

# ALLOCATION AND IMPACT REPORT

**ESG NEU CP**

**APRIL 2023**





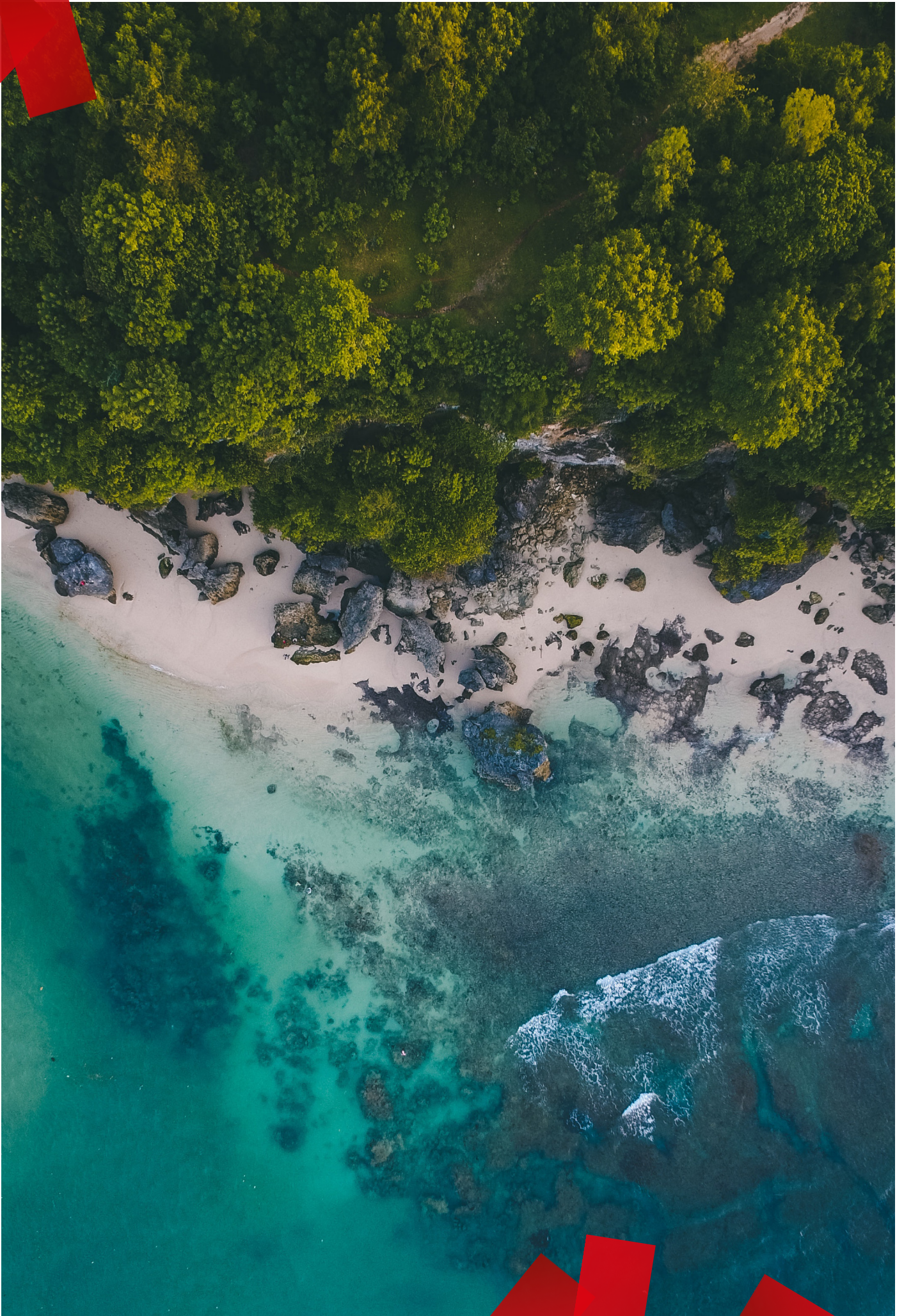


Crédit Mutuel Arkéa's ESG NEU CP programme is divided into 3 compartments : Green NEU CPs, Social NEU CPs and Sustainable NEU CPs, that allow to issue using to eligible asset categories defined in [the Green, Social and Sustainable Bond Framework of Crédit Mutuel Arkéa.](#)

This report only includes the ESG NEU CP issues made in the second half of 2022, to account for the short maturity of NEU CPs (less than or equal to 1 year).

Future reporting on ESG NEU CPs will be published on a semi-annual basis.







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# ESG NEU CP ISSUES

## CRÉDIT MUTUEL ARKÉA

Crédit Mutuel Arkéa is the first French bank to have issued Green NEU CPs through its ESG NEU CP programme, available on the Banque de France website<sup>(1)</sup> :

<sup>(1)</sup> <https://eucpmtn.banque-france.fr/public/#/liste-des-emetteurs/3f8b9dec-b611-ea11-80f7-001dd8b71ea9>

After an inaugural issue in April 2022, the outstanding amount of the programme has grown from **€116 M at 30/06/2022 to €402 M at 30/12/2022.**

### Details of Green NEU CP issues

Date of issue	ISIN	Format	Nominal value (€m)	Maturity
25/04/2022	FR0127385005	Green NEU CP	30	27/04/2023
06/05/2022	FR0127410324	Green NEU CP	20	10/05/2023
17/05/2022	FR0127415117	Green NEU CP	16	17/05/2023
04/07/2022	FR0127464941	Green NEU CP	50	05/06/2023
06/07/2022	FR0127485334	Green NEU CP	100	06/01/2023
23/08/2022	FR0127578641	Green NEU CP	50	22/08/2023
13/09/2022	FR0127585067	Green NEU CP	50	15/05/2023
22/09/2022	FR0127591560	Green NEU CP	25	22/09/2023
24/10/2022	FR0127663864	Green NEU CP	50	24/05/2023
06/12/2022	FR0127740829	Green NEU CP	11	06/06/2023
TOTAL			402	





# ALLOCATION OF PROCEEDS

As of the date of this report, the amounts raised by Crédit Mutuel Arkéa's Green NEU CP issues have been fully allocated.

Eligible asset categories financed or refinanced by Green NEU CP issues (extract from framework) :

- > **Green Buildings**
- > **Residential buildings**

«Loans to finance new dwellings since granted from 1st June 2013 in line with RT2012<sup>(1)</sup> regulation as a minimum requirement.»

The pool of eligible assets for Green NEU CPs consists entirely of housing loans distributed by the local caisses affiliated with the federations of Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest in 2019 and 2020 for the acquisition of new homes, mainly in Brittany and Nouvelle-Aquitaine, that comply with the RT 2012 standard (see methodology on page 9).

**These are 5,469 loans for 2,304 customers and a total outstanding capital of €402,003,545 at 31/12/2022.**

<sup>(1)</sup>RT2012 regulation : primary energy consumption for residential buildings limited to 50kWh/m<sup>2</sup>/year.





# IMPACT INDICATORS

## Alignment with the UN Sustainable Development Goals (SDGs)



7.3 By 2030, double the global rate of energy efficiency improvement.



13.1 Build resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.

According to the methodology described page 9, the 5,469 loans selected for these issues and granted by Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest to individuals for the purchase of new homes that meet the RT2012 standard make it possible to :

save 41,842,170 kWhEP/year of energy and avoid 4.7 TCO<sub>2</sub>eq/year of Greenhouse Gas emissions.





#### 4.1 Eligible housing loans

Dwellings financed by housing loans granted for less than 36 months to individuals for the purchase or construction of a new home (purpose of the loan : «purchase of new dwelling», «construction only», «construction + land», «VEFA purchase») are considered to comply with the RT 2012 standard, which was mandatory in France between 01/01/2013 and 31/12/2021 for the construction of new dwellings.

##### **Pool erosion :**

The pool of eligible assets may be eroded by loan repayments or early repayments. Every six months, an assessment is made of the outstanding capital of the loans

included in the pool. If erosion is noted, new eligible loans are added to the pool so that its total amount remains equal to that of the associated issue.

##### **Refinancing of pool loans in case of non-renewal by the investor :**

In the event that part of the loans in the pool of eligible assets are no longer refinanced because a NEU CP maturing is not renewed, refinancing will be provided by Crédit Mutuel Arkéa until a new investor is found and the amount of outstanding ESG NEU CP becomes equal to that of the asset pool.



## 4.2 Methodology for calculating impacts

To achieve carbon neutrality by 2050 and to meet the objectives of the Paris Agreement, the acceleration of transitions in the fields of energy efficiency and sobriety is essential.

Construction is the most energy-intensive sector in France. It represents 42% of total final energy and generates 23% of greenhouse gas emissions (GHG) in 2020, according to the Ministry of Ecological Transition.

Faced with these challenges, the renovation of housing and the development of energy-efficient housing have a central place in forward-looking alignment scenarios with the objectives of the Paris Agreement and the low-carbon national strategy.

The portfolio of eligible assets consists entirely of housing loans granted to individual clients by the local caisses affiliated to the Federations of Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest for the construction and acquisition of new dwellings mainly in Brittany and Nouvelle-Aquitaine. These dwellings comply with RT 2012 thermal regulations, which set requirements in terms of energy consumption, comfort and building design.

The estimated impact of dwellings financed by housing loans granted by the local caisses affiliated to the Federations of Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest is defined according to two key indicators :

- > annual energy savings in primary energy (KwhEP/year) and,
- > greenhouse gas emissions avoided annually (TCO<sub>2</sub>eq).

For the housing loans granted to private customers, Crédit Mutuel Arkéa does not currently have all the actual data to calculate these impact indicators. Thus, to estimate them, the choice has been made to use the statistical data made available by the Ministry of Ecological Transition, the ADEME (Environment Agency and energy control) and by the OID (Observatory of sustainable real estate).

### Two assumptions have also been used :

- > For individual client projects: 100% of the impact is allocated to Crédit Mutuel Arkéa.
- > It is possible that the same dwelling is funded by several loans from the eligible asset pool. To avoid multiple counts of the same dwelling in the impact calculation, we consider all loans of the same customer identifier as a single loan :

**Thus, the 5,469 loans selected, accounted for 2,304 loans for impact calculation.**



## Energy data :

The RT2012 regulation reduces the energy consumption ceiling to 50 kWhEP/m<sup>2</sup>/year (primary energy calculation). The conservative assumption that housing complying with RT2012 have an energy performance of 50 kWhEP/m<sup>2</sup> per year, has been retained. Each asset therefore has a default energy performance of 50 kWhEP/m<sup>2</sup>/year

The quantification of energy savings depends on the choice of a reference case. As all the selected housing loans finance dwellings located in Brittany and Nouvelle-Aquitaine, the reference case identified as the most relevant is the average primary energy consumption of housing in Brittany and Nouvelle-Aquitaine. According to the H2 climate zone data revealed by the Phébus survey of the Ministry of Ecological Transition (Survey of Housing Performance, Equipment, Needs and Uses of Energy), it amounts to 258 kWhEP/m<sup>2</sup> per year in 2018 in Brittany and Nouvelle-Aquitaine.

The average area retained for a property financed is 90 m<sup>2</sup> (source: INSEE, data for individual housing in Metropolitan France).

**Annual energy savings in primary energy per housing (KwhEP/year)**

=

**Energy consumption ceiling RT2012 (kWhEP/m<sup>2</sup>. year)**

x

**Average area**

## Greenhouse Gas (GHG) emissions data :

The "avoided emissions" indicator aims to calculate avoided GHG emissions through financing low emissive housing. To calculate these GHG avoided emissions it is necessary to know the annual primary energy saved and the average emission factor linked to the primary energy consumption of an accommodation in France.

### Here is the applied formula :

**Avoided emissions per dwelling (kg CO<sub>2</sub>eq/year)**

=

**Annual primary energy saving of a dwelling (KwhEP/year)**

x

**Average emission factor of one kWh of primary energy (kgCO<sub>2</sub>/kwhEP)**



The average emission factor of the energy consumption of housing in France depends on its energy mix.

According to the SDES (Data Service and Statistical Studies of the Ministry of Ecological Transition), Gas represents 31% of the energy mix of homes in France (all uses combined).

By simplifying and not overestimating the avoided emissions, the assumption that the energy mix used consists of 69% electricity and 31% gas and that it does not integrate wood and fuel oil, has been taken.

The estimation of the emission factor linked to the energy consumption of housing in France is based on the emission factors of the electricity and gas mix in France estimated by ADEME in 2020.

Methodological details of the emission factors are available on the websites of SDES and ADEME, for more information.

To estimate the emissions avoided per housing per year, the following calculation is therefore made :

$$\begin{aligned} &\text{Emissions avoided per housing} \\ &\quad (\text{kg CO}_2\text{eq/year}) \\ &= \\ &\quad \text{Annual energy savings} \\ &\quad \text{in primary energy of a dwelling} \\ &\quad (\text{KwhEP/year}) * 2.3 * \text{average emission} \\ &\quad \text{factor related to energy consumption of} \\ &\quad \text{housing in France (kgCO}_2\text{/kwh)} \end{aligned}$$

To calculate the total annual avoided emissions of the portfolio, the estimated result per dwelling is multiplied by the number of housing loans outstanding for the financing of the dwellings.





# APPENDIX





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## Crédit Mutuel Arkéa

**Independent practitioner's limited assurance report on selected information published in the NEU CP ESG Allocation and Impact Report as of 31/12/2022, related to the "NEU CP Green" issuances by Crédit Mutuel Arkéa between April and December 2022.**

Crédit Mutuel Arkéa

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*This report contains 5 pages and 1 page of appendix*





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## Crédit Mutuel Arkéa

Registered Office : 1, rue Louis Lichou, 29480 Le Relecq-Kerhuon

### **Independent practitioner's limited assurance report on selected information published in the NEU CP ESG Allocation and Impact Report as of 31/12/2022, related to the "NEU CP Green" issuances by Crédit Mutuel Arkéa between April and December 2022.**

To the President of Crédit Mutuel Arkéa,

In our capacity, and appointed, as external reviewer of the NEU CP ESG Allocation and Impact Report (the "**Report**") of Crédit Mutuel Arkéa (the "**Company**"), and in accordance with your request, we have undertaken a limited assurance engagement on the following information detailed in the Report ("**the Information**"), available on the company website:

- the allocation, as of December 31<sup>st</sup>, 2022 of funds raised by Crédit Mutuel Arkéa, through the Negotiable European Green Commercial Paper issued between April and December 2022 ("**the Issuing**") contained in the NEU CP ESG Allocation and Impact Report
- the projects financed by the Issuing and identified as eligible by the Company ("**Eligible Projects**");

The Information has been prepared in the context of the Green, Social & Sustainability Bond Framework defined by the Company, and in accordance with the basis of preparation set out in section 4.1 of the Report, available on the Company website<sup>1</sup>.

## **Our Limited Assurance Conclusion**

Based on the procedures we have performed as described under the section "Summary of the work we performed as the basis for our assurance conclusion" and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Information is not prepared, in all material respects, in accordance with the Green, Social & Sustainability Bond Framework and with the basis of preparation set out in section 4.1 of the Report (see below under "Understanding how Crédit Mutuel Arkéa has prepared the Information").

<sup>1</sup> [https://www.cm-arkea.com/banque/assurance/credit/mutuel/c\\_37866/fr/page-de-contenu-green-social-bonds](https://www.cm-arkea.com/banque/assurance/credit/mutuel/c_37866/fr/page-de-contenu-green-social-bonds)

## **Understanding how Crédit Mutuel Arkéa has Prepared the Information**

The absence of a commonly used generally accepted reporting framework or a significant body of established practice on which to draw to evaluate and measure sustainability information allows for different, but acceptable, measurement techniques that can affect comparability between entities and over time.

Consequently, the Information needs to be read and understood together with the Green, Social & Sustainability Bond Framework as well as the basis of preparation set out in section 4.1 of the Report.

## **Crédit Mutuel Arkéa responsibilities**

Management of Crédit Mutuel Arkéa are responsible for:

- Selecting or establishing suitable criteria for preparing the Information;
- Selecting the Eligible Projects regarding the eligible criteria;
- Preparation of the Information in compliance with the Issuing, the Green, Social & Sustainability Bond Framework and the basis of preparation set out in section 4.1 of the Report.
- Designing, implementing and maintaining internal control over information relevant to the preparation of the Information that is free from material misstatement, whether due to fraud or error.

## **Our responsibilities**

We are responsible for:

- Planning and performing the engagement to obtain limited assurance about whether the Information is free from material misstatement, whether due to fraud or error;
- Forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- Reporting our conclusion to the Directors of Crédit Mutuel Arkéa.

As we are engaged to form an independent conclusion on the Information as prepared by management, we are not permitted to be involved in the preparation of the Information as doing so may compromise our independence.

However, we have no responsibility for:

- Challenging the eligibility criteria as defined in the the Green, Social & Sustainability Bond Framework, and, in particular, we give no interpretation on the final terms of this Framework;





- Forming an opinion on the effective use of the funds allocated to the Eligible Projects after such funds have been allocated.

### **Professional Standards Applied**

We performed a limited assurance engagement in accordance with the International Standard on Assurance Engagements 3000 (Revised) Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board].

### **Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants].

In addition, [our firm applies International Standard on Quality Control 1 and accordingly] we have implemented a system of quality control including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, the ethical requirements, [professional standards] and French professional guidance.

Our work was carried out by an independent and multidisciplinary team with experience in sustainability reporting and assurance.

### **Summary of the Work we Performed as the Basis for our Assurance Conclusion**

We used our professional judgement to select procedures for our limited assurance engagement, and to assess the risk of material misstatement in the Verified Information, whether due to fraud or error.

To assess this risk, we took into account the Company's internal controls on the preparation of the Verified information in order to design appropriate assurance procedures, and not to express a conclusion as to the effectiveness of the Group's internal control system.

We conducted several interviews with the persons responsible for preparing the Verified Information, with those in charge of collecting the information and, where appropriate, with those responsible for internal control and risk management procedures.

Our work entailed:

- identify the persons responsible for the collect of information regarding the Report Information within the Company and, if applicable, for internal control and risk management procedures;
- assessing the robustness of the reporting procedures in terms of relevance, completeness, reliability, neutrality and understandability;

- verify the existence of internal control and risk management procedures implemented by the entity;
- verify the consistency of the published information presented in the Report with the accounting records and underlying data;
- review the processes used for data collection, aggregation, processing, monitoring and control, in particular the procedures relating to the allocation of funds as of June 30, 2022;
- On the basis of a representative sample of projects, namely refinanced loans:
  - verify the eligibility of these projects with regard to the eligibility criteria defined in the Green, Social & Sustainability Framework;
  - verify the concordance of the amounts of the projects as of December 31, 2023, with the accounts and the data underlying the accounts.
- verify that the amount of funds allocated to projects is less than or equal to the amount of these projects as of December 31, 2023.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

This report has been prepared within the context described above and may not be used, distributed or referred to for any other purpose

Paris La Défense, April 11<sup>th</sup> 2023

KPMG S.A.



Antoine Le Penven  
*Partner*



Brice Javaux  
*ESG Expert*  
*ESG Center of Excellence*



## Appendix



# ALLOCATION OF PROCEEDS

As of the date of this report, the amounts raised by Crédit Mutuel Arkéa's Green NEU CP issues have been fully allocated.

Eligible asset categories financed or refinanced by Green NEU CP issues (extract from framework) :

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**Crédit Mutuel**  
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**CREDIT MUTUEL ARKEA**

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