

TOBACCO POLICY



POLICY GOVERNING THE FINANCING
OF AND INVESTMENTS IN ACTIVITIES
EXPOSED TO THE TOBACCO INDUSTRY

Crédit Mutuel
ARKEA



CRÉDIT MUTUEL ARKÉA IS COMMITTED TO HEALTH AND WELL-BEING

The tobacco industry is harmful to the environment and to human health.

Each year around the world, it kills 8 million people, destroys 600 million trees and 200,000 hectares of land, wastes 22 billion tonnes of water and emits 84 million tonnes of CO₂ (source: WHO - May 2022).

Tobacco farming accelerates deforestation and deprives some parts of the world of the vital water and farmland needed to grow food. It is a major contributor to greenhouse gas emissions and hence global warming. Tobacco product waste is also a source of pollution.

In France, smoking is the leading cause of preventable death. It carries many health-related risks, potentially leading to heart disease, lung cancer, etc. Passive smoking is a public health issue that can affect all members of society: men, women, children, even the unborn child.

Given the industry's far-reaching effects on human health, Crédit Mutuel Arkéa has decided to adopt a tobacco exclusion policy. In keeping with our mission statement, at Crédit Mutuel Arkéa we are committed to working towards **a more sustainable economy and methods of financing**. We prioritise projects that support the climate transition and the preservation of natural capital, as well as the transition to an inclusive and



balanced society throughout local communities. We endeavour to ensure that our actions contribute to the achievement of key United Nations Sustainable Development Goals. Our tobacco policy is particularly relevant to the achievement of **Sustainable Development Goal 3: Good health and well-being**.

The Crédit Mutuel Arkéa tobacco policy targets **tobacco production and manufacturing activities, as well as certain tobacco distribution activities**. Our application criteria will be adapted to business lines to ensure that the most suitable approach is chosen, according to each specific financing opportunity.



SCOPE COVERED BY OUR POLICY

This policy **applies to the following Crédit Mutuel Arkéa activities:**

- ◆ Financing activities for professional and corporate clients, provided by Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest, Arkéa Banque Entreprises & Institutionnels and Arkéa Crédit Bail
- ◆ Private equity activities managed by Arkéa Capital and geared towards corporate clients, together with investments in funds
- ◆ Asset management activities performed by Federal Finance Gestion and Schelcher Prince Gestion
- ◆ Investments made by Suravenir and Suravenir Assurances
- ◆ Treasury placements made by Crédit Mutuel Arkéa's Treasury department
- ◆ Crédit Mutuel Arkéa investments in funds
- ◆ Electronic payment activities for merchants, as part of the acquirer risk management policy
- ◆ **Excluding:**
 - trackers and funds of funds in asset management;
 - separately-managed funds or accounts for which the client has imposed constraints. In such cases, we will propose that clients adopt the principles applied in this policy for their funds;
 - indirect assets under management in which the Suravenir control ratio is less than 50%;
 - external UL accounts and all UL accounts invested in trackers, structured products and underlying real estate vehicles. We will explore the various options with clients.

From 1 January 2023, we will be applying the following exclusion criteria:

> **Financing activities for professional and corporate clients**

No new onboarding will be permitted with any undertaking that has the following NACE code(s):

- **01.15Z** Growing of tobacco
- **12.00Z** Manufacture of tobacco products
- **46.35Z** Wholesale of tobacco products

Existing clients:

- Where the **production/manufacture of tobacco accounts for 50% or less** of the undertaking's total revenue¹: **financing shall not be permitted** (short and/or medium term) in respect of the activity connected to the production of tobacco.
- Where the **production/manufacture of tobacco accounts for more than 50%** of the undertaking's total revenue¹: **notice of termination shall be given and the underlying account(s) shall be closed.**

> **Private equity activities for corporate clients**

No new direct investment shall be permitted with any undertaking that has the following NACE code(s):

- **01.15Z** Growing of tobacco
- **12.00Z** Manufacture of tobacco products
- **46.35Z** Wholesale of tobacco products

New investments in funds by Arkéa Capital-managed vehicles: contracts shall systematically contain a **clause whereby the management company pledges** to refrain from investing, via the fund in question, in undertakings that have the following NACE code(s):

- **01.15Z** Growing of tobacco
- **12.00Z** Manufacture of tobacco products
- **46.35Z** Wholesale of tobacco products

> **Asset management activities performed by Federal Finance Gestion and Schelcher Prince Gestion, investments made by Suravenir and Suravenir Assurances and treasury placements made by Crédit Mutuel Arkéa's Treasury department**

No new investment shall be permitted in any undertaking²:

- in which the **production of tobacco accounts for more than 5%** of total revenue,
- or in which the **distribution of tobacco accounts for more than 15%** of total revenue.

> **Other activities**

As part of the Crédit Mutuel Arkéa acquirer risk policy relating to electronic payment activities for merchants, **we shall not process any bank card payments connected to the online sale of tobacco.**

New Crédit Mutuel Arkéa investments in funds: each contract shall systematically contain a **clause whereby the management company pledges** to refrain from investing, via the fund in question, in undertakings that have the following NACE code(s):

- **01.15Z** Growing of tobacco
- **12.00Z** Manufacture of tobacco products
- **46.35Z** Wholesale of tobacco products

¹ regardless of the client's APE (principal activity) code, with the exception of code "47 Retail trade"

² regardless of the sector of activity

4 APPLICATION OF OUR EXCLUSION PRINCIPLES

The exclusion principles described above shall apply to every identified undertaking and its subsidiaries. These principles will be implemented based on external databases or in-house analyses, in accordance with the scope of application.

Each Crédit Mutuel Arkéa entity covered by this policy shall be responsible for incorporating these principles into its own existing financing and investment policies, and into its monitoring and control procedures.

5 APPROVAL OF THE POLICY

This policy was approved by Crédit Mutuel Arkéa's Board of Directors on **25 November 2022**.

6 REVIEW OF THE POLICY

This policy will be **reviewed regularly** to ensure it is commensurate with Crédit Mutuel Arkéa's trajectory of progress regarding the consideration of ESG-Climate issues and the development of our policy to support health and well-being in local communities.



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