

# Sustainability Report

# 2023



  
**CREDIT  
LOGEMENT**  
GARANTIR VOTRE SÉRÉNITÉ

# ***First things first***

## ***A gesture for the planet***

**In keeping with our CSR policy, we have chosen not to print our Sustainability Report.**

This document contains interactive navigation features through the Contents section.

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Comment

*01*



# Our CSR commitment

Corporate social responsibility and the creation of sustainable value are an integral part of Crédit Logement's very existence.

Our mission, which has been at the heart of our actions for nearly 50 years, is underpinned by the desire to develop and sustain home ownership for as many people as possible, responsibly and with a human element, keeping the preservation of borrower solvency foremost in our minds.

*This commitment has been reflected in our six ESG pillars since 2021.*

We have worked consistently alongside our stakeholders in a complex economic, social and climate-related environment in order to address and anticipate changes in the real estate market. Our goal is to support our partners, our customers, but also our employees and our directors so that they can bring their projects to fruition and create lasting value.

We implement our CSR approach with this in mind, backed by the strong support of senior management and the daily engagement of all employees.

Every day, we are proud to see that the actions undertaken are paying off and that new projects are emerging to build a positive future together.

The actions described in this report are the work of every individual within our organisation. We want to take this opportunity to thank every one of them for the efforts they have put into these actions.

May you enjoy reading this report!

**Valérie Perrier**  
Chief Financial Officer  
Director of Corporate Social  
Responsibility (CSR)

**Jean-Marc Vilon**  
Chief Executive Officer



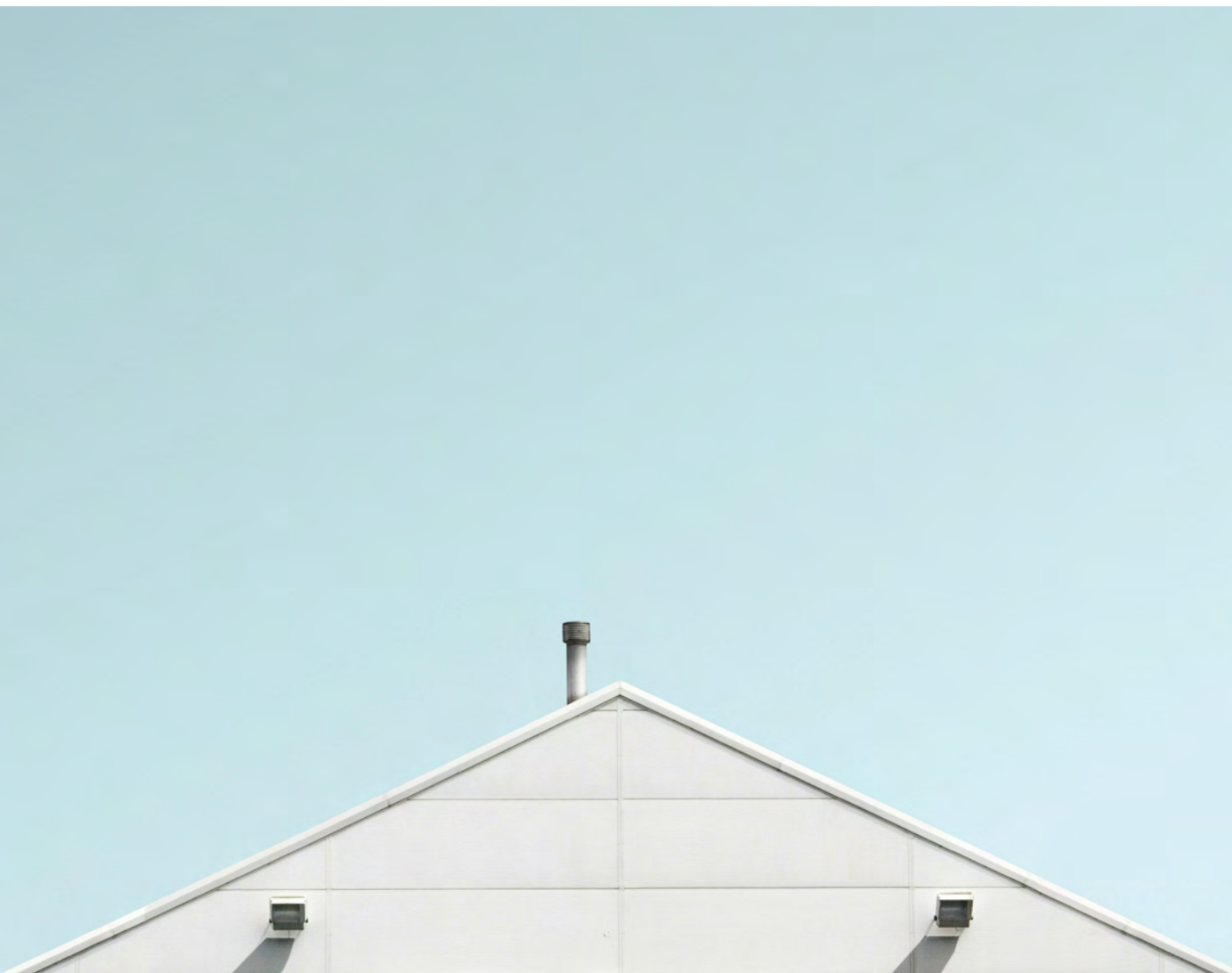
# Introduction

02

ESG issues are a core concern for us at Crédit Logement.

Our corporate identity underpins our fundamentals and our positioning as an expert, responsible and considerate partner.

Our commitment to our banking partners and borrowers is evident every day in the way we do business and in our actions, **#Engagés**.



WE HAVE ORGANISED OUR ESG ACTIONS  
AROUND SIX KEY PILLARS:

Social impact

Societal impact

Responsible solutions  
and business practices

Responsible investment policy

Responsible governance

Environmental impact



Social impact

03



Our corporate culture is geared towards our employees. Our policy on quality of work life, equal treatment, diversity, recruitment and our employment and career path planning policy are essential vectors that generate social cohesion and sustainable performance. It boosts our appeal as an employer and is the source of our success.

Each year, Crédit Logement undertakes various initiatives to promote the development and individual and collective well-being of its employees.



## Workforce

At 31/12/2023, Crédit Logement had **323** employees (an increase of 2.5%)

We endeavour to employ as many people as possible under permanent contracts in order to build a relationship based on trust with those who have made our organisation a success for many years.

In 2023, less than **1.85%** of the Crédit Logement workforce was employed under fixed-

term contracts (including apprenticeship contracts), up slightly from 1.6% in 2022.

Our permanent contract turnover rate, including retirements, stood at 6.94% in 2023 (greater proportion among men), compared with 5.35% in 2022.

56.3%

*Percentage of women in the total workforce (57.8 % in 2022)*

53.8%

*Percentage of women in executive-level workforce (54.1 % in 2022)*

4.9%

*Percentage of employees aged under 30 (3.8 % in 2022)*

23.1%

*Percentage of employees aged over 55 (24.8 % in 2022)*

## Diversity and anti-discrimination measures

Gender equality in the workplace is a core component of our human resources policy. We strive to treat all our employees equally and to combat all forms of discrimination to ensure that everyone can enjoy a healthy and respectful working environment, regardless of gender, origin, religion, political opinion or disability.

### Gender quality in the workplace

Gender quality is an integral part of our HR programmes, through equal pay, promotions and internal mobility, training and skills development, and we are continuing our efforts in terms of equal opportunities and the representation of women to ensure that governance is shared. Equal pay is subject to an annual review during mandatory annual collective bargaining rounds.

A company agreement on gender quality in the workplace is negotiated every three years. The current agreement will run until 31/12/2025.

The French law on the freedom to choose one's career (loi pour la liberté de choisir son avenir professionnel) made it mandatory for all companies with more than 50 employees to calculate a gender equality index, in the form of a score out of 100. In 2023, our gender equality index stood at 88/100, stable compared with 2022 (89/100).

Crédit Logement does not engage in any discrimination whatsoever, be it negative or positive, in accordance with Article L.1132-1 of the French labour code ('Code du travail').

## Recruitment

We take steps to ensure that diversity and gender equality are upheld in our recruitment processes.

In order to give everyone a chance regardless of religion or origin, and in accordance with French law, our recruitment criteria do not, and will never, take ethnicity or beliefs into consideration.

All employees involved in the recruitment process undergo mandatory training in recruitment techniques, including awareness of the risks of discrimination.

The principle of non-discrimination is also applied in all management and decision-making actions, particularly in human resources management. It is important to promote the representation of diversity throughout our workforce and at all hierarchical levels.

In 2023, women accounted for **48%** of promotions in 2023 (**6.7%** of the female workforce received a promotion). This figure remained stable in 2022, when women accounted for **48.65%** of promotions, with 10% of the female workforce receiving a promotion.

The proportion of women in new hires: **41.4%** (44% in 2022).

Employees with a disability made up **3.4%** of our workforce (3.47% in 2022).

Crédit Logement is committed to increasing female representation in top management (Management Committee excluding Executive Management): at 31/12/2023, the percentage of women in these positions stood at **41.7%** (compared with 33% at 31/12/2022).

Crédit Logement is committed to combating discrimination, as well as psychological harassment and sexist behaviour. We have a system in place for reporting (by email and/or telephone) and handling any behaviour that might constitute discrimination, psychological or sexual harassment or sexist behaviour (internal procedure to handle alleged harassment).

To prevent the risk of discrimination, we have introduced awareness training and campaigns.

In 2023, we staged an awareness campaign on the issue of harassment in conjunction with the occupational health services and employee representatives (through the CSSCT - occupational health and safety commission). We also led a disability awareness campaign in November 2023 through messages on our Intranet site and a poster campaign at our premises. There is now one disability officer at Crédit Logement and one disability officer at our La Formation training organisation.

7.90%

*promotion rate in 2023  
(12.3 % in 2022 due  
to several retirements)*

9.6%

*proportion of women  
in senior positions  
(10.1 % in 2022)*

4.02%

*percentage of foreign nationals  
in our workforces  
(up from 3.49 % in 2022)*



## Developing skills

Employee development is hugely important to Crédit Logement. Our company agreement on employment and career path planning ('GEPP') was renewed on December 1<sup>st</sup>, 2023 for four years.

Employees have two interviews a year with their line manager to review their objectives, skills and ambitions going forward.

In accordance with the company agreement dated 31/05/2021, career-related interviews are held every three years, or following specific events provided for by law for people returning to work.

This career review ('EPP') is carried out by the managers (direct line manager). Career reviews for corporate officers are conducted by the Chief Executive Officer.

Employees' career paths are assessed every six years. The career review is used as a basis to discuss the employee's career plans.

Training is a major development area for employees, as it enables them to consistently maintain their skills and it enhances and boosts their career path.

Our training policy is also a key factor in the sustainable development of our organisation.

We use the annual and mid-year reviews to provide employees with the resources they need to succeed, perfect their skills and develop their potential. They are encouraged to train and take part in conferences/seminars/webinars to help them get the most out of skill and know-how refresher programmes.

We sustain this drive towards employee excellence by preparing an upskilling plan (training plan) every year to support our staff in every way possible in the performance of their duties.

In 2023, a total of 4,704 hours of vocational training were completed (including mandatory awareness actions) by 317 employees, equating on average to 15 hours of training per participant, and covering 98.14%<sup>1</sup> of the workforce.

In 2022, 186 employees completed training, representing around 3,500 hours of training, i.e. an average of 18.8 hours per eligible employee.

Employees can choose whether to complete training in a face-to-face setting or remotely, where these two options are available. Training expenses (cost of learning resources) accounted for 1.32% of our payroll costs, compared with 2.03% in 2022.

In-company training made up the bulk of the sessions held in 2023, enabling us to lower the cost of learning resources while training more employees, and ensuring that each participant was able to receive the same level of training.

The nature of our businesses requires that our staff complete regular refresher courses to update their regulatory, technical and risk management know-how. However, we also organise a growing number of soft skills training programmes for our staff.

### TRAINING EXPENSES IN 2023

# € 246,919.35

*spent on training*  
(€266,316 in 2022).

The safety of our employees is paramount, which is why we have introduced a "workplace first aider" ('SST') training plan. We organise refresher ('MAC SST') courses every year to ensure that workplace first aiders are able to maintain and update their knowledge. In actual fact, these refresher courses could be held every two years, as the 'SST' certificate awarded to workplace first aiders is valid for 24 months. At 31/12/2023, 43 Crédit Logement employees had secured the 'SST' certificate, i.e. 13.31% of our workforce (14.92% in 2022).

<sup>1</sup>Percentage of employees who completed at least one training course during the year



# Work/life balance

We are very mindful of the well-being of our employees and their work-life balance.

Our employees are the beating heart of our organisation and we must ensure that they know this throughout their career with us. Physical and moral well-being and a healthy work-life balance help employees feel fulfilled, give their best and feel that they have a long-term place within our organisation.

Our head office is located in the heart of Paris, which means that around 99% of our workforce can avail of public transport to commute to and from work. Public transport saves time and limits the stress associated with travel.

Our employees can avail of variable working hours (initial agreement entered into in October 1999), which gives them flexibility in the organisation of their work and enables them to better manage their personal and professional duties.

Employees are also covered by a collective remote working agreement, which entitles them to work from home two days a week. In certain circumstances, for instance, where an employee needs to care for or support a loved-one, further remote working arrangements (additional days) may be introduced.

Crédit Logement has used these two mechanisms to develop flexible working conditions. By enabling each individual employee to freely opt for remote working and flexible working hours, we provide leeway for them to choose both their place of work and their working hours.

At 31/12/2023, **97% of our workforce availed of remote working options, marking an increase on the 95.2% recorded in 2022.**

In keeping with the implementation of new working conditions whereby staff are given the freedom to organise their own schedule and are responsible for the completion of assignments, we looked at ways to set up a specific system for executive staff who organise their own time ("cadres autonomes"). This led to the negotiation of a company agreement with the trade unions establishing an annual working days system. This agreement, signed at the end of 2023, brings the number of days worked to 218 days per year, implying an average number of 18 days off.

At 01/01/2024, 86% of eligible employees had expressed a wish to avail of this arrangement.

Crédit Logement has a policy of retaining our oldest members of staff, with the possibility of introducing adjusted work hours for anyone aged 60 and over (working part-time at 80% of full-time hours but being paid 90% the full-time wage).



## Remuneration

Crédit Logement has had an attractive remuneration system in place for many years designed to provide an incentive for employees. This system is based on individual and collective performance:

- Discretionary profit-sharing;
- Mandatory profit-sharing;
- Individual variable bonus.

Employees are covered by a company agreement for each of these schemes, as well as by our company savings plan ('PEE') and our group retirement savings plan ('PERCOL'), whereby we match the amounts they pay into these plans to the tune of 20%. These agreements ensure that our employees can share in the success of our organisation and contribute to its performance (annual bonus allocated for each scheme). The discretionary profit-sharing agreement is established for a fixed term and is renewed every three years. The last such agreement was entered into in June 2021 and for the period up to 31/12/2023.

The individual variable bonus ('PVI') is a way to reward the work of our employees based on our earnings.

In 2023, a PVI bonus was paid to all eligible employees, amounting to €1,247,879, i.e. 6.33% of the payroll (down slightly compared with the €1,387,257 paid out in 2022).

An exceptional bonus ('PPV' - value sharing bonus) was also granted to all eligible employees for the fourth consecutive year. "Temporary" staff are also eligible for this bonus.

## Communicating with our employees

Our **Intranet portal** is available to all members of staff. **Every day, a wide range of information is posted on this site** relating to our organisation and our environment.

The Intranet portal contains a special section for **new employees** that features a documentary database with all the information they need to know about who we are and what we do at Crédit Logement.

Executive Management or the Human Resources Department may also send out important company-wide information by email.

In order to maintain a constant link with our employees, Executive Management holds **quarterly information meetings** to tell them about market developments, our earnings, our outlook, new Crédit Logement projects, company agreements entered into during the period, etc.

We also include our staff in cross-disciplinary discussions involving people at all levels of our organisation, with a view to implementing new projects.

Alongside this, **Executive Management holds three to four management committee meetings a year**. These meetings are an opportunity to share and discuss an initial level of information on cross-cutting issues with all members of the Crédit Logement governance structure.

We want to ensure that our employees are looked after at all times, which is why we have also signed seven company agreements with employee representatives on various issues (on-call duties, exceptional bonus subsidy relating to the social and economic committee ('CSE'), annual negotiations, etc.), including an agreement on employment and career path planning.

Lastly, anyone who wishes can attend in-house events and social occasions held throughout the year (races, after-work drinks, tastings, etc.), providing an opportunity for staff from the different divisions and departments to get to know each other.



## Social Dialogue

Crédit Logement has a social and economic committee ('CSE') and an occupational health and safety committee ('CSSCT'), which meet every month. Social dialogue is very active at Crédit Logement. Employee representatives are consulted about organisational changes, informed of major projects in progress and kept abreast of all the information brought to the attention of the Crédit Logement management team.

An agreement relating to the organisation of the CSE was signed on September 14<sup>th</sup>, 2023 specifically regarding issues not provided for in the French labour code ('Code du travail'), namely delegation hours, the use of videoconferencing, training and commissions.

In 2023, the CSE was consulted twice about the reorganisation of departments.

These organisational changes led to the promotion of certain employees.



Societal impact

04





We want to raise awareness about ESG issues among all our stakeholders, both by pursuing a policy in which our guarantee approval process factors in the personal circumstances of each borrower, with a responsible and personal approach to handling debt collection and ethical and fair business practices, and by maintaining the loyal sponsorship policy we have been pursuing for several years.



## Promoting home ownership for as many people as possible

For nearly 50 years, we have been taking a neutral, expert and considerate approach to **ensure that banks and borrowers can have peace of mind** when it comes to financing residential property loans. We therefore seek to guarantee home ownership applications that are in line with borrowers' profiles, in order to protect their solvency.

Our teams regularly visit the regional banking networks to meet with advisors in order to explain our eligibility rules and our scope of intervention.

This frequent interaction enables us to streamline our activity and makes the preparation and selection of applications more efficient.

In 2023, on average, we were able to receive and examine more than **1,279 applications** a day thanks to the IT interfaces set up with our banking partners (compared with around 2,000 applications in 2022). **51% of these applications were automatically approved** (52.4% in 2022). **The remaining applications** were all reviewed by our analysts based on a wide range of criteria, such as the debt-to-income ratio, disposable income, the down payment rate, and other more specific criteria.

## Supporting borrowers throughout the life of a loan

Our commitment towards borrowers does not end with the approval of a guarantee.

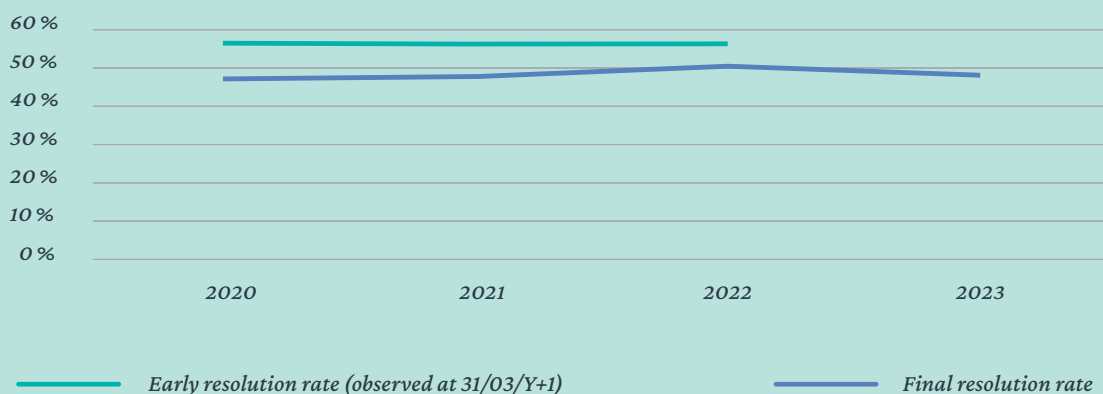
Where a borrower experiences a life event (marriage or relocation) or runs into difficulty or unforeseen circumstances (separation, pandemic, etc.), we will always try to **find a solution with the lender**: extension of payments, new repayment schedule, extension of the loan term, etc. Our aim is always to help the borrower return to a stable financial situation.

At every stage of the process, a legal advisor keeps in contact with the borrower to put the agreed solutions in place, be it when the borrower first falls into arrears, or during the legal phase, the objective being to always facilitate an **amicable solution**.

The resolution rate represents the proportion of loans in respect of which borrowers have resumed normal repayments after running into difficulty, and is expressed as a percentage of all loans for which repayment issues have arisen.

Our resolution rate has been above 55% for many years. Our early resolution rate (observed just after the end of the year in which a loan has been classified as delinquent) is close to 50%. It stood at 47.9% for 2023.

### RESOLUTION RATE FOR A FLOW OF LOANS ENTERING DELINQUENT STATUS, BY YEAR OF ENTRY INTO DELINQUENCY







## Supporting associations through sponsorship

The Human Resources Department and the Development and Communication Department handle all our **social projects** in conjunction with Executive Management.

Every year, our employees are asked to nominate associations that are dear to them, and to which donations can be made. 10 associations were supported in 2023.

# 10

*associations supported in 2023*



Responsible  
solutions and  
business practices

05



At Crédit Logement, we provide as many people as possible with an opportunity to own their home through our guarantee solution, which is based on the principle of mutualising borrower risks.

We have also developed other solutions to help our banking partners handle changes in the property market: CLR Servicing, La Formation, BRS, CL.Data and CL.Estim.

We work to ensure that all stakeholders are informed about our solutions and the manner in which we distribute them.



## The Crédit Logement guarantee

The Crédit Logement guarantee is offered to borrowers by our partners, the banks.

We have developed a range of services for our partner banks to ensure that our solutions are easy to understand and use:

- We have set up IT interfaces with virtually every one of our banking partners and we update them regularly;
- We have also introduced an extranet portal for banks that have lower application volumes.

This means that all guarantee applications are now sent to us in digital format. Our staff analyse all the applications received using an expert decision support tool, which calculates a score. A response is provided within **48 hours** (for complete applications) and can even be obtained in **real time** thanks to our automatic acceptance system. Any refusal must be justified.

At Crédit Logement, we reassure our partners. By providing a **second opinion** on a loan application, we give banks peace of mind and lend weight to their own analysis of financing applications.

**Our work is part of a system to secure home loans that takes borrower solvency into account and is not limited solely to the value of a property.**

# 51%

*automatic approval rate in 2023 (52.4 % in 2022)*

# 100%

*of complex cases are examined by an analyst*

*Response time:*

# 48h maximum

*on the basis of a complete file*

*The level of attention we pay throughout the guarantee approval process is sustained throughout the life of the loan. Our aim is always to limit borrower default and to best handle any unexpected life events.*

The Crédit Logement financial guarantee is based on the principle of mutualising risk, with each borrower contributing to a mutual guarantee fund (Fonds Mutuel de Garantie - FMG).

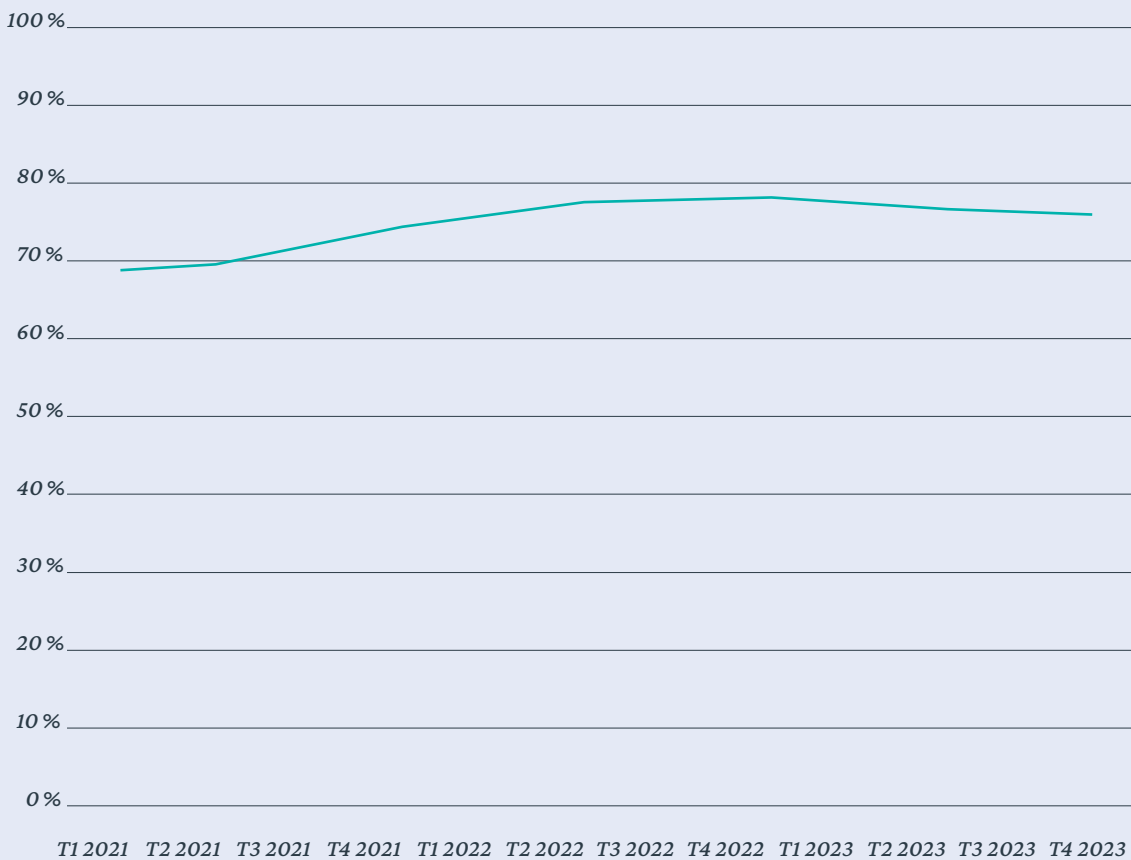
# Transparency and simplicity

When a loan matures and we receive notification of the end of the guarantee from the bank, an automatic process is triggered in which a portion of the sum paid into the mutual guarantee fund may be returned to the borrower.

This portion is calculated according to the return rate, which itself is based on the use of the mutual guarantee fund. This rate, which is still very high, was nevertheless slightly lower than in 2022, coming to 75.33% at 31/12/2023, compared with 77.76% at 31/12/2022.



## RETURN RATE OVER THE LAST THREE YEARS





## Equal home ownership opportunities for borrowers

We have designed our solutions in such a way as to give every person the **same chance to purchase their home**. Our fees do not depend on the bank that forwards us an application or on the borrower's profile.

Our fee schedules are designed to **facilitate** the acquisition of a **primary residence** and are publicly available using the simulator on our website. We do not receive any hidden commissions.

We have also developed **specific solutions** such as the **Initio package**, which allows **young borrowers** (aged under 37) to defer payment of the guarantee commission until the end of the loan.

We have expanded our scope by becoming the first organisation to guarantee transactions using the Bail Réel Solidaire ('BRS') ground lease mechanism for social housing,

designed for households in the lower income brackets. The BRS is a home-ownership mechanism introduced by the French government in 2017, under which the land on which a property lies is separated from the building in order to lower housing prices. With the BRS, households that meet low income criteria are able to purchase a home in locations where supply is tight, particularly in large urban areas, tourist or border areas, by only acquiring the walls and not the land on which the property sits.

*Specific solutions for young borrowers and households in the lowest income brackets.*





## Supporting our ecosystem

In addition to the Crédit Logement guarantee, we have developed various solutions in recent years to support our ecosystem, so that we can continue to work with all our partners to build and maintain a more secure, stable, ethical and responsible property market.

**CLR Servicing**, our debt collection solution for third parties, provides a range of benefits to enable efficient and responsible debt collection for both banks and borrowers, the main goal being to find an amicable arrangement while supporting the borrower. For instance, Crédit Logement can act as servicer in the assignment of non-performing loans (NPLs).

Our '**La Formation**' (training) solution disseminates best practices in setting up property loan applications, understanding the guarantee mechanism and thereby minimising the risk for our banking partners, the brokers who operate in the property market and borrowers. Our training body celebrated five years in operation in 2022.

**In 2023**, we put our expertise to work to provide training to **501** property loan specialists. **An interim AFNOR audit confirmed the QUALIOP certification awarded to our 'La Formation' solution.**

**CL.Data** contains interest rate data for the property market and maps out trends to optimise analyses without the help of a third party, both nationally and regionally.

**CL.Estim** provides appraisal values for property portfolios and individual properties alike. It has been developed for all players in the real estate industry in order to meet the regulatory and operational challenges of appraising residential property in France (mainland and overseas territories). In 2022, the ADEME (French environment and energy management agency) database and Géorisques (geohazard) databases were integrated into CL.Estim to provide energy performance ratings and ascertain the climate risks to which properties may be exposed.



## la Formation

## CL.DATA

## CL.ESTIM

## Green issues

In 2023, we wanted to help all our banking partners meet the new challenges associated with energy retrofitting, and to promote the gradual transformation of real estate portfolios.

*We set several ambitions and launched a number of projects that will be rolled out in the course of 2024.*



# The satisfaction of our banking partners and borrowers is a key focus in the services we provide

Our banking partners and borrowers can contact our **customer relations centre** by email or telephone (Monday to Friday). In 2023, the agent accessibility rate was very high at 97%, up from 96% in 2022.

We regularly conduct satisfaction surveys with our partner banks.

The last survey conducted in 2023 regarding the granting of the Cr dit Logement guarantee revealed a satisfaction rate of 99%, reflecting a further increase on the rate recorded in 2019, which was already 95%.

In 2022, we conducted a survey relating to the Collection Department, which pointed to an overall satisfaction rate of 94.5%, marking a significant increase on the previous survey conducted in 2018 (91.5%).

99%

*overall satisfaction rate among banking partners*

97%

*agent accessibility rate in 2023*

In addition to our customer relations centre, KAMs (**Key Account Managers**) are always on hand to assist our banking partners and to ensure that they receive the highest standard of service in their dealings with Cr dit Logement.

In the event of dissatisfaction, the contact details for the relevant department and the **ombudsman** are clearly visible on our website ([www.creditlogement.fr](http://www.creditlogement.fr)).

The dissatisfaction rate was extremely low again in 2023: six cases were reported in 2023, compared with three in 2022, which, relative to the number of loans, points to a very low dissatisfaction rate of less than 0.002%. The dissatisfaction cases were only among borrowers.



# Responsible investment policy

06





We pursue a very secure investment policy designed to prioritise counterparties from core euro area countries. These counterparties are only authorised if they satisfy strict criteria, have incorporated ESG risks and are not subject to regulatory controversies.

We take ESG criteria into account when making indirect investments such as investments in UCITS, particularly their SFDR classification.



## A highly-secure investment policy

The investment strategy that we have been pursuing for many years promotes **ethical and responsible investment**.

Pursuant to a June 2022 Board of Directors decision, a first set of criteria was incorporated into the Crédit Logement investment policy with a view to making it more sustainable.

We restrict our direct investments to term deposits with French banks or core euro area bonds (excluding the GIIPS countries) that **meet strict criteria**. At December 31<sup>st</sup>, 2023, 90.4% of the Exposure at Default (EAD) of our investment portfolio involved a French counterparty, with the remaining 9.6% involving a counterparty from the core euro area, stable on 2022.

Executive Management submits a proposed strategy to manage financial risk to the Board of Directors, which decides on whether to approve it after consulting with the Treasury and global interest rate and liquidity risk management committee. The quarterly Treasury Committee meeting is attended by representatives of the shareholders, Executive Management, the Finance Department and the Compliance and Risk Department. At the level of the executive body, an Investment Committee chaired by Executive Management meets every month to oversee operational management and

monitor the implementation of the strategy by the Finance Department.

The approved strategy does not permit Crédit Logement to invest in corporate securities and only allows investments in government securities, banks and financial institutions (including insurers), regions and 'EPICs' (industrial and commercial public undertakings), based on financial rating and maturity criteria. At December 31<sup>st</sup>, 2023, 77% of our exposure at default had a financial institution (bank or insurer) as counterparty, 21% a sovereign/quasi-sovereign issuer, and the remaining 2% was invested in UCITS with an SRRI of 2 or less.

We do not invest in conflict zones, in companies that use child labour or in any other economic undertaking that does not respect human rights.

Hence, our counterparties are partly controlled, directly or indirectly, by the State, or governed by regulations that are being put in place. This therefore excludes from the authorised scope all issuers that present a more significant ESG risk.



# Breakdown of investments in 2023

In 2023, 85% of Crédit Logement's counterparties had obtained a score equal to or higher than CIS-3 (according to Moody's "A CIS-3 score indicates that the ESG risks have a limited impact on the current rating [...]"), compared with 70% in 2022, representing 83% of cash outstandings.

We have also started to invest in green bonds, but we are careful not to promote greenwashing.

As regards our indirect investments, we invest in UCITS, which may in turn invest in corporate securities. While these investments are very limited and stable from one year to the next, accounting for 2% of our portfolio as at 31/12/2023 (compared with 1.78% in 2022), they nonetheless require a strict framework.

Fund management companies must comply with the Sustainable Finance Disclosure Regulation (SFDR). Some mutual funds are taking an increasingly active approach

to secure labels. During our UCITS selection process at the end of 2021, we were particularly careful to select those that were either aspiring to one or more labels, or had already secured them.

*At 31/12/2023, 83 % of our investments in UCITS carried the French finance ministry's 'ISR' ('Investissement Socialement Responsable' - socially-responsible investment) label, providing a guarantee in respect of the funds invested by these undertakings, up from 67 % in 2022.*

More than 83% of our UCITS investments comply with Article 8 of the SFDR (stable on 2022).

## EXPOSITION RATE

90.4% *in France*      9.6% *at the core euro area*

77% exposure to financial institutions, 21% to sovereigns/quasi-sovereigns and 2% invested in UCITS with an SRRI of 2 or less.

## IN 2023, NEARLY 85 % OF OUR INVESTMENTS CARRIED A SCORE OF CIS-3 OR HIGHER

83%      83%

*of our UCITS investments carried the French 'ISR' label (up from 67 % in 2022)*

*of our UCITS investments complied with Article 8 of the SFDR*

# Responsible governance

07

Given our status as a finance company, risk management is a core governance focus, and ESG issues are taken into consideration at the highest level.

We enjoy a very extensive dialogue with third parties, be it with our oversight body (ACPR) or with industry bodies (OCBF, ASF, etc.). We are heavily involved in tackling corruption and money laundering and regularly stage awareness events for our employees.





## Governance that encourages risk monitoring

As a finance company, we are not subject to “green” regulations. Nevertheless, we are overseen and regulated by the Autorité de Contrôle Prudentiel et de Résolution (ACPR - French prudential supervision and resolution authority), which is committed to addressing **ESG issues**.

Our risk monitoring system involves **meticulous analysis of the risks** to which we are exposed thanks to an organisation that has been formally defined and regular committee meetings to manage risks, all **chaired by the Executive Committee**.

These committees focus on the specific risks that are analysed. The Treasury Committee and Investment Committee handle financial risks. There is also the Risk Policy Committee and the committee in charge of managing litigation.

Our Risk and Audit Committee and our Board of Directors are tasked with the overall governance of our organisation.

The Compliance and Risk Department is a **separate entity** from the operational departments. It reports to the Chief Executive Officer and is responsible for cross-cutting monitoring of the risks to which we are exposed, as well as for implementing the internal control and compliance system, and for ensuring that it is consistent and effective in accordance with the French **order of February 25<sup>th</sup>, 2021**, amending the **order of November 3<sup>rd</sup>, 2014**, and in accordance with the procedures laid out in the Audit and Internal Control Charter and in the Ethics Charter.

In 2023, Crédit Logement participated in the ACPR’s first climate and environmental risk assessment exercise. We seized this opportunity to reassert our commitment to incorporating such risks into our existing risk analyses, as recommended by the ECB guidelines and reiterated by the ACPR.

Our Chief Financial Officer is also the Head of CSR and attends many industry meetings. In 2023, a recruitment process was approved to strengthen our key forces in this area.



# Data protection and intrusion tests

As a data controller, we ensure that personal data protection and security issues are a key concern in everything we do.

## ACCORDINGLY, WE WILL:

- Only use personal data for explicit, legitimate and specific purposes in connection with our activities;
- Only collect data that is useful to our activities;
- Limit the retention of data to the duration necessary for the transactions for which it was collected, or to the duration(s) provided for by the regulations governing Crédit Logement;
- Ensure the confidentiality and integrity of data by implementing a strict access management policy;
- Implement appropriate security measures to guarantee an enhanced level of data security and privacy;
- Communicate clearly and transparently on the purpose of data use and on the data retention durations;
- Uphold the rights of data subjects by responding to their requests while fulfilling our own legal and operational responsibilities.

We appointed a **Data Protection Officer** (DPO) in 2017. The DPO reports directly to the Chief Executive Officer and ensures that Crédit Logement properly applies the provisions of the French data protection act in accordance with the European General Data Protection Regulation.

A **specific email address** has been created and is displayed on our websites, and can be used by any person who wishes to inform us of their decision to exercise their rights over their personal data. We regularly raise awareness among our staff regarding the protection of personal data.

The Compliance and Risk Department conducts annual physical and logical intrusion tests to protect our organisation from external attack.

Vulnerability tests are carried out by a company that has been 'PASSI'-certified as an information system security auditor by ANSSI (French national cybersecurity agency).

In 2023, these tests were divided into two parts: one targeting the internal scope of the Crédit Logement IS and the other the external scope.

No critical severity vulnerabilities were revealed. Vulnerabilities are corrected subsequent to the findings of tests and are subject to counter-audits.

Our employees receive regular training and complete tests of their knowledge in these areas to ensure they remain vigilant. Three phishing campaigns based on advanced scenarios were launched in 2023. Overall, less than 10% of employees failed to detect the phishing attempts.

The information system security e-learning solution selected for 2023 consisted of twenty modules. The organisation of the e-learning campaign was announced by the Chief Executive Officer and its launch was relayed to staff by the Directors. The target was reached: 100% of the users accessing the IS completed the modules.

## Combating money laundering

We take all necessary measures to combat money laundering and corruption.

We have a code of conduct and a specific procedure in place to tackle money laundering, corruption and terrorist financing. This procedure is updated annually.

As part of the obligations mentioned in Article L 561-38-1 of the French monetary and financial code ('Code monétaire et financier'), the persons involved in implementing AML-CFT obligations must have adequate experience, qualifications and the necessary hierarchical position to carry out their duties. In addition, supervised institutions must ensure that these persons receive training that is appropriate to their functions or activities, their hierarchical position and the risks identified by the risk classification, and that they have access to the information they need to perform their functions or activities.

In 2023, all employees exposed to money laundering risk were made aware of AML-CFT risks through an e-learning course. 247 people were eligible to complete this training. The participation rate was 100%.





# Our ESG strategy

In 2023, we made significant progress in terms of governance, the integration of ESG risks into our risk monitoring procedures, communication and engagement.

## Gouvernance

- We were able to set early stage investment targets in relation to our guarantee business, as regulations such as SFDR, and ESG ratings were already in place. The construction of models has begun for the guarantee business. The objectives for our guarantee business are to include climate and environmental risks in our risk analysis, to support new solutions that promote the transition and to avoid having any negative impact on the environment and on the climate through our operations;
- The Chief Financial Officer is also the Head of CSR and is a member of the ASF's CSR working group and the OCBF's sustainable finance working group;
- Climate and environmental risks have not been identified as new risks but impact all existing risks and have therefore been included in the scope of the risk management function.

## Communication

- Perpetuation of the database of indicators that led to the publication of the report;
- Continuation of awareness-raising and communication initiatives: on our website, through social media and among employees in-house;
- Discussions with investors and rating agencies (ESG and credit risk) remain the focus of our attention.

## Integration of ESG risks into our risk monitoring procedures

- Participation in the ACPR study into climate and environmental risks launched on March 28<sup>th</sup>, with a response expected by June 30<sup>th</sup>, 2023 and the results due in December. This study among specialised companies follows on from the survey conducted by the ECB between March and November 2021 and the 2022 SSM exercises, which resulted in the publication of a guide to good practices after the findings were released in November 2022. Report to the market by the ACPR at the end of 2023;
- Following the first ESRS publications, identification of the work to be carried out with respect to the CSRD in order to meet the 31/12/2025 deadline for publication in 2026;
- Work by the Compliance and Risk Department and the Finance Department to take climate and environmental risks into consideration in the 2024 ICAAP, together with their impact on existing risks.

## Commitment

- Continuation of the work initiated with our partners on the integration of "green data" in order to map the energy performance of properties for which Crédit Logement has issued a guarantee;
- Contribution to the development of new green product lines in conjunction with our banking partners;
- Development of our tools such as CL.Estim to fully integrate climate and environmental risks;
- Continued engagement of Crédit Logement through solidarity initiatives.



# Environmental impact

08



For many years, we have sought to limit the direct environmental impact of our activities through a pollution prevention plan and through the responsible management of all types of waste. We are also careful to use sustainable sourcing and responsible purchasing channels.

We are changing the way in which our buildings are managed to adapt to climate change.

Our unique location in the heart of Paris means that our activities have no impact on biodiversity and we do not increase pollution.



## Managing our waste responsibility

Given that we operate in the services sector, our environmental impact is very small, as is our scope for taking large-scale action.

However, we know that change also involves individual action, which is why Crédit Logement has for many years put in place infrastructures aimed at **reducing our ecological footprint**.

Since March 2014, every employee has an individual waste bin to collect office paper. We have raised employee awareness of the importance of sorting waste. CÈDRE, which collects this waste, is a member of the ÉLISE network and a sheltered employment com-

pany ('Entreprise Adaptée'), whose mission is to create permanent jobs for people with a disability.

9.397 tonnes of waste were collected, sorted and recycled in 2023, down by 30.84% compared with the 13.587 tonnes of recyclable waste collected in 2022.

# 9.397

*tons of waste collected,  
sorted and recycled in 2023*



The multi-waste collection carried out by CÈDRE in 2023 has further improved our positive impact on the environment, avoiding 4,337 kg of CO2 emissions and saving 236,550 litres of water, 134 trees and 31,540 KWh of electricity (these figures have been calculated based on ratios determined by ADEME. As such, they simply express potential equivalences and in no way actual values).

By making a daily commitment to sustainable development, Crédit Logement is not only an environmentally-responsible organisation but one that is also socially-responsible.

To go further with these initiatives, we have continued to **switch to electronic formats for all our communication** (receipt of applications using EDI [Electronic Data Interchange] technology, annual report, marketing materials, greeting cards, duplex printing set by default, etc.).

In 2023, around sixty "individual/team" printers were removed, resulting in a decrease in electricity consumption and printing. Some 1,018,711 pages were printed in 2023, equating to a decrease of 12.2% compared with 2022. We also launched a study with a view to increasing the use of recycled paper.

We have replaced the plastic cups in our dispensers with PEFC™ certified recyclable cardboard substitutes, and we have removed water bottle dispensers and replaced them with water fountains on all floors.



# Reducing our energy consumption

To reduce our electricity consumption, we have installed:

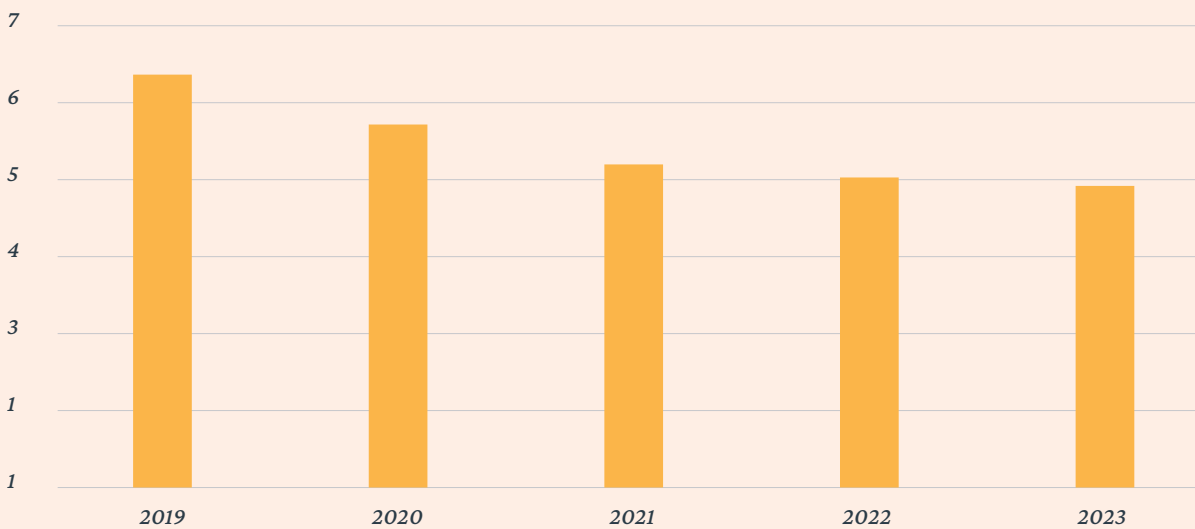
- Motion detectors in all sanitary facilities and on all floors. 70 % Of offices are fitted with occupancy sensors. During his rounds, the security agent checks that all lights (in offices and shared areas) are switched off;
- Led lighting instead of neon lights;
- Replacement of the all-electric heating system with two heat pumps in a section of our premises;
- As well as newer air conditioning systems, which are more efficient and less polluting. The terminal units in our air conditioning systems are turned off at night and at the weekend, when their remote control systems enable this to be done. At the end of 2023, 85% of our facilities were equipped with these systems and we are ultimately targeting 100%. They also enable us to determine maximum and minimum temperature ranges.

The latest electricity contract that we entered into with EDF in October 2021 guarantees that the energy supplied to us will come from **fully-renewable sources**.

Our CO2 emissions have been steadily falling since 2019, even after the return of our staff to the office when Covid restrictions were lifted.

**Although our offices only cover a surface area of 6,634 sq. m., we are fully committed to identifying ways to reduce our emissions.**

## TOTAL CO2 EMISSIONS IN KG/SQ.M.



Only  
**6.634 sq.m**  
 of office space

**100%**  
 of the electricity we use  
 comes from renewable  
 sources of energy



## Energy saving plan

We are fully committed to pursuing a sustainability-centred policy when it comes to our social and environmental engagement.

In keeping with the French government's energy saving plan, we decided to lower winter heating temperatures at all our offices. We communicated on this to employee representatives beforehand.

A number of efficiency measures contained in our energy renovation plan (described on the following page) meet the criteria laid out in the government's energy saving plan:

- **Choosing the least energy-intensive technical solutions. We are replacing our technical installations with "greener" solutions: heat pumps, IT hardware, lighting systems, etc.;**
- **Developing an autonomous heating system. Our 2020-2025 plan provides for a switch to a centralised energy production system using heat pumps, in order to replace some of our existing heating systems.**



## Limit our carbon impact

We help **preserve biodiversity** and **not increase pollution** by limiting our facilities, locating our operations in the centre of Paris and cutting down on travel. Our actions for sorting and recycling all kinds of waste are rooted in our practices.

We put together an energy renovation plan in October 2021, which divided the work to be done into phases from 2020 to 2025, with the following focuses:

- Energy performance of our premises;
- Installation of high-performance equipment, together with systems to actively control and manage it;
- Operating procedures for this equipment;
- Adapting our premises for energy-efficient use and adapting occupant behaviour.

We estimate that this renovation work has reduced our **energy consumption** by **355 MWh**, equating to 30% of our consumption in 2010.

Since our 2010 consumption data needs to be weighted for climate effects, this suggests that our objective to lower our energy consumption by 40% has been achieved.

Our offices are located in the 3rd arrondissement right in the heart of Paris, with ideal access to **public transport** (suburban rail and metro lines). This promotes low-carbon commuting and means that our staff do not need to drive to work.

**Reducing IT waste** also means virtualising the servers that have been in place for many years. Due to the large number of digital devices in our offices, it is imperative that we properly manage the IT waste generated by our business. We only replace IT hardware in the event of a non-repairable breakdown, breakage or obsolescence.

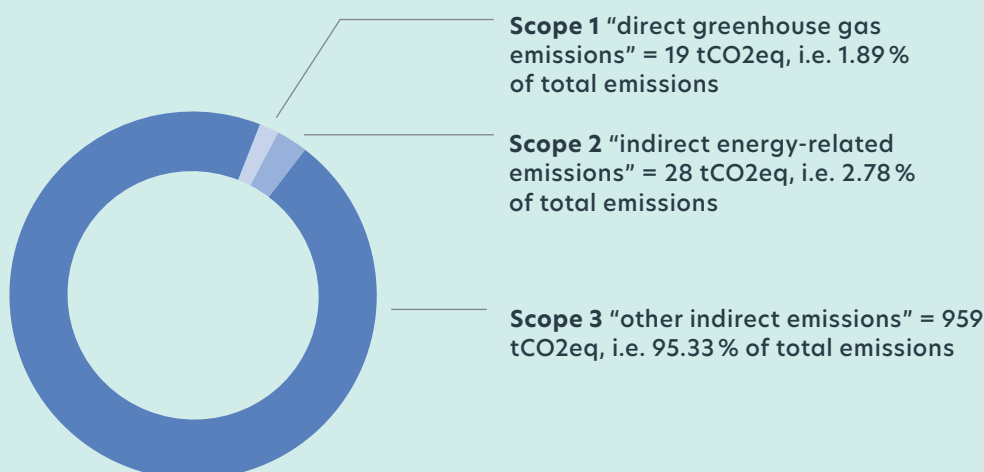
Hardware that is no longer in working order or obsolete is assessed and collection is arranged with a specialised company.

As part of the environmental component of our CSR strategy, we carried out our first **carbon footprint assessment** in 2023. The aim was to determine our greenhouse gas emissions and to identify areas for improvement in our environmental strategy and in our efforts to tackle global warming.

We sent out a questionnaire to our employees, which registered a 71% response rate, reflecting just how important environmental issues are to our staff. Based on the answers to this survey, we were able to extrapolate the results and calculate that commute-related emissions amounted to 82.3 tCO<sub>2</sub>eq, i.e. an average of 254.8 kgCO<sub>2</sub> per employee (below the average for the database compiled by GREENLY, which was the platform we used to assess our footprint).

In addition, in 2023, Crédit Logement **registered total emissions of 1,004 tCO<sub>2</sub>eq** (i.e. an average of 3 tCO<sub>2</sub>eq per employee), broken down as follows:

### EMISSIONS BREAKDOWN (1.004 TCO<sub>2</sub>EQ) BY SCOPE





## Incorporating environmental issues into our product line

The energy transition will have far-reaching consequences for every aspect of the property market, leading to:

- **New needs, new obligations and new policies for all operators with direct or indirect links to the property market;**
- **Structural shift in the manner in which these operators do business. A failure to adapt could put them on an unstable footing or expose them to competition from new entrants in their segments.**

This requires us to work closely with our banking partners, who, in the short term, will need to consider collecting the identified data, namely the energy performance certificates of properties, in order to transfer it to us in EDI format.

We have altered our policy on the issuance of guarantees in order to incorporate this new data. When analysing applications, we now take the energy performance certificate of properties into account, both in terms of their valuation and energy retrofitting undertaken at the time of acquisition, and in our analysis of borrower solvency.

Furthermore, our CL.Estim tool and commercial product line not only provide a statistical estimate of property valuations, but also information on the climate-related and phy-

sical risks to which properties are exposed (Géorisques data) and on their energy performance ratings (ADEME data). With this tool, we now have a breakdown of the loans originated and backed by a Crédit Logement guarantee by energy performance rating. We share this information with our banking partners, giving them an independent overview of their mortgage approvals from this energy performance angle and their position in relation to the rest of the market.

The table below provides a breakdown of the loans originated and backed by a Crédit Logement guarantee in 2023, by energy performance rating for our main (unnamed) banking partners.

### LOANS ORIGINATED AND BACKED BY A CRÉDIT LOGEMENT GUARANTEE IN 2023

Energy rating	Total Crédit Logement	Partner A	Partner B	Partner C	Partner D	Partner E	Partner F	Partner G
<b>A</b>	2.3%	2.1%	1.5%	1.6%	2.4%	3.4%	2.2%	2.5%
<b>B</b>	3.4%	3.3%	3.7%	2.9%	3.4%	3.4%	3.7%	3.7%
<b>C</b>	17.5%	17%	20.3%	15.7%	19%	15.2%	18.8%	16.7%
<b>D</b>	30.7%	31.1%	32.3%	28.5%	31.9%	31.9%	31.9%	29.7%
<b>E</b>	25.5%	25.6%	24.9%	25.7%	25.6%	27.2%	25.1%	25.5%
<b>F</b>	11.6%	11.8%	9.7%	13.3%	10.6%	11.1%	10.5%	12.4%
<b>G</b>	9%	9%	7.5%	12.3%	7.1%	7.8%	7.8%	9.5%

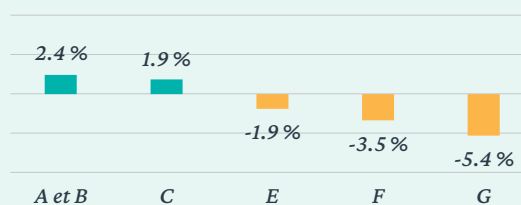




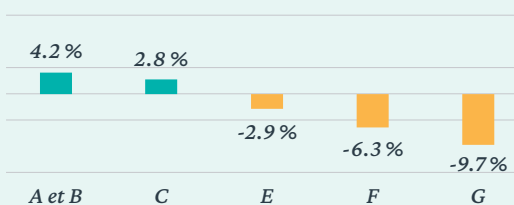
Using CL.Estim, it is also possible to ascertain the impact of energy performance ratings on property prices. This information is shared with our partners and CL.Estim users.

As a result, property price premiums and discounts can be valued on the basis of identical characteristics for all transactions observed in France. 2023 saw a widening of price differences based on energy performance rating.

IMPACT OF ENERGY RATING ON PRICES IN 2022 - RELATIVE TO D-RATED PROPERTIES



IMPACT OF ENERGY RATING ON PRICES IN 2023 - RELATIVE TO D-RATED PROPERTIES







We have also embarked on a major review of our guarantee portfolio based on projections of extreme and chronic climate risks.

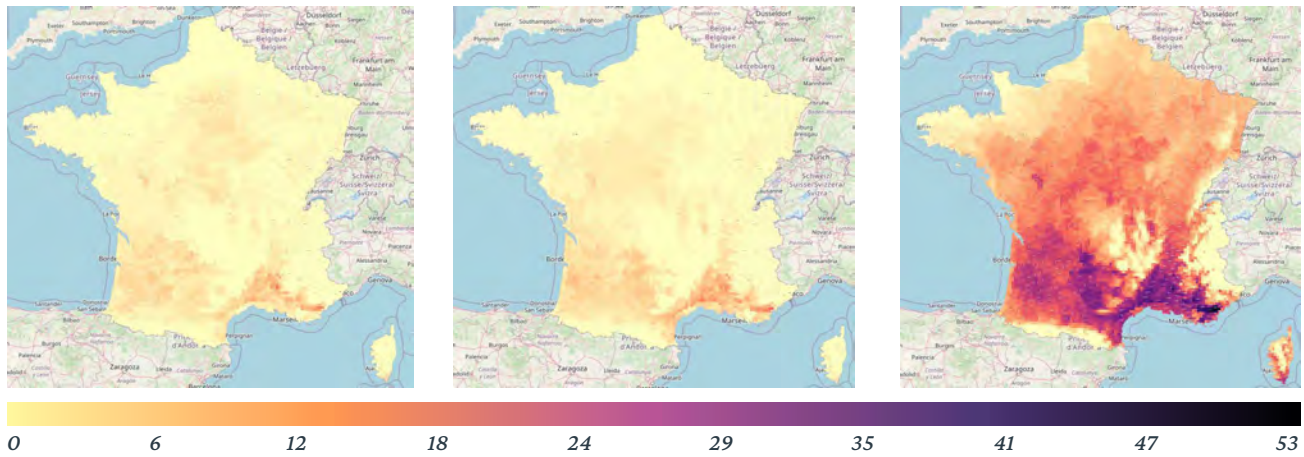
Using meteorological models and climate simulations, the DRIAS climate service portal contains data providing a wide range of indicators of climate change and climate risks that may have a bearing on properties. Going forward, this high-resolution spatial data will also be included in the CL.Estim product line. For the time being, we have mapped our entire guarantee portfolio according to the physical risks listed below.

Physical risk	Indicator
Forest fires	Number of days with high fire risk
Temperature change	Average annual temperatures
Heat wave	Number of days above 35°C + No. of days of heat wave
Cold snap	No. of cold snap days + No. of frost days
Extreme precipitation	Extreme daily precipitation deviation
Flooding (runoff, water table, overflow)	Flooding (runoff, water table, overflow)
Sea level	Low ground + centennial scale sea level
Coastal erosion	National coastal erosion indicator. Progress of erosion + distance from coast line
Landslide / clay-rich soil	Shrinking and swelling of clay-rich soils
Drought	Drought spell (max. consecutive days with cumulative rainfall < 1 mm)
Storm	Strong winds (m/s, 98th percentile)

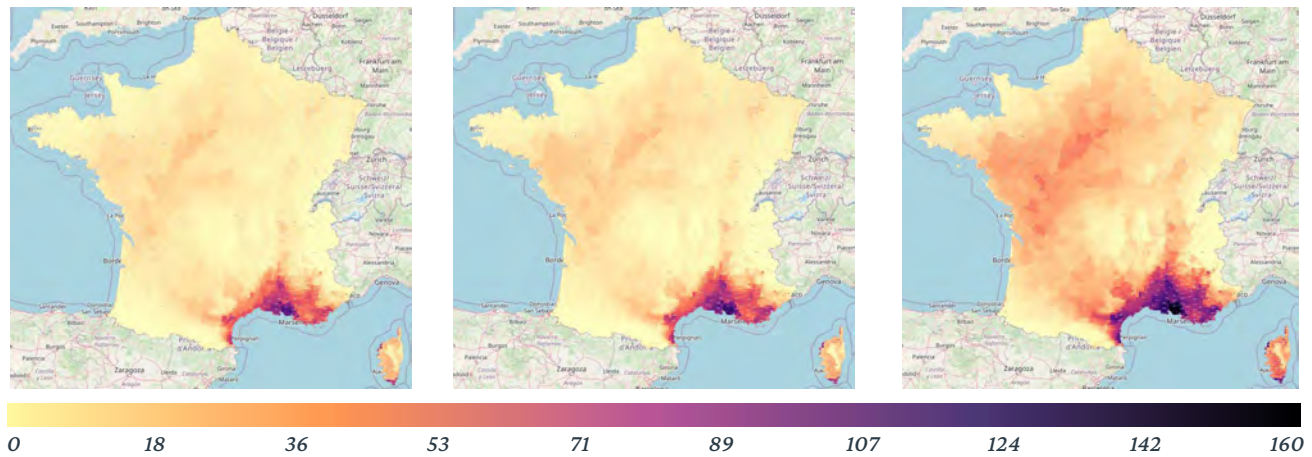


By way of illustration, the graphs below show temperature-related changes under the IPCC's RCP8.5 scenario (where there is no climate mitigation policy, leading to an increase of around 5°C in global temperatures by the end of the corresponding century) for 2020 (left), 2070 (center) and 2090 (right).

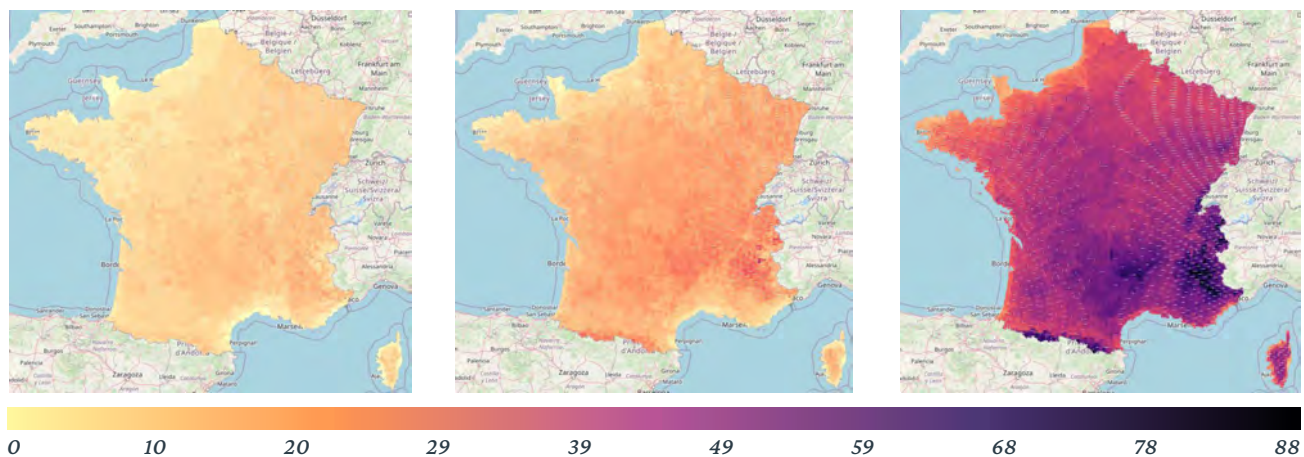
NUMBER OF DAYS ABOVE 35°C



NUMBER OF DAYS WITH A HIGH FIRE RISK



NUMBER OF DAYS OF HEAT WAVE



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