to present our report to you in the new year. Leyla Arpacioğlu, Engagement Manager (Banks – Climate change and Biodiversity), will be in touch shortly to organise this with you.

I truly wish you and your team a wonderful Christmas break and I'm looking forward to building on our valuable relationship in 2023.

Warm regards,

A handwritten signature in black ink that reads "Catherine Howarth". The signature is fluid and cursive, with the first name being larger and more prominent than the last name.

Catherine Howarth

Chief Executive

ShareAction