

Compensation Policy Crédit Agricole CIB 2022

HUMAN RESOURCES

Public document for free distribution

CONTENTS

I. GENERAL PRINCIPLE OF THE COMPENSATION POLICY	3
II. COMPENSATION OF ALL EMPLOYEES	5
1. Fixed compensation	5
2. Annual variable individual compensation	6
2.1. Definition of variable envelopes	6
2.2. Individual compensation allocations	7
2.3. Guaranteed variable compensation	7
2.4. Buy-out of deferred variable compensation	8
2.5. Ratio between fixed and variable compensation	8
2.6. Payment of the variable remuneration	8
2.7. Variable compensation of employees whose activities are subject to a mandate (French Banking Law, “Volcker rule”, etc.)	9
2.8. Compensation of employees participating in providing services to clients	9
2.9. Variable compensation of the control functions	9
3. Collective variable compensation	10
4. Long-term variable compensation	10
5. Pension, life and health insurance plans	10
6. Benefits in kind	10
III. REMUNERATION OF IDENTIFIED STAFF	11
1. Scope	11
2. Compensation policy for material risk-takers	12
IV. EXECUTIVE DIRECTOR COMPENSATION	13
1. General principles	13
2. Fixed compensation	13
3. Variable compensation	14
3.1. Annual variable compensation	14
3.2. Vesting conditions of the annual variable compensation	14
V. GOVERNANCE OF COMPENSATION POLICY	15
1. Composition and role of the Remuneration Committee	15
2. Role of control functions	16
3. Alignment of compensation with risks	16

I. General principle of the compensation policy

Crédit Agricole CIB has established a responsible compensation policy that aims to reflect its values while respecting the interests of all the stakeholders, including employees, clients and shareholders.

In light of the specific characteristics of its business lines, its legal entities, and national and international legislation, Crédit Agricole CIB has developed a compensation policy which is internally consistent, gender neutral, and externally competitive on its reference markets, to ensure the bank can attract and retain the talents it needs. Benchmarking with other financial institutions is regularly carried out for this purpose.

Compensation awards, particularly variable ones, aim to reward individual and group performance over time while promoting sound and effective risk management.

This Compensation Policy aims to reward employees fairly and appropriately for their contribution towards the success of the business and the level of service and performance delivered to the clients of Crédit Agricole CIB. Therefore, the Compensation Policy is designed to avoid conflicts of interest in accordance and, in particular, to ensure that employees do not favour their own or Crédit Agricole CIB's interests to the detriment of the best interests of the clients. The compensation policy of Crédit Agricole CIB promotes sound risk management in compliance with the bank's risk appetite statement and framework.

In accordance with the EBA Guidelines on compensation policy¹, the compensation policy and its implementation are based on the principle of equal pay between male and female employees for the same work or work of equal value.

In particular, the compensation policy may be based on:

- Appropriate documentation of the value of the position;
- Documentation of job titles or salary categories for all staff members or categories of staff;
- The correct determination of the jobs considered to be of equal value;
- The correct implementation of the job classification system (taking into account at least the types of activities, tasks and functions assigned to the position or the staff member, based on identical criteria for all employees, regardless of gender and to be defined in such a way as to exclude discrimination, including gender-based discrimination);
- And the definition of additional aspects taken into account when determining staff compensation (place of assignment, training requirements, hierarchical level, level of education, scarcity, nature of the contract, length of experience, certifications, complementary benefits).

¹ GL/EBA/2021/04

The compensation policy of Crédit Agricole CIB is elaborated within a highly regulated framework specific to the banking sector. As a fundamental principle, Crédit Agricole CIB ensures compliance of its compensation policy with the current legal and regulatory environment at national, European and international levels, notably incorporating provisions of the following regulations:

- Directive 2019/878 of the European Parliament and of the Council of 20 May 2019, transposed in the French Monetary and Financial Code by Order No 2020-1635 of 21 December 2020 (“CRD V Directive”);
- Law No. 2013-672 of 26 July 2013 on separation and regulation of banking activities (hereinafter the “French Banking Law”);
- The rule enacted by Section 13 of the Bank Holding Company Act, implementing Section 619 of the Dodd–Frank Wall Street Reform and Consumer Protection Act (hereinafter the “Volcker Rule”);
- Directive 2014/65/UE of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and Regulation 600-2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments, transposed into the Monetary and Financial Code by Ordinance No. 2016-827 of 23 June 2016 and Regulation 2017/565 of 25 April 2016 of the European Commission (hereinafter “MiFID II”).

Crédit Agricole CIB also incorporates the provisions of the Volcker Rule, the Banking and Financial Separation Act, the MiFID Directive and the European Sustainable Finance Disclosure Regulation (SFDR) on the consideration and integration of sustainability risks, as well as the management of climate and environmental risks. The integration of sustainability issues into the compensation policy contributes to meeting the regulatory requirements as set out in Article 5 of European Regulation 2019/2088 on sustainability-related disclosures in the financial services sector. Thus, Crédit Agricole CIB’s compensation policy does not encourage excessive sustainability risk in investment advisory activities and takes into account the risk-adjusted performance, as well as the voluntary commitments of Crédit Agricole CIB in terms of sustainability issues, listed in the Climate and Environment Strategy and Portfolios Committee (CSP) of 5 December 2022. Therefore, Crédit Agricole CIB’s compensation policy does not favour advice on financial products that would be detrimental to the protection and primacy of clients’ interests. Instead, it favours a long-term approach to climate and environmental risk management, in line with Crédit Agricole CIB’s risk appetite and strategy.

The Crédit Agricole CIB compensation policy may be adapted locally to comply with requirements of regulations in countries where entities of Crédit Agricole CIB are established, if the local requirements are more stringent than those of the policy of Crédit Agricole CIB. Where applicable, adjustments need to be discussed between Head of the entity (subsidiary, branch or representative office), control functions, entity Head of HR and the HR team of Crédit Agricole CIB.

This compensation policy was approved by the Crédit Agricole CIB Board of Directors' meeting of 7 February 2023.

II. Compensation of all employees

The compensation of Crédit Agricole CIB Group's employees is made up of the following components:

- Fixed compensation;
- Annual variable individual compensation;
- Collective variable compensation;
- Long-term variable compensation;
- Supplementary pension, life and health insurance plans;
- Benefits in kind.

An employee may be eligible for all or some of these elements, depending on their responsibilities, skills, performance and location.

Attribution of compensation elements is based on internal equity and on external market references, and also takes into account collective and individual qualitative and quantitative performance.

The qualitative aspect of performance includes notably the evaluation done by the control functions; in case of an incident related to compliance with rules and procedures and risk limits, the attribution of remuneration elements takes it into account. The impact on remuneration in case of conduct risk is reviewed and validated on an annual basis by the General Management.

1. Fixed compensation

Fixed compensation rewards employees for the responsibilities entrusted to them, as well as for the competencies used to exercise these responsibilities, in a manner that is consistent with the specificities of each business line in their local market.

These responsibilities are defined by a remit and contributions, a level within the organization and expected skills and experience.

Fixed compensation is set at a sufficient level to allow for variable compensation not to be paid in the case of underperformance.

Employees' fixed compensation is increased according to changes in their responsibilities and their proficiency in their role, which is assessed through the annual performance appraisal on the basis of the fulfilment of objectives and contributions to the role.

When an employee is given a new role, the change in responsibilities is taken into account when determining the fixed compensation.

Fixed compensation includes base salary, as well as of any other recurrent compensation components not linked to performance.

2. Annual variable individual compensation

Variable compensation is directly linked to individual and collective annual performance. Individual performance is assessed based on the achievement of qualitative and quantitative objectives defined at the beginning of each performance year, and includes an assessment of whether the employee acted in the clients' best interests. More generally, compliance with internal rules and procedures and with the applicable legislation is a key factor of assessment of the employee's performance.

Collective performance is based on the determination of a firmwide envelope which is then broken down by business line. This envelope is defined in a way which does not limit the capacity of Crédit Agricole CIB to strengthen its equity capital as required. It takes into account all risks, including liquidity risk, cost of capital, in line with regulatory principles.

Variable compensation includes bonus, as well as of any other individual compensation component linked to performance, including guaranteed variable compensation.

2.1. Definition of variable envelopes

In order to define its global variable compensation envelope, Crédit Agricole CIB uses a multi-criteria approach which is based on the analysis of performance and of risks, control objectives and financial situation, including maintaining a sound capital base and liquidity.

The variable remuneration envelope is defined taking into account all the performance and risks indicators, including:

- Revenue;
- Direct and indirect expenses;
- Cost of risk;
- Cost of capital;

Via an analysis of the evolution of several aggregate indicators, such as Gross Operating Income, Net Result (Group share), Contribution and Payout ratio.

The Contribution is defined by the following formula, based on standard accounting definitions:

Net Banking Income (NBI) – direct and indirect expenses excluding bonuses – cost of risk – cost of capital before taxes

- NBI is calculated net of liquidity cost.
- The cost of risk is understood to be the provisions for default.
- The cost of capital, allowing to take into account the return on equity specific to a business line, is calculated by applying the following formula:

Risk-Weighted Assets (RWA) X Supply rate of capital (Tier 1 ratio target) X β (the coefficient that measures the market risk of a business line and that allows for an adjustment of the Tier 1 ratio according to the capital requirement that is linked to the business line)

The Payout ratio corresponds to the ratio between the variable compensation envelope and the amount of Contribution.

The global envelope defined as above is then split between business lines, control and support functions of Crédit Agricole CIB, depending on criteria relevant for each function or team, defined and documented in a detailed manner, and linked to:

- Quantitative performance, including creation and development of long-term competitive advantage for the Group,
- Management of underlying risks,
- Qualitative performance of a business line or function,
- Situation on the external market.

For each performance year: Crédit Agricole CIB verifies that attribution of variable compensation is compatible with maintaining a sound capital base, and that the bank meets the combined buffer requirement (Art.141 p.2 of the European Directive 2013/36/UE of 26 June 2013).

2.2. Individual compensation allocations

Individual bonuses are awarded within envelopes attributed by business line or support function; individual attribution by employee is discretionary and decided by the management, taking into account a global evaluation of individual and collective performance, both quantitative and qualitative.

To avoid a situation of a conflict of interest, or failure of an employee to take into account the interests of a client, there exists no direct and automatic link between the commercial and financial results of an employee and their variable compensation.

Individual attribution of variable compensation takes into account eventual cases of non-compliance with rules and procedures and risk limits, as identified within the framework of Conduct risk evaluation process in place in Crédit Agricole CIB.

In certain cases, other elements of variable compensation may be awarded in addition to the individual bonus, as is the case for Senior executives.

2.3. Guaranteed variable compensation

Guaranteed variable remuneration is exceptional, and can only be attributed if the bank has a sound and strong capital base. The amount of variable compensation may be guaranteed in the context of external recruitment or a retention. Guaranteed variable compensation can take the form of “guaranteed bonus”, “sign-on bonus”, or “retention bonus”.

In the context of external recruitment, variable remuneration guarantee cannot be extended for longer than the first year of employment.

Retention bonuses may be awarded for a pre-determined period and under specific circumstances (such as restructuring, closure or transfer of activity).

Attribution of guaranteed variable remuneration is subject to the payment conditions applicable for the performance year, and may entail deferral of a part of the remuneration.

2.4. Buy-out of deferred variable compensation

In case of an external recruitment, Crédit Agricole CIB may compensate the loss of unvested deferred variable attributed by the previous employer and forfeited following a termination of the labour contract.

The bank may grant a buy-out of deferred compensation provided that it has a sound and strong capital base.

All the conditions applicable to variable compensation also apply to buy-outs of deferred compensation, i.e. deferred compensation, allocation in the form of financial instruments, presence and performance conditions, malus and clawback, as described in the Plan Rules.

2.5. Ratio between fixed and variable compensation

For the staff identified as regulated in the sense of Directive 2019/878/UE of the European Parliament and the Council of 20 May 2019, the maximum attributable variable remuneration for the performance year is equal to the employee's fixed compensation. The maximum ratio may be increased to 200% of the fixed compensation by the decision of the General Shareholders Meeting.

In alignment with the regulated staff, the variable compensation of all other employees of Crédit Agricole CIB is limited at twice the amount of their fixed compensation.

2.6. Payment of the variable remuneration

In order to align the interests of all employees of Crédit Agricole CIB with the bank's long-term objectives, and to ensure sound and prudent risk management, a part of the variable compensation of all employees of Crédit Agricole CIB is deferred over time, if above a threshold.

- (i) The rules and conditions for payment of the variable compensation of the regulated staff are described in Chapter III of the Policy.
- (ii) For non-regulated staff, the variable remuneration is split into vested part and part deferred over three years.

The deferred part vests by equal instalments each year: 1/3 in year Y+1, 1/3 in year Y+2 and 1/3 in year Y+3 where the grant year is Y, provided the vesting conditions are met:

- Performance condition;
- Presence condition;
- Compliance with internal rules and risk limits.

The deferred variable compensation is attributed in the form of cash, 50% of which is indexed at the share price of Crédit Agricole S.A.

- (iii) If during the five years following the payment of a deferral instalment, the bank discovers that the employee: (i) participated in, or was responsible for, or contributed to a significant loss for Crédit Agricole or its clients; or (ii) was responsible of a significant breach of internal or external rules or procedures, Crédit Agricole CIB reserves the right to demand repayment or 'clawback' of all or part of the amounts paid, subject to enforceability under applicable local law.
- (iv) The employees of Crédit Agricole CIB are not authorised to transfer the downside risks of variable remuneration to another party through hedging or any type of insurance to undermine the risk alignment effects embedded in their remuneration arrangements.

2.7. Variable compensation of employees whose activities are subject to a mandate (French Banking Law, "Volcker rule", etc.)

Variable compensation is awarded so as not to reward or encourage prohibited trading activities, but may reward the generation of revenue or the supply of services to clients. Any award must comply with internal policies and procedures, including but not limited to the Volcker rule compliance manual.

Individual performance bonuses are based on a number of factors including, but not limited to an assessment of the attainment of pre-defined individual and collective objectives, which are set for employees in strict compliance with the terms of the mandate they manage.

Quarterly controls performed by the Risk and Permanent Control Division and the Global Market Division are used to verify the correct application of the mandates.

During the annual appraisal, managers assess employees' performance based on objectives set in the beginning of the performance year, including compliance with trading mandates. The appraisal takes into account cases of breach of internal rules and procedures and risk limits, and in particular non-compliance with mandates.

2.8. Compensation of employees participating in providing services to clients

The remuneration policy of employees involved in the provision of services to clients aims to encourage responsible business conduct, fair treatment of clients as well as to avoid conflict of interest in the relationships with clients. Notably, the annual performance appraisal and/or the remuneration awarded to employees take into account the opinion of the control functions, in case of an incident related to provision of services to clients.

2.9. Variable compensation of the control functions

In order to prevent potential conflict of interests, the compensation of the control functions is defined independently of the compensation of the employees of the business lines for which they validate or review the operations. The objectives set for the control functions and the budgets used to determine their variable compensation must not take into account the

criteria related to the results and economic performance of the business area that they control. Their variable compensation envelope is defined according to market practices.

The Crédit Agricole CIB Remuneration Committee, as part of its remit, ensures compliance with the principles for determining the compensation of the risk and compliance managers.

3. Collective variable compensation

Crédit Agricole CIB has been implementing for many years a policy aiming to involve the employees collectively in the results and the performance of the bank. For this purpose, a collective variable compensation system (discretionary and mandatory profit sharing) was set up in France. Similar arrangements aiming to share the bank results with all members of staff may be also set up in the international entities.

4. Long-term variable compensation

This variable compensation component federates, motivates and increases loyalty. It complements the annual variable compensation mechanism by rewarding the long-term collective performance of the Group.

It consists of several systems that are differentiated according to the level of responsibility in the organization:

- 1) “Employee” shareholding, which is open to all employees subject to conditions defined by the Board of Directors of Crédit Agricole S.A.;
- 2) Long-term compensation in shares and/or share-linked cash subject to performance conditions based on economic, financial and societal criteria defined in line with the long-term strategy of the Crédit Agricole S.A. Group. It is reserved for Group senior and key executives.

5. Pension, life and health insurance plans

Depending on the country and market practices, Crédit Agricole CIB promotes social security coverage for all its employees for:

- Assist with setting up retirement income or savings;
- A minimum level of basic financial protection to employees and their families.

These benefits are a routine part of the remuneration packages, put in place for all employees of Crédit Agricole CIB including its international entities. Benefits are subject to collective arrangements, complementing the statutory regimes, specific to each country where a Crédit Agricole CIB entity is located.

6. Benefits in kind

In certain cases, the total compensation also includes benefits in kind. This includes notably:

- Providing a company car depending on the employee's level of responsibility;
- Benefits designed to cover the difference in the cost of living for expatriate populations.

Depending on the country, these benefits may be complemented by other arrangements designed to provide a stimulating working environment and promote a healthy work-life balance.

III. Remuneration of identified staff

In line with the regulations applicable to the credit institutions and investment firms, and in consistency with the general principles of the Group, Crédit Agricole CIB identifies its material risk takers, i.e. employees whose professional activities have a significant impact on the risk profile of Crédit Agricole CIB.

The identification of material risk takers at the Crédit Agricole CIB level is in accordance with Articles 92 and 94 of Directive 2013/36, as amended by Directive 2019/878 (CRDV) of 20 May 2019, Commission Delegated Regulation 2021/923 of 25 March 2021 and their transposition into French law. In the countries where national regulators enforce similar requirements, based on the Guidelines of the Financial Stability Board, the entities of Crédit Agricole CIB also apply the local remuneration requirements.

The compensation policy applicable to material risk takers aims to promote sound and efficient risk management, and does not encourage risk-taking above the limit which is considered acceptable for the bank.

1. Scope

The identification of employees considered as risk takers in the sense of CRD V Directive is a joint process between Crédit Agricole CIB and Crédit Agricole S.A., and between the Human Resources department and the control functions of Crédit Agricole CIB. This process is subject to annual review.

In Crédit Agricole CIB, in application of Delegated Regulation of the European Commission (EU) 2021/923 of 25 March 2021, the following categories of personnel are considered identified:

- Members of the Management body and senior management;
- Employees with managerial responsibility over the control functions or material business units;
- Heads of key business lines;
- Heads of key support functions;
- Employees with authority to take decisions on significant credit risk exposures or trading book transactions;
- The President and permanent members of the NAP Committee;
- Employees entitled to significant remuneration for the preceding performance year;

- Any other employee considered as having a significant impact on the risk profile of Crédit Agricole CIB, as identified by Risk and Permanent Control, Compliance and Human Resources divisions, and validated by the senior management.

In addition, employees may be identified as risk takers at the level of a local entity, as defined by the relevant local legislation.

2. Compensation policy for material risk-takers

The compensation policy for the risk takers aims to promote sound risk management and to involve the employees in the mid- and long-term performance of Crédit Agricole CIB.

In compliance with the regulatory requirements, the compensation policy has the following characteristics:

- (i) The total amount of variable compensation is defined taking into account the performance of the employee and of the business unit as well as the performance of the bank as a whole, based on both financial and non-financial performance criteria;
- (ii) In the same way as for all staff, the amounts of variable compensation and their distribution do not limit the bank's ability to strengthen its equity capital as required;
- (iii) The variable compensation cannot exceed 100% of the fixed compensation. The Shareholders Meeting can approve a higher maximum ratio, provided that the total variable component does not exceed 200% of each employee's fixed compensation. The Shareholders Meeting of Crédit Agricole CIB of May 4th 2020 voted a resolution establishing the maximum ratio between the variable and fixed compensation at 200% for the remuneration attributed for 2020 onwards, until a new decision is voted by the Shareholders Meeting.
- (iv) When variable compensation is above 50,000 EUR or above 1/3 of total compensation, a part of it representing 40% to 60% is deferred over 4 to 5 years, and is vested on a pro-rata basis in equal instalments, the vesting being subject to performance, presence and risk management conditions. If a national competent authority imposes stricter proportionality criteria, the stricter rules apply to the material risk takers within the scope of the national regulation.
- (v) 50% of the variable compensation is attributed in the form of financial instruments (indexed on the share of Crédit Agricole S.A.). The attribution of 50% in the form of instruments applies both to the vested part and to each instalment of the deferred part of variable compensation.

Vesting of variable compensation attributed in the form of financial instruments is followed by a retention period of at least six months. It is prohibited for the employees to hedge or use any form of insurance which could undermine the risk alignment effects embedded in the compensation arrangements.

- (vi) If during the five years following the payment of a deferral instalment, the bank discovers that the employee: (i) is responsible for or contributed to actions that led to significant losses for Crédit Agricole CIB or its clients, or (ii) committed a breach of internal or external rules and procedures, Crédit Agricole CIB reserves the right, subject to feasibility under the applicable local labour legislation, to claw back all or part of the amount already paid to the employee.

IV. Executive director compensation

The compensation policy applicable to Crédit Agricole CIB's executive directors is part of the compensation policy for Crédit Agricole S.A. senior management.

1. General principles

The compensation policy for the members of Crédit Agricole CIB Executive Management is approved by the Board of Directors on the basis of a proposal by the Remuneration Committee. This policy is reviewed annually by the Board of Directors in order to take into account changes in the regulatory environment and external market context.

It is consistent with the compensation policy for the senior executives of Crédit Agricole S.A. Group. This principle allows to bring the Group's senior management together around common and shared criteria.

In addition, the compensation of members of Crédit Agricole CIB Executive Management is compliant with:

- The regulatory framework defined by the Monetary and Financial Code and the Decree of 3 November 2014 on internal controls in credit institutions and investment firms, which transposes in France the European provisions on compensation of staff identified who are Executive Directors;
- The recommendations and principles of the Corporate Governance Code for listed companies (the "AFEP/MEDEF Code").

The Board of Directors reviews annually the compensation components for members of the Executive Management, following a proposal of the Remuneration Committee, with the principal objective of recognizing long-term performance.

2. Fixed compensation

Based on a proposal of the Crédit Agricole CIB Remuneration Committee, the Board of Directors establishes the fixed compensation of the members of Crédit Agricole CIB Executive Management, taking into account:

- The scope of the activities under their responsibility;
- Market practice and compensation level for similar roles. At the Group level, surveys are conducted annually with the assistance of specialised firms regarding

the positioning of the compensation of the bank's executive directors compared to other firms in the financial sector in order to ensure the consistency of the compensation principles and levels.

In accordance with the recommendations of the AFEP/MEDEF Code (Section 23.2.2), the fixed compensation of executive directors is reviewed only at fairly lengthy intervals, unless a change in a person's scope of supervision justifies a review of their fixed compensation.

3. Variable compensation

3.1. Annual variable compensation

Based on a proposal of the Crédit Agricole CIB Remuneration Committee, the Board of Directors establishes the variable compensation of the members of Crédit Agricole CIB Executive Management.

For each member of Executive Management, 50% of the performance bonus is based on economic criteria and 50% on non-economic criteria, thereby combining recognition of overall performance with a balance between financial and managerial performance. The Board of Directors reviews and, if appropriate, approves the economic and non-economic criteria proposed by the Remuneration Committee.

The performance bonus may reach the target level in the event of achieving all the financial and non-financial objectives and the maximum level in the event of exceptional performance. The target and maximum levels are expressed as a percentage of the fixed salary and are defined by the Board of Directors for each member of Crédit Agricole CIB Executive Management.

A Long-Term Incentive may be added to this bonus for Senior Executives of the Crédit Agricole S.A. Group, in order to encourage sustainable performance beyond the financial results and strengthen its relationship with compensation, with a special focus on the impact on society. It is granted based on managerial assessment and is included in the global variable compensation subject to the approval by the Board of Directors.

In accordance with the AFEP/MEDEF Code (paragraph 23.2.3), variable compensation is capped and may not exceed the maximum levels established by this Compensation Policy (cf. above).

3.2. Vesting conditions of the annual variable compensation

The deferred portion of the annual variable compensation, which may represent 40 to 60% of the total, is awarded in the form of instruments backed by the Crédit Agricole S.A. share price, the award of which is contingent on the achievement of three performance objectives:

- The intrinsic financial performance of Crédit Agricole S.A., defined as the growth of Crédit Agricole S.A.'s operating income;
- The relative performance of the Crédit Agricole S.A. share compared to a composite index of European banks;

- The societal performance of Crédit Agricole S.A. measured by the “FReD” index².

For each criterion, vesting may vary from 0% to 120%. Each criterion counts for one third of the vesting. For each year, the vesting rate is the average of the vesting rates for each criterion, this average being capped at 100%.

The non-deferred portion of the total annual variable compensation, which can represent 40% to 60%, is paid in part at the award date (in March) and in part after a six-month retention period, this latter part being indexed to the price of Crédit Agricole S.A. share.

V. Governance of compensation policy

Crédit Agricole CIB compensation policy is reviewed annually by the Executive Management, following a proposal by the Human Resources Division and in accordance with the main guidelines of the Crédit Agricole S.A. Group compensation policy. This policy is also reviewed by the Control Functions. The compensation policy is approved by the Board of Directors, on the basis of a recommendation by the Remuneration Committee.

1. Composition and role of the Remuneration Committee

The Remuneration Committee meets as needed, or at the request of the Chairman of the Board of Directors.

It is composed of at least four members and includes one Director representing employees.

The purpose of the Remuneration Committee is to issue recommendations prior to decisions submitted for the approval of the Board of Directors.

Its recommendations relate to:

- The total amount of Directors’ fees allocated to members of the Board of Directors, to be submitted to the General Meeting of Shareholders and the distribution of these Directors’ fees among the members of the Board;
- Ordinary and exceptional compensation, as defined in the Articles of Association, paid to the members of the Board and its Chairman.

It reviews at least annually:

- The principles of Crédit Agricole CIB’s compensation policy;
- Compensation, allowances, benefits in kind, and financial entitlements granted to the Chief Executive Officer and Deputy General Managers. The elements relating to the compensation of the executive directors mentioned in the management report in accordance with Article L.225-102-1 of the French Commercial Code are its responsibility;
- The principles governing the variable compensation of Crédit Agricole CIB employees (composition, base, cap, conditions, form and date of payment), as well as the amount of the budget allocated as part of this compensation; the Committee is informed of the breakdown of this budget at the individual level above a threshold proposed by Executive Management;

² Fred is an internal indicator for monitoring and measuring Crédit Agricole S.A.’s progress in terms of social and environmental responsibility

As part of its duties, the Committee must also:

- Directly oversee the compensation of the Head of Risk Management and the Head of Compliance;
- Examine Crédit Agricole CIB's compensation policy, particularly with regard to compensation that could have an impact on the risk profile of Crédit Agricole CIB;
- Report to the Board of Directors on its annual review of the compensation principles and policy, as well as the verification of their compliance with applicable regulations.

2. Role of control functions

In compliance with the principles of the Group policy, the Human Resources Division associates the control functions with the consideration of the risks in the compensation management, notably in identifying the regulated staff, compliance with the regulatory norms and the control of the conduct risk. In addition, as for all the support functions, the variable compensation envelopes of the control functions are defined on the basis of objectives specific for the control functions, and independent of the results of the business areas they control.

The implementation of the compensation policy is subject to annual control of the Group Internal audit.

3. Alignment of compensation with risks

The risk alignment process consists of three sub-processes: performance and risk measurement, attribution, and payout. At each stage of the risk alignment process, variable compensation is adapted to reflect current and future risks. Crédit Agricole CIB ensures that risk-taking incentives are duly offset by risk management incentives.

The alignment of compensation with risks is achieved through the following measures:

(i) Performance and risk measurement:

- Variable compensation packages take into account all risks, including liquidity risk, as well as the cost of capital, in accordance with regulatory principles, and are defined in such a way as to not hinder Crédit Agricole CIB's ability to strengthen its capital as needed;
- Performance is assessed on the basis of quantitative and qualitative criteria, taking into account compliance with mandates and risk limits, client interests, and internal rules.

(ii) Variable compensation attribution process:

- The variable is allocated on a discretionary basis, taking into account collective and individual quantitative and qualitative performance;

- In some cases, the variable may be reduced to zero if justified in view of the performance and degree of compliance with applicable internal regulations and rules.

(iii) Risk assessment:

All Crédit Agricole CIB employees are subject to a risky behaviour assessment carried out each year by the Risk and Compliance Departments. The results of these controls are shared with management upstream of the evaluation and compensation campaigns.

Incidents identified during the control of risky behaviour have an impact on the assessment of annual performance, and may even lead to an adjustment of the amount of the proposed remuneration, which for the most serious incidents may equate to a reduction of the variable to zero and/or the application of the malus or clawback clause.

(iv) Payment of variable compensation

- Above a certain variable compensation threshold, the latter necessarily includes a deferred portion at a progressive rate, vesting on a *pro rata basis* and paid in part in the form of financial instruments indexed to the Crédit Agricole S.A. share price. Each vesting is subject to the fulfilment of performance, presence, and risk management conditions.
- Employees identified as risk takers at the Crédit Agricole CIB level or at the level of one of the entities are subject to stricter rules applied to their variable compensation (higher deferral rate, longer deferral period, allocation of a greater share in the form of financial instruments).

