



## **Sector policy – Purchasing policy**

### **Foreword**

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

*Measures taken apply to the entire group, subject to compliance with the legal and regulatory provisions specific to each entity and each country.*

*They may be reviewed whenever the group deems it necessary.*

**As part of this approach, the group has begun translating its values into a responsible purchasing policy.**

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

It is based on the following principles:

- The conduct of a company's purchasing is a true reflection of its values. As such, the Crédit Mutuel-CM11 group seeks above all to take a responsible and reasoned approach.
- The purchase of goods or services is a managerial act in its own right, contributing to the translation of the Crédit Mutuel-CM11 strategy in an operational sense. In this sense, it incorporates several main criteria:
  - o Economic (optimisation of costs)
  - o Quality
  - o Risks that are also environmental, social, governance (ESG) risks
  - o Where applicable, compliance with technical requirements

This purchasing policy echoes the principle of prudence that governs the group; its purpose is to integrate environmental, ethical, compliance and safety issues. It sees purchasing as a reasoned act. The term "reasoned act" refers to the fact that the group above all seeks solutions that are sustainable over time and ensure a satisfactory level of quality, in terms of both safety and maintainability.<sup>1</sup> As such, price is not the only selection criterion in a call for tenders.

### **1 Scope of application**

This policy applies to all purchases. It aims to clarify the criteria reviewed by the group when selecting its suppliers and/or providers. It also sets out the principles to be respected when making purchases. It applies to all entities of the Crédit Mutuel-CM11 group, and in particular to those providing central purchasing functions (i.e. CM-CIC Services, Euro Information and Sofédis), as well as to the Commercial, Marketing and Communication departments of Crédit Mutuel-CM11 entities.

The diversity of business lines and requirements within the group results in a wide range of purchasing needs. This variety means that suppliers and/or providers can have very different profiles. The Crédit Mutuel-CM11 group works with international companies, as well as with local SMEs (small and medium-sized enterprises). Its aim is to develop permanent relationships based on respect, confidence and balance with each of them.

### **2 Prerequisite reference framework for group suppliers**

Suppliers and/or service providers undertake to comply with the applicable laws and regulations in respect of environmental and industrial relations issues, as well as principles governing good conduct in respect of ethics, compliance and safety.

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<sup>1</sup> For example, with regard to computer equipment, it is fundamental for the Crédit Mutuel-CM11 group to delegate the maintenance and the exercise of the guarantee to its dedicated subsidiary.

## 2.1 Human rights and employee rights

The Crédit Mutuel-CM11 group's contracts with suppliers and/or service providers include a clause dedicated to compliance with established labour law.

**Within this framework, suppliers and/or service providers undertake to respect the principles of the following reference texts in the countries that have ratified them, in particular:**

- The Universal Declaration of Human Rights of 1948 and its two complementary pacts: the International Covenant on Economic, Social and Cultural Rights, and the International Covenant on Civil and Political Rights.

- Conventions of the International Labour Organization, in particular those bearing on minimum age and child labour, freedom of association, right to organise and collective bargaining, prohibition of forced or compulsory labour, respect for the health and safety of employees, promotion of equal pay for women and men, and prohibition of discrimination in employment.

In countries that have not ratified them, the supplier and/or service provider undertakes to take all measures deemed necessary to respect the human rights principles of the United Nations Global Compact (various extracts of which are appended).

## 2.2 Ethics

**In terms of professional conduct, Crédit Mutuel-CM11 pays particular attention to ensuring that suppliers and/or service providers comply with best practices in terms of business ethics.**

In particular, relations with suppliers and/or service providers factor in principles relating to the fight against corruption in all its forms.

The Crédit Mutuel-CM11 group will not award a contract on the basis of unfair or corrupt practices. In this spirit, suppliers and service providers must agree to:

- Restrictions on the possibility of offering purchasers gifts, donations or advantages of any kind whatsoever,<sup>2</sup>
- Restrictions on invitations, which may only serve to give group employees a better understanding of the activities, products or services to be provided. By contrast, leisure invitations to the group's employees (defined as strictly personal and occurring outside the professional context) are strictly prohibited,

- The Crédit Mutuel-CM11 group's charters governing the prevention of conflicts of interest and the protection of the confidentiality of data relating to the group's activities are given to suppliers and/or service providers.

Moreover, in addition to the duty of vigilance, the actions defined below allow the group to provide supervision to suppliers and/or service providers:

- Information on any failure to provide the goods or services purchased,
- Transparency on internal processes and transmission of required information,
- Preference<sup>3</sup> to suppliers and/or providers adopting an environmental approach integrating ESG (economic, social, governance) criteria and respecting a social policy in the fight against discrimination,
- Evaluation of the supplier and/or service provider by means of a questionnaire aimed at ensuring compliance with the group's purchasing policy, in particular for suppliers and/or service providers providing services considered essential or for those whose contracts require a certain level of commitment set individually by each of the entities and subsidiaries of the Crédit Mutuel-CM11 group.

For these suppliers and/or service providers, the group sets itself the objective of controlling the risks in its purchases by:

- **Adopting a know your supplier (KYS) approach:** supplier assessment in the light of market standards,
- **Implementing the compliance controls of the Crédit Mutuel-CM11 group:** verification of compliance with international regulations on embargoes or penalties,
- **Performing operational controls:** assessment of the economic situation of suppliers and/or service providers and their risk of default (for a list of suppliers including those identified as performing essential services).

## 3 Analysis criteria/group objectives in respect of purchases

The group's selection process for purchases for any type of goods or services assumes compliance with this purchasing policy.

More specifically, with regard to the choice of supplier and/or service provider, the selection process is governed by several key principles:

<sup>2</sup> The Crédit Mutuel-CM11 group Code of Ethics lays down the rules and procedures to be adopted on all of these subjects.

<sup>3</sup> At an equivalent level of technical and financial service.

- Consideration of the local community to help promote the development of the economic fabric in the group's host communities,
- Transparency in terms of tenders and selection criteria<sup>4</sup> to ensure fair competition,
- Principles of impartiality and neutrality when selecting suppliers to avoid conflicts of interest,
- Assessment of the ability of the supplier and/or service provider to work with the Crédit Mutuel-CM11 group over time, notably as regards volumes, operations in matching geographical markets and, where appropriate, in terms of industrial manufacturing procedures and compliance with safety requirements,
- Creation of a secure legal and contractual framework with the identification of essential external service providers and standard or minimum contract clauses covering essential items that must be included in the contract,<sup>5</sup>
- Financial equity with regard to suppliers and/or service providers. As a major contractor, the Crédit Mutuel-CM11 group adopts a responsible attitude in line with the principles laid down in the French law for the modernisation of the economy (LME),
- Integration of purchasing as a key performance factor, assessing the competitiveness of a tender not only on the purchase price of the good or service but also on the advantages, costs and risks (especially in terms of technical quality) they generate throughout their use.

In the assessment of the competitiveness of offers, the nominal price of the good or service is not the only financial aspect reviewed.

Account is also taken of logistics, post-sales and training costs, and an assessment of operational risks, including those related to dispute resolution, non-compliance issues and the group's reputation.

Lastly, depending on the sector of activity and the regulation of the country of activity, each subsidiary may, in accordance with the principles stated, expand this sector policy in order to include its specific requirements.

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<sup>4</sup> Tenders may be restricted in order to maintain a technical, functional and maintainability framework for purchases.

## REFERENCES

Standards, conventions, initiatives or recommendations:

ILO Conventions:

- Convention concerning Freedom of Association and Protection of the Right to Organise, 1948 (No. 87)
- Right to Organise and Collective Bargaining Convention, 1949 (No. 98)
- Forced Labour Convention, 1930 (No. 29)
- Convention concerning the Abolition of Forced Labour, 1957 (No. 105)
- Minimum Age Convention, 1973 (No. 138)
- Worst Forms of Child Labour Convention, 1999 (No. 182)
- Equal Remuneration Convention, 1951 (No. 100)
- Convention concerning Discrimination in Respect of Employment and Occupation, 1958 (No. 111)
- United Nations Global Compact

<sup>5</sup> For technical services, sales policies, including suppliers' pricing policies, preclude the establishment of fully standardised contracts.