

CLIMATE OBJECTIVES

JANUARY NZBA
2024 REPORT

Crédit Mutuel
ARKEA

NEW CONNECTIONS TO CHANGE TOMORROW

3 Intro

4 Scope of the analysis

5 Indicators and commitments

6 Measurement of financed emissions

7 Alignment trajectory to 2030

9 Focus by sector

10 Coal

11 Oil and gas

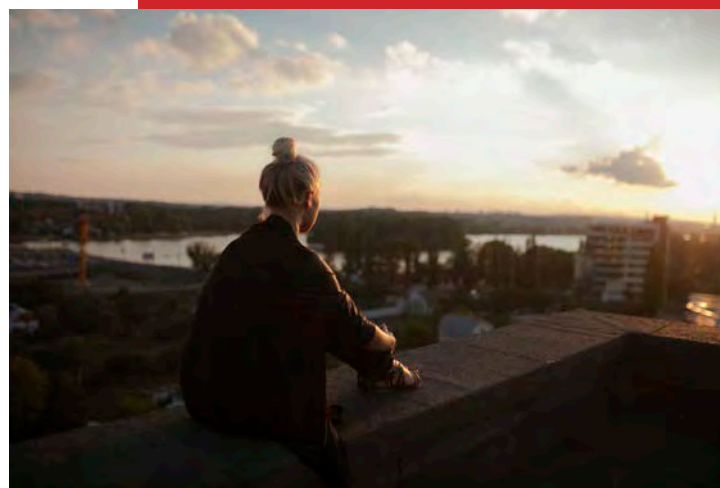
12 Steel

13 Cement

14 Aviation

15 Residential real estate

16 Commitment to shrink our direct footprint



INTRO

In line with its Climate Strategy¹ approved in 2020, Crédit Mutuel Arkéa has pledged to adopt a low-carbon alignment trajectory for its financing between now and 2030. It reaffirmed this commitment by joining the Net Zero Banking Alliance (NZBA) in 2022.

This alliance, which is part of the United Nations Environment Programme Finance Initiative (UNEP-FI), supports the implementation of decarbonisation strategies by providing a science-based framework and coherent guidelines for financial institutions.

It involves defining climate trajectories for nine priority sectors: iron and steel, cement, aluminium, oil and gas, coal, transport, real estate, agriculture and energy production.



Crédit Mutuel Arkéa joined the Net Zero Banking Alliance in 2022.

We are committed to aligning our investments and financing portfolios with the goal of "zero net emissions" by 2050 and to setting an interim target for 2030 based on the alliance's guidelines.

Through this report, we present our first commitments in terms of reducing financed emissions in carbon-intensive sectors. These commitments were approved by Crédit Mutuel Arkéa's Board of Directors in December 2023. These objectives set the course that will guide our medium-term actions to ensure a more sustainable world.

As part of an ongoing improvement process, we will continue to contribute to financial market initiatives, with the aim of optimising the measurement methodologies used and expanding the scopes of new commitments. Our proactive approach mirrors Crédit Mutuel Arkéa's status as a benefit corporation and demonstrates our group's active involvement in support of transitions."

Anne Le Goff,
Deputy Chief Executive Officer of Crédit Mutuel Arkéa

¹ https://www.cm-arkea.com/banque/assurance/credit/upload/docs/application/pdf/2021-04/climate-strategy_gb.pdf

SCOPE OF THE ANALYSIS

Group entities whose financed emissions
were measured at 31/12/2022

FINANCING

Financing provided by **Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest, Crédit Mutuel Arkéa, Arkéa Banque Entreprises et Institutionnels, Arkéa Crédit-Bail, Fortuneo, Financo, CFCAL and Arkéa Banque Privée** and investments made by **Arkéa Capital**.

INVESTMENTS

Cash investments by the **Crédit Mutuel Arkéa trading desk**.

However, the carbon intensity trajectories adopted may relate to more limited scopes (indicated further on in the report).

Disclaimer

The methodologies developed and applied by Crédit Mutuel Arkéa may change over time. They depend, in particular, on access to non-financial data, data quality, changes in the scope covered and future available climate scenarios.

Where applicable, these changes will be presented in future annual publications. They may also result in adjustments to the 2030 targets presented in this report.

INDICATORS AND COMMITMENTS



MEASUREMENT OF FINANCED EMISSIONS AT 31/12/2022

As a financial player, the vast majority of greenhouse gas (GHG) emissions generated by Crédit Mutuel Arkéa's activities are linked to financing and investments.

CORPORATE LOANS



6,769,742 tCO₂e

Measurement at 31/12/2022 of financed emissions generated by **corporate loans investments and financing²** in the **10 most carbon-intensive sectors³** (for total of €20.2 billions outstanding loans).

Measurement based on proxies provided by the PCAF database, taking an asset-based approach. This methodology will evolve over time in order to fine-tune the measurement.

MORTGAGES



227,696 tCO₂e

Measurement at 31/12/2022 of financed emissions generated by financing **mortgages** for individual customers (for an analysed scope⁴ of €30.9 billions outstanding loans).

Measurement taken by combining data from EPCs issued for financed properties, data from an external database (ADEME) and statistical data.

DIRECT FOOTPRINT



41,285 tCO₂e (scopes 1, 2 and 3),
of which 2,113 tCO₂e for scopes 1 and 2.

As part of its internal practices, the **Crédit Mutuel Arkéa group** also measures its **GHG emissions** according to the GHG Protocol methodology.

² as disclosed in financial reporting | ³ corresponding to the following NACE codes: A - Agriculture, forestry and fishing; B - Mining and quarrying; C - Manufacturing; D - Electricity, gas, steam and air conditioning supply; E - Water supply; sewerage; waste management and remediation activities; F - Construction; G - Wholesale and retail trade; repair of motor vehicles and motorcycles; H - Transportation and storage; I - Accommodation and food service activities; L - Real estate activities; * 92% of the scope initially analysed, which concerns Crédit Mutuel de Bretagne, Crédit Mutuel du Sud Ouest, Fortuneo and Arkéa Banque Privée. The final scope is partial due to a lack of available data, which means that not all assets are covered.

ALIGNMENT TRAJECTORY TO 2030

Crédit Mutuel Arkéa drew on the analysis of financed emissions, available data and metrics and relevant scenarios to define and adopt the first alignment trajectories to 2030 for certain carbon-emitting sectors. These include the following sectors and activities: Coal, oil and gas, steel, cement, aviation and residential real estate.

Crédit Mutuel Arkéa has developed two types of climate trajectories to 2030:

- ▶ **trajectories to 2030 for customers and/or counterparties:** steel, cement, coal, oil and gas and aviation (airlines) sectors;
- ▶ **carbon intensity trajectories for certain financed projects:** aircraft and residential real estate.

COAL, OIL AND GAS

The Crédit Mutuel Arkéa group has already made a voluntary commitment for many years, adopting exit trajectories for the high-emitting coal and oil and gas sectors.

These commitments are presented in the published **sector policies**.

The group's exposure to these sectors has already been reduced.



▶ **COAL:** at the end of 2022, assets totalled **€9.1 million**⁵ for the trading desk's financing and investments (reinvestments).







▶ **OIL AND GAS:** at the end of 2022, assets amounted to **€4.6 million**⁶ for the trading desk's financing and investments (reinvestments).

⁵ Amounts invested in companies from which there are plans to exit by 2027 | ⁶ Amounts invested in companies from which there are plans to exit by 2030

STEEL, CEMENT, AVIATION AND RESIDENTIAL REAL ESTATE

An analysis of financed emissions, reference climate scenarios and economic and regulatory developments in each sector made it possible to **define the following carbon intensity targets by 2030**:

Sector	Scope covered	Baseline scenario	Scopes	Carbon intensity target by 2030
 ▶ STEEL	Steel manufacturing companies with NACE Code 24.10 ⁷	IEA NZE 2050 (2021 version)	scopes 1 and 2	1,024 kgCO₂ per tonne of steel produced
 ▶ CEMENT	Cement manufacturing companies with NACE Code 23.51 ⁷	IEA NZE 2050 (2021 version)	scopes 1 and 2	463 kgCO₂ per tonne of cement produced
 ▶ AVIATION	Airlines with NACE Code 51.10 ⁸	IEA NZE 2050 (version Sept. 2023)	scope 1	72 gCO₂ per passenger x kilometer
 ▶ RESIDENTIAL REAL ESTATE	90% of the group's home loan portfolio measured ⁹	—	scopes 1 and 2	12 kgCO₂e per m² per year

▶ **International Energy Agency (IEA) NZE 2050 scenario:** the net zero emissions scenario for 2050 is a normative scenario which shows the path that the global energy sector must follow to achieve net zero CO₂ emissions by 2050.

It limits the increase in global temperature to 1.5°C relative to the pre-industrial era (with a probability of at least 50%), in line with the emissions reductions put forward in the Intergovernmental Panel on Climate Change's (IPCC) sixth assessment report.

The group began its work using the 2021 version of the IEA figures, which were available until September 2023.

The IEA published an updated version of its scenario at that time. Data on climate issues in the aviation sector is therefore based on the version published in September 2023, while commitments related to the steel and cement sectors were made based on the 2021 figures available when those targets were set.

⁷ Scope refocused on companies whose main activity is covered by the IEA's scenario. Financing provided by Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest, Arkéa Crédit-Bail, Arkéa Banque Entreprises et Institutionnels and cash investments by the Crédit Mutuel Arkéa trading desk | ⁸ Scope refocused on companies whose core business is covered by the IEA scenario. Financing provided by Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest, Arkéa Crédit-Bail, Arkéa Banque Entreprises et Institutionnels and cash investments by the Crédit Mutuel Arkéa trading desk | ⁹ Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest scope

FOCUS BY SECTOR



COMMITMENT REGARDING THE COAL SECTOR



Climate issues in the sector

Faced with the climate emergency, certain business sectors must undergo profound change as a matter of priority as they emit high levels of greenhouse gases and are not compatible with the objectives of the Paris Agreement. This is the case for the coal industry, which accounts for a significant proportion of CO₂ emissions from fossil fuel combustion.

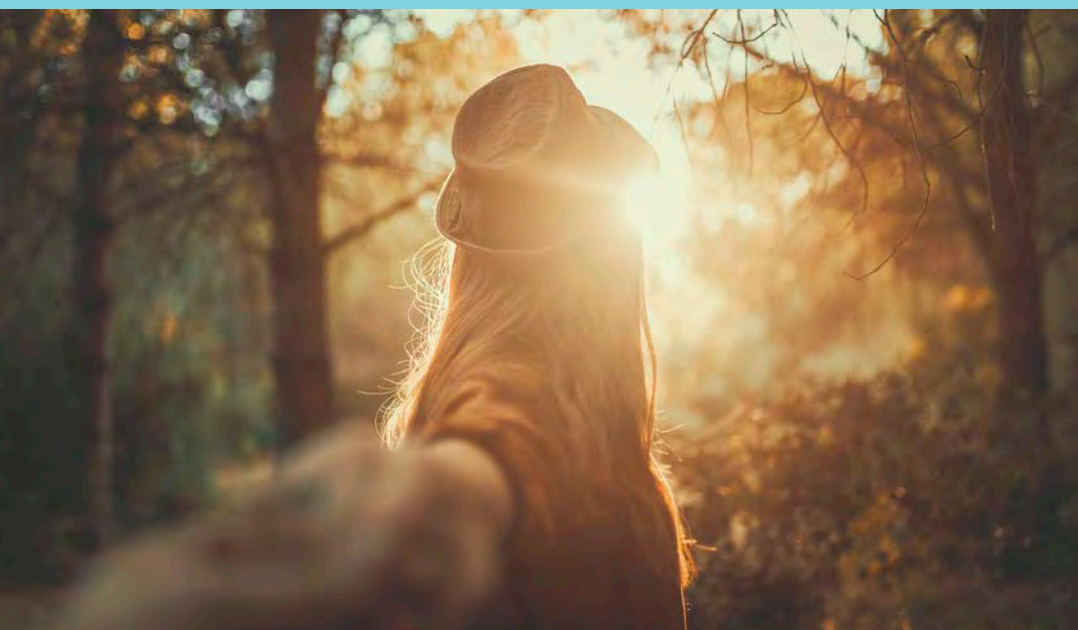


BASELINE SCENARIO UNDERLYING THE COMMITMENT:

The International Energy Agency's (IEA) NZE 2050 (Net Zero Emissions by 2050), version dated Sept. 2023.

The International Energy Agency publishes an annual report on all energy sources and their outlook. It also publishes economic and energy projection scenarios and has issued recommendations, which include:

- > an immediate end to the approval of new unregulated coal-fired power plants;
- > an end to new coal mines and mine extensions or new non-combustion coal-fired power plants.



Crédit Mutuel Arkéa's commitment

In line with its policy of limiting financing and investment for activities exposed to coal¹⁰, adopted in 2020 and last revised in 2022, Crédit Mutuel Arkéa has pledged to:

- ▶ refrain from new investments and new bank financing for **companies** that
 - > generate more than 10% of their revenue from thermal coal (mines and power plants); or
 - > produce more than 10% of energy from coal; or
 - > extract more than 10 million tonnes of coal per year; or
 - > have a coal-fired power generation capacity of more than 5 GW; or
 - > have capital expenditure (or CAPEX) in coal mining and development projects related to mining and infrastructure; or
 - > plan to expand their coal-fired power generation capacity;
- ▶ refrain from financing and making direct investments in mining and coal-fired power plant **projects**.

To achieve a **complete exit from coal by the end of 2027**, securities held in the portfolio that meet these criteria will be managed with a view to an exit by no later than the end of 2027.

¹⁰ for all application principles, please refer to the policy available on the Crédit Mutuel Arkéa corporate website https://www.cm-arkea.com/banque/assurance/credit/mutuel/c_55690/en/our-publications

COMMITMENT REGARDING THE OIL AND GAS SECTOR



Climate issues in the sector

The production and exploitation of fossil fuels have strong, scientifically proven impacts on global warming and biodiversity loss. Therefore, and in line with its position on coal, Crédit Mutuel Arkéa has developed a formal policy to limit financing and investment for activities exposed to oil and gas.



BASELINE SCENARIO UNDERLYING THE COMMITMENT:

The International Energy Agency's (IEA) NZE 2050 (Net Zero Emissions by 2050), version dated Sept. 2023.

In its NZE 2050 scenario, the IEA recommends stopping all new oil and gas projects in order to limit global warming to 1.5°C.



Crédit Mutuel Arkéa's commitment

In line with its policy of limiting financing and investment for activities exposed to oil and gas¹¹, adopted in 2021 and revised annually, Crédit Mutuel Arkéa has made the following commitments:

- ▶ in terms of **financing activities for professionals and businesses and cash investments by Crédit Mutuel Arkéa's trading desk**:
 - > for **businesses**, to refrain from:
 - financing/investments for companies whose unconventional fossil fuels account for more than 5% of annual fossil fuel production;
 - financing/investments for companies that develop new fossil fuel capacity (conventional or unconventional): in exploration, extraction, pipeline transport or LNG terminal capacity;
 - financing/investments for oil and gas companies involved in controversies related to violent conflicts, environmental destruction, violation of local communities' human rights and/or subject to legal proceedings;
 - > with regard to **projects**, to refrain from any direct financing/investment in fossil fuel projects:
 - upstream projects: new oil or natural gas drilling or exploration projects, new oil/gas platforms or extension of existing oil/gas platforms;
 - midstream projects: transport infrastructure (new oil or gas pipelines or extension of existing pipelines), storage or transformation infrastructure

(new natural gas storage and liquefaction terminals or extension of existing natural gas storage and liquefaction terminals, new refineries or extension of existing refineries).

- ▶ **By the end of 2030**, within this same scope, Crédit Mutuel Arkéa has pledged to **exit from companies operating in unconventional fossil fuels and developers in the conventional and unconventional sectors**.

This exit applies to:

- > companies whose unconventional fossil fuels account for more than 5% of annual fossil fuel production or companies that develop unconventional and conventional fossil fuel production capacity;
- > companies whose exploration activity is linked to new conventional or unconventional fossil fuel projects;
- > companies involved in controversies related to violent conflicts, environmental destruction, violation of local communities' human rights and/or subject to legal proceedings;
- > midstream companies that develop pipelines or LNG terminal capacity.

Crédit Mutuel Arkéa is targeting companies included in Urgewald's GOGEL list (upstream and midstream) or companies whose NACE code is: 06.10 - extraction of crude petroleum, 06.20 - extraction of natural gas, 09.10 - support activities for petroleum and natural gas extraction, 19.20 - manufacture of refined petroleum products, 35.21 - manufacture of gas.

¹¹ for all application principles, please refer to the policy available on the Crédit Mutuel Arkéa corporate website https://www.cm-arkea.com/banque/assurance/credit/mutuel/c_55690/en/our-publications

COMMITMENT REGARDING THE STEELMAKING



Climate issues in the sector

Today, steel is the second largest industrial sector in terms of energy consumption and the largest sector in terms of CO₂ emissions. Steel is essential to the economy since it has many applications in industry: steel is used in shipbuilding, car manufacturing, construction, etc. The challenge is therefore to continue to produce steel while decarbonising its production.



BASELINE SCENARIO UNDERLYING THE TRAJECTORY:

The International Energy Agency's (IEA) NZE 2050 (Net Zero Emissions by 2050), 2021 version.

For this sector, the group has therefore pledged to achieve an intensity by 2030 that is more ambitious than the projection based on the IEA NZE 2050 scenario data published in September 2023.



Scope

The IEA's NZE 2050 scenario only concerns the steel industry. This trajectory cannot be applied to companies involved in steel transformation.

At 31/12/2022, Crédit Mutuel Arkéa's assets were concentrated in a steel manufacturing company whose carbon intensity at the end of 2020 was 300 kgCO₂e/tonne of steel produced.



Crédit Mutuel Arkéa's commitment

Crédit Mutuel Arkéa has pledged to achieve an average CO₂ emissions intensity (scopes 1 and 2) of **1,024 kgCO₂/tonne of steelmaking by 2030** in its steel financing portfolio (NACE code 24.10).

- ▶ At 31/12/2022, Crédit Mutuel Arkéa's portfolio was below this trajectory given that it finances only one steel manufacturing company whose current carbon intensity is lower than the sector average.
- ▶ The group would like to support other players in the steel sector that are committed to decarbonising their activity. Adopting an alignment trajectory to 2030 will enable us to select companies whose current intensity and planned trajectories to 2030 are compatible with the scenario applied.



COMMITMENT REGARDING THE CEMENT SECTOR



Climate issues in the sector

The cement sector is the third largest industrial sector in terms of energy consumption and the second largest in terms of CO₂ emissions. Firing rock at 1,450°C requires massive amounts of energy. Cement is essential to the economy and the challenge is to continue to produce it while reducing the related CO₂ emissions.



BASELINE SCENARIO UNDERLYING THE TRAJECTORY:

The International Energy Agency's (IEA) NZE 2050 (Net Zero Emissions by 2050), 2021 version.

For this sector, the group has therefore pledged to achieve an intensity by 2030 that is more ambitious than the projection based on the IEA NZE 2050 scenario data published in September 2023.



Scope

Only cement manufacturing activities (NACE classification 23.51) are covered by the NZE 2050 scenario. This means that activities such as the production of concrete, mortar, etc. from cement are excluded from the analysis and trajectory to 2030.

At 31/12/2022, Crédit Mutuel Arkéa's assets were concentrated in a cement manufacturing company whose carbon intensity was 608 kgCO₂/tonne of cement.



Crédit Mutuel Arkéa's commitment

Crédit Mutuel Arkéa has pledged to achieve an average CO₂ emissions intensity (scopes 1 and 2) of **463 kgCO₂/tonne of cement** by 2030, i.e. decrease by **24%** compared with its portfolio at 31/12/2022.

- ▶ At the end of 2022, Crédit Mutuel Arkéa's portfolio was slightly above this trajectory, concentrated in a single cement-producing company with a decarbonisation trajectory close to that based on the IEA's data.
- ▶ The group would like to continue to support the cement sector by financing companies committed to a trajectory in line with the IEA's NZE 2050 scenario. Adopting an alignment trajectory will enable us to select companies whose commitments are compatible with the scenario applied.



COMMITMENT REGARDING THE AVIATION SECTOR



Climate issues in the sector

In 2022, the aviation sector was responsible for 2% of global energy-related greenhouse gas emissions and 10% of transport-related emissions¹². These emissions increased by 5% between 2010 and 2022, while air passenger traffic rose by 22%¹² during the same period. More than 99% of the sector's CO₂ emissions are generated by the combustion of kerosene to power the aircraft.



BASELINE SCENARIO UNDERLYING THE TRAJECTORY:

The International Energy Agency's (IEA) NZE 2050 (Net Zero Emissions by 2050), version dated Sept. 2023.



Scope

Use of the IEA's NZE 2050 scenario only concerns **air passenger transport by plane**. This scenario therefore does not apply to transport by helicopter, leisure activities related to aviation and freight transport.

However, the group has also committed to objectives that relate to certain aircraft for business or private use¹⁴.

The IEA's scenario applies only to CO₂ emissions generated by kerosene combustion, called "Tank to Wake", i.e. emitted only to fly the aircraft (and excluding condensation trails).

Emissions resulting from kerosene production, called "Well to Tank", including oil extraction, refining into kerosene and transport of kerosene, are covered in the net zero methodology via the trajectory related to oil and gas (as aircraft currently use fossil fuels for the most part).



Crédit Mutuel Arkéa's commitment

Crédit Mutuel Arkéa has made a number of commitments in relation to the various types of financing it provides to the aviation sector:

- ▶ **Financing not allocated to airlines:**
 - > achievement of an average CO₂ emissions intensity (scope 1) of **72 gCO₂/pkm**¹³ in 2030 within the portfolio.
- ▶ **New financing for the purchase of business aircraft:**
 - > starting on 1 January 2024, any new aircraft financing for business and private aviation, regardless of the customer's business sector, must have the following characteristic: **the financed aircraft must emit zero direct CO₂ emissions**.
For example: aircraft powered by electricity or renewable hydrogen.
- ▶ **New financing for the purchase of commercial aircraft:**
 - > the group pledges to ensure that all new financing for commercial passenger transport aircraft will meet carbon intensity criteria in line with the decarbonisation trajectory defined on the basis of the International Energy Agency's "Net Zero Emissions by 2050" scenario.
 - > the maximum authorised carbon intensity of the aircraft will be conditional upon the loan due date:
 - for a loan falling due before the end of 2030, the aircraft must comply with a **maximum carbon intensity of 72 gCO₂/pkm**;
 - for a loan falling due between the beginning of 2031 and the end of 2035, the aircraft must comply with a **maximum carbon intensity of 55 gCO₂/pkm**;
 - for a loan falling due between the beginning of 2036 and the end of 2040, the aircraft must comply with a **maximum carbon intensity of 37 gCO₂/pkm**.
 - > To meet the challenges of improving access to certain areas, direct financing of commercial aircraft in the **specific case of a Public Service Delegation** is not subject to these criteria.

The group will continue to finance aircraft used for medical, social and/or safety operations regardless of the propulsion systems used.

¹² International Energy Agency, Table A4 of the [IEA NZE 2050, version dated September 2023](#) on CO₂ emissions in 2022 | ¹³ CO₂/pkm = CO₂ emissions per passenger-kilometre | ¹⁴ by "aircraft for business and private aviation", the group means any aircraft that is not used by commercial airlines.

COMMITMENT REGARDING THE RESIDENTIAL REAL ESTATE SECTOR

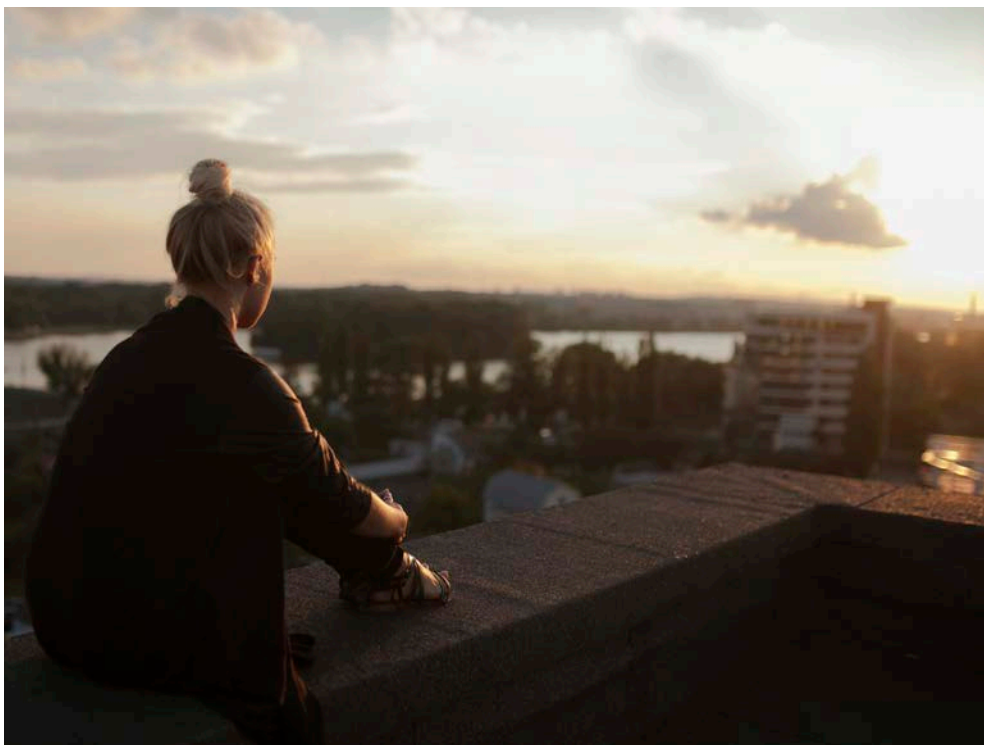


Climate issues in the sector

Buildings contribute for 44% of the final energy consumed in France, including two-thirds by residential real estate, and generate over 123 millions tonnes of CO₂¹⁵ each year.

As emissions are mainly related to the use of buildings, emissions scopes 1 and 2 have been used.

The group analysed the September 2023 version of the IEA NZE 2050 scenario and the pathways provided by the CRREM (Carbon Risk Real Estate Monitor) tool to develop its objective. CRREM is a tool used to assess the risk of failure to adapt property portfolios to the decarbonisation targets set in the wake of the Paris Agreement.



Crédit Mutuel Arkéa's commitment

Crédit Mutuel Arkéa has set a **target of decreasing** the carbon intensity per square metre financed of the home loan portfolio of the **Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest federations** by 23% by 2030, i.e. a decrease from 15,5 kgCO₂e/square meter/year at end-2022 to **12 kgCO₂e/square meter/year at end-2030**.

The commitment concerned €28,5 billions outstanding loans at 31/12/2022.

In light of available data on financed properties, market trends, current government policies and issues related to structuring the home energy renovation sector, Crédit Mutuel Arkéa has chosen to set a more conservative target than the one provided by CRREM. This commitment is based on the methodology implemented in 2023 and may change over time, based on changes in methodology, available data and changes in government policies and residential real estate regulations.

Crédit Mutuel Arkéa assists its customers in **purchasing properties that have a good energy performance level** and offers **measures to support** its individual customers in **the energy renovation** of all homes that need to be upgraded, particularly those that consume huge amounts of energy. These measures will gradually be supplemented by additional solutions and specific and selective criteria to help speed up the energy renovation of homes in France.

¹⁵ <https://www.ecologie.gouv.fr/energie-dans-batiments>

COMMITMENT TO SHRINK OUR DIRECT FOOTPRINT



Climate issues in the sector

Each year, Crédit Mutuel Arkéa measures its carbon footprint through a group carbon audit. In 2019, the group set a target of decreasing carbon emissions related to its direct footprint by 2024. The action plan is broken down into five main themes covering commuting, business travel, responsible digital technology, real estate and impact supplies.

As part of its commitment within the Net Zero Banking Alliance, Crédit Mutuel Arkéa wanted to set a **voluntary target for 2030**.



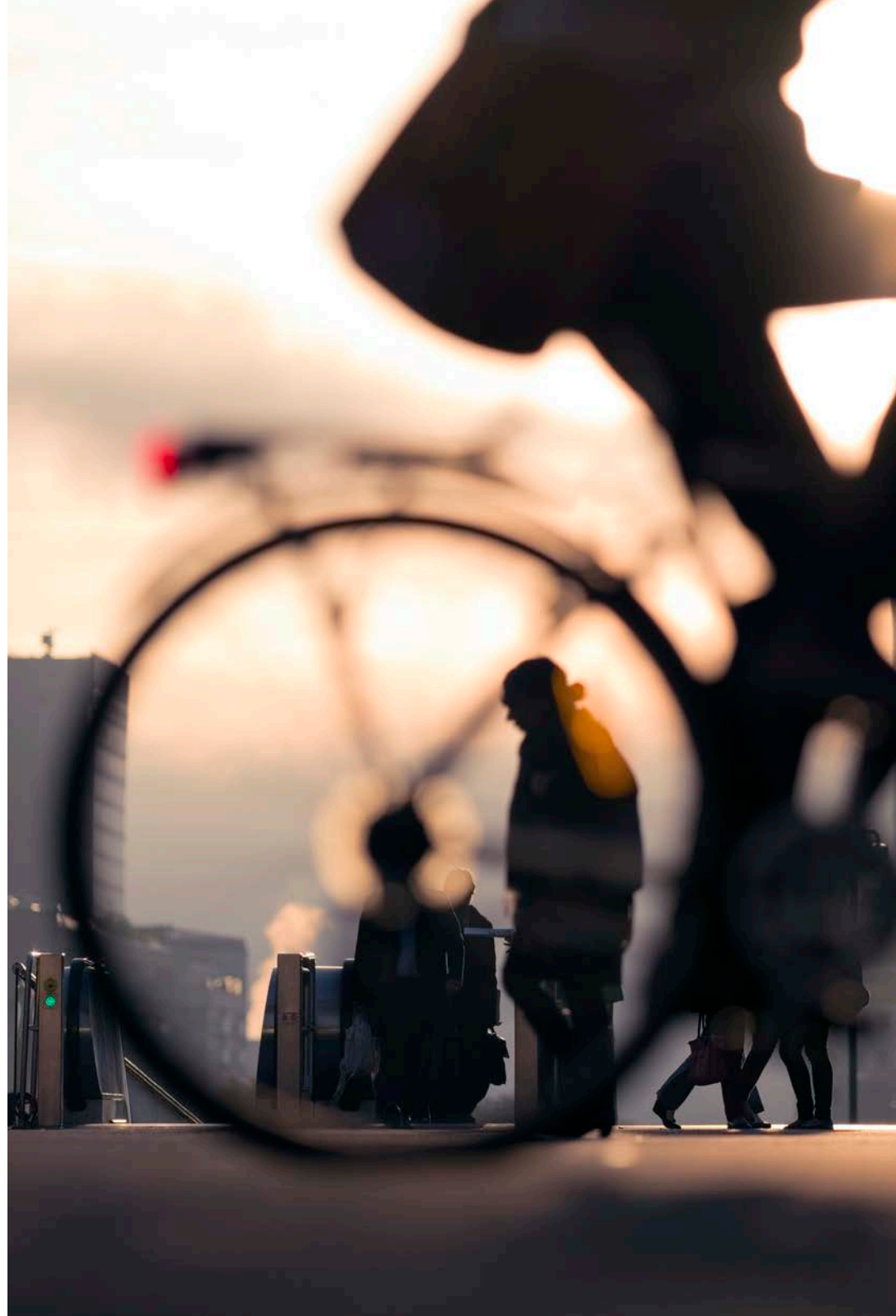
BASELINE SCENARIO UNDERLYING THE TRAJECTORY:

The International Energy Agency's (IEA) NZE 2050 (Net Zero Emissions by 2050), version dated Sept. 2023.



Crédit Mutuel Arkéa's commitment

Crédit Mutuel Arkéa has set a **target of decreasing** its direct **scope 1 and 2** emissions (electricity, on-site use of fossil fuels for heating, domestic hot water, etc.) by 38% by 2030, i.e. a reduction from 2,880 tCO₂e at end-2021 to 1,785 tCO₂e at end-2030.



Crédit Mutuel **ARKEA**

1, rue Louis Lichou - 29480 Le Relecq-Kerhuon

Tel.: +33(0)2 98 00 22 22

cm-arkea.com

@cmarkea

Crédit Mutuel Arkéa, a variable capital limited liability credit cooperative and insurance brokerage company.
Registered office: 1 Rue Louis Lichou 29480 Le Relecq-Kerhuon - SIREN: 775 577 018 Brest trade and companies register

The Crédit Mutuel Arkéa group comprises Crédit Mutuel Arkéa, the Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest federations and their member local savings banks, as well as some 40 specialised subsidiaries (Fortuneo, Monext, Arkéa Banque Entreprises et Institutionnels, Arkéa Investment Services, Suravenir, Suravenir Assurances, etc.).