

**Overall performance :  
Crédit Mutuel Arkéa  
leads the way**

**Crédit Mutuel  
ARKEA**

**20 october 2021**



# **THE CRÉDIT MUTUEL ARKÉA APPROACH**

**METHODOLOGICAL APPROACH**

**PRESENTATION OF NON-FINANCIAL INDICATORS**

**IMPLEMENTATION WITHIN THE SCOPE OF  
ARKÉA BANQUE ENTREPRISES ET  
INSTITUTIONNELS**

**PROSPECTS**

# RAISON D'ÊTRE: THE FOUNDATION OF THE STRATEGIC PLAN

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“

We want to be **an actor in a world that is conceived in the long term** and takes into account **the major societal and environmental challenges facing our planet** for the next generations.

We contribute to this by practicing **a form of finance that serves the territories and their stakeholders**, that is sustainable and helps **everyone to achieve their full potential**.

To this end, we have chosen to be **a cooperative and collaborative bank** that favors a **balanced sharing of value** with its members, clients, employees, partners and territories. A **socially responsible, ethical and inclusive** company that **respects its environment**.

Every day, in collaboration with our stakeholders, we develop **innovative solutions** to support our members and clients in their **life projects** and **meet their aspirations**.

”

## Our 5 commitments

Our decisions aim at a positive environmental and territorial impact

Supporting each of our stakeholders in their environmental transition

Developing regional cooperation and committing to local vitality

Cultivating a relationship of lasting trust with all our members and clients, from the most precarious to the most fragile

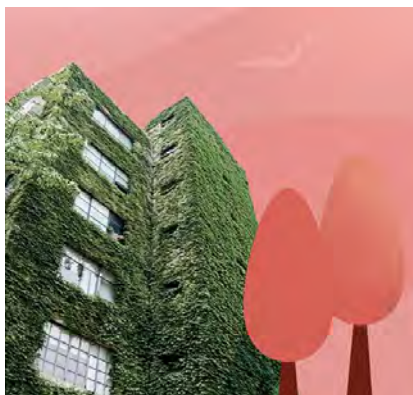
Encouraging the commitment of our employees to serve the collective interest

# THE STRATEGIC PLAN TRANSITIONS 2024

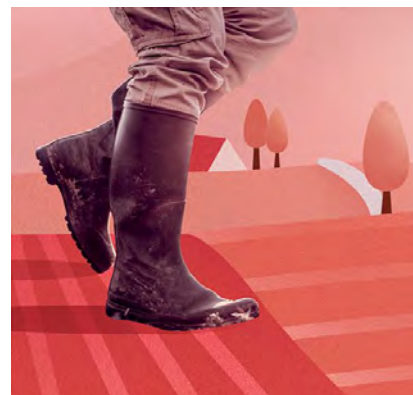
Validated in January 2021, the plan positions the group as the agile financial partner for the transitions of the future.

It aims at strengthening its positive impact and its overall performance, financial and non-financial.

The strategic plan is structured into **4 strategic areas**, priorities for action to direct our business model.



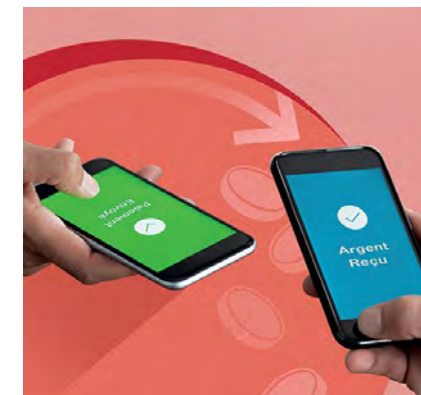
**Enrich our positive impact  
range of  
products and services**



**Support the responsible  
development of  
territories**



**Personalise  
customer experience**



**Develop  
our partnership model**

These strategic areas are supported by **5 execution levers**

- Promote our cooperative model **1**
- Set an example with our own actions and transitions **2**
- Improve collective efficiency **3**

- 4** Offer a singular experience to employees and local directors
- 5** Value an open innovation approach

# MEASURING NON-FINANCIAL PERFORMANCE TO SUPPORT THE GROUP'S AMBITION



## ONE AMBITION: TO IMPROVE THE GROUP'S OVERALL PERFORMANCE

The group's objective is to generate **financial and extra-financial value** for its stakeholders (customers, suppliers, employees and members), who in turn will contribute to the creation of additional financial and extra-financial value for the group



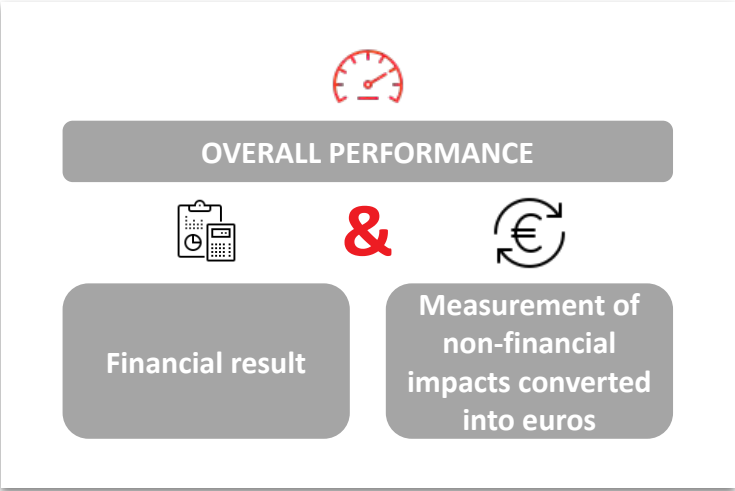
## DEVELOP A NEW SYSTEM FOR MEASURING NON-FINANCIAL PERFORMANCE



The group's ability to have an impact on its ecosystems is linked to

- its investment and financing choices
- its purchasing policy
- its HR policy

# GENERAL PRINCIPLES



The measurement of the non-financial impacts of CM Arkéa's activities must illustrate :

- its commitment to **its raison d'être** and the initiatives set out in its strategic plan
- the impact of its decisions, actions and offerings on its stakeholders

To measure the creation of value and therefore the overall performance of CM Arkéa, it is necessary to have a common language with **a common unit of measurement, the euro**, financial and non-financial values

The purpose of measuring non-financial impacts is to express in euros **the positive and negative externalities of CM Arkéa's actions** on its stakeholders through impact indicators relevant to its activities and its direct footprint.

## What is an externality?

*An externality is when CM Arkéa's activity creates an external effect by providing its stakeholders with a utility or benefit free of charge, or, on the contrary, a nuisance or damage without compensation.*

*These externalities are numerous and may differ depending on the stakeholder.*

*Measuring non-financial impacts is not intended to measure the intangible assets of the CM Arkéa group (brand value, collective knowledge, etc.).*

## Selected stakeholders

-  MEMBERS
-  CUSTOMERS
-  SUPPLIERS
-  EMPLOYEES

## Impact areas studied

-  ENVIRONMENT
-  SOCIO-ECONOMIC



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## CHOSEN APPROACH

- Identification and collection of financial and extra-financial data to establish the measurement of impacts
- The method for valuing impacts is adapted to the information available:
  - In the short term, the top-down "sector" approach has been adopted in order to capitalise on the existing situation
- Over time, a hybrid top-down/bottom-up approach, and then a predominantly bottom-up approach, will help refine the measurement of impacts



### TOP-DOWN « SECTOR »

*Aggregated data by sector of activity*

#### **BENEFITS**

- The only possible method for integrating the historical basis into the extra-financial measurement
- Minimises data collection

#### **DISADVANTAGES**

- Need to find the relevant proxies to give an accurate picture of the reality to date



### BOTTOM-UP « CUSTOMER OR PRODUCT »

*Granular data by customer or product*

#### **BENEFITS**

- Gives a more granular picture

#### **DISADVANTAGES**

- Need to collect additional extra-financial data, which is not currently available in the IS



# EXTERNAL DATABASES

## CHOSEN APPROACH

- Selection of reference databases, which are public
- For the choice of the monetisation indices, 2 main approaches have been retained
  - « Calculation of damages" or "Value of benefits »  
*The benefit of a measure corresponds to the damage that it, by its implementation, is likely to avoid*
  - « Avoidance cost »  
*The costs of a measure correspond to the investments that can be implemented to avoid all or part of the damage*

### Examples of sources used for the valuation of non-financial indicators

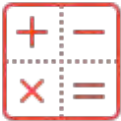


### Examples of sources used for monetisation indices



# MEASUREMENT AND MONETISATION OF IMPACTS

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## CHOSEN APPROACH

Monetise each non-financial indicator by multiplying :

- its value **(1)**
- a monetisation index **(2)**
- a CM Arkéa share **(3)**

1

Calculation stages

Impact assessment

Description stages

quantified statement of impact

Example

Amount of GHG emissions

Calculation method

Indicator value

Unit (varies by indicator)

X

2

Impact monetisation

conversion into euros of the impact

GHG emission benchmark

Monetisation index

€ per unit

X

3

Determination of the CM Arkéa impact

CM Arkéa's share of the company's value

Equal to 10% (for a loan of €100k with a client whose liabilities are of €1m)

CM Arkéa's share

%

=

Result

Monetary value of the impact



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# SELECTED EXTRA-FINANCIAL INDICATORS



For Crédit Mutuel Arkéa as a whole, **24 impact indicators have been selected** at this stage to measure non-financial impacts.

They are of 2 types:

- **external** indicators (relating to the activity of customers and suppliers)
- **internal** indicators (relating to Crédit Mutuel Arkéa internal activities)

## EXTERNAL INDICATORS

Themes	Impact indicators
<b>GENERAL INDICATORS</b>	
Contribution to the fight against climate change	Greenhouse gas emissions
Support for economic activity	# jobs supported Added value on the territories
<b>SPECIFIC INDICATORS</b> (applicable for certain products or sectors of activity)	
Contribution to energy efficiency	Energy performance gain
Resource depletion	Water consumption
Circular economy of waste	Residual waste generation
Biodiversity	Artificialisation of soils Eutrophication
Reduction of the energy bill	Gain in purchasing power (€)
Quality of life (in good health)	# patients or care provided Fine particle emissions
Access to housing	# homes in social housing # owner households
Training & Education	# students enrolled
Mobility	# km of funded roadways or permitted trips # vehicles financed

## INTERNAL INDICATORS

Themes	Impact indicators
Contribution to the fight against climate change	Greenhouse gas emissions
Circular economy of waste	Residual waste generation
Support for economic activity	# jobs supported Added value on the territories
Quality of life (at work)	# days of sick leave avoided / generated
Safety of people	# accidents at work
Training & Education	# evolutions (promotion) having followed trainings # alternating students trained
Equal opportunities	Gender pay gap (€) # employees with disabilities
Sponsorship	# days of mobilization on missions of skills sponsorship Leave donations between employees



ENVIRONMENT



SOCIO-ECONOMIC



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# MEASUREMENT OF EXTRA-FINANCIAL IMPACTS ON ABEI

## SELECTED PERIMETER

The following stakeholders are included:

- Corporate and institutional clients via outstanding medium- and long-term financing
- Suppliers
- Employees

At this stage, account management activities and flows have not been included in the non-financial analysis.

The data used to value and monetize these impacts are different depending on the activity sectors.  
→ 85 sub-sectors of activity are integrated into the methodology in order to obtain a differentiated calculation.

**9 impact indicators** have been selected to capture the extra-financial performance of Arkéa Banque Entreprises et Institutionnels:

	CUSTOMERS	SUPPLIERS	EMPLOYEES
ENVIRONMENT			
GREENHOUSE GAS EMISSIONS	x	x	x
WATER CONSUMPTION	x	x	
RESIDUAL WASTE GENERATION	x	ns	ns
SOCIO-ECONOMIC			
# JOBS SUPPORTED	x	x	x
ADDED VALUE ON THE TERRITORIES	x	x	x
# PATIENTS OR CARE PROVIDED	x		
# HOMES IN SOCIAL HOUSING	x		
GENDER PAY GAP			x
# EMPLOYEES WITH DISABILITIES			x

# EXAMPLES OF SELECTED NON-FINANCIAL INDICATORS



## ENVIRONMENT

Sources of impact (Nace)	Themes of impact	Impact indicator	Approach to measuring externality	Polarity	Value of indicator	Monetisation index
All sectors	Contribution to the fight against climate change	Greenhouse gas emissions (scope 1, 2, 3)	<b>Avoidance cost</b> <i>The monetisation index used is the tutelary value of carbon, which designates the "price" of a ton of carbon set by the State as part of its commitments (investments in the fight against global warming).</i>	–	Greenhouse gas emissions (T/€ of revenues) of the sector x Revenues (€) from de stakeholder	Tutelary value of greenhouse gas emissions (€/T)



## SOCIO-ECONOMIC

Sources of impact (Nace)	Themes of impact	Impact indicator	Approach to measuring externality	Polarity	Value of indicator	Monetisation index
All sectors	Support for economic activity	# jobs supported	<b>Value of profits</b> <i>The conversion index reflects (1) the increase in the purchasing power of employees relative to a non-employment situation and (2) the avoided costs to the state of unemployment benefits. Both of these elements are reflected in the average net income by industry.</i>	+	Ratio jobs / € of revenues of the sector (full time equivalent/€) x Revenues (€) from de stakeholder	Average net income of the sector (€/full time equivalent)

# RESULTS

	CUSTOMERS	SUPPLIERS	EMPLOYEES
ENVIRONMENT	- €169 M	- €0.1 M	- €0.2 M
SOCIO-ECONOMIC	+ €4,128 M	+ €3.4 M	+ €16.4 M
TOTAL	+ €3,959 M	+ €3.3 M	+ €16.2

€4 billion of positive  
non-financial impacts

Based on outstanding amounts as at 31/12/2020, €1 million of financing granted by ABEI generates an average of €15,000 of negative environmental impacts and €335,000 in positive social impacts



# BENEFITS AND LESSONS LEARNED

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**Arkéa Banque Entreprise & Institutionnels** worked on **extra-financial impacts** with **nearly 100 clients** (ETIs, institutional players, real estate professionals) with the aim of:

- to share experiences and confront points of view
- to identify expectations

In the course of our discussions, Arkéa Banque Entreprises et Institutionnels noted **a marked and growing interest** on the part of its customers **in the objective and transparent measurement of positive and negative non-financial impacts**:

- due to the awareness of the environmental and societal emergency
- to meet current and future regulatory obligations directly related to these issues

**Overall performance measurement allows Arkéa Banque Entreprises et Institutionnels:**

- to accompany each of its clients in their transition over the long term, regardless of their activity and the extent to which they integrate environmental and social criteria
- give concrete expression to its commitment by providing the means for informed decision-making through the integration of financial AND non-financial indicators
- to manage its activity on the long term

This approach, **which is shared with all Arkéa Banque Entreprises & Institutionnels employees and stakeholders**, is also a powerful vehicle for change and an incentive for everyone to become more aware.

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# AND NOW

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**Extra-financial performance is a major step forward that will allow:**

**To assist the group's teams in their decision making:**

- selection and orientation of funding,
- optimisation of supplier relations and purchasing policies,
- definition and evaluation of HR actions...

**To support the group and its stakeholders in change and improvement:**

- what are the specific points of improvement and what concrete actions should be implemented to achieve them?

**To assess long-term progress at all levels and establish a clear trajectory for progress.**

The methodology is intended to be applied to all Crédit Mutuel Arkéa banking and insurance businesses. It will be deployed progressively within the group's entities and on new perimeters.



Crédit Mutuel  
**ARKEA**

The logo for Crédit Mutuel ARKEA is located in the bottom right corner. It features the words "Crédit Mutuel" in a dark grey sans-serif font, with "ARKEA" in a larger, bold, red sans-serif font directly below it. The background of the slide is white with a large red triangle on the left side, pointing towards the top right corner.