



SLP Environmental Revolution and Solidarity Fund

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1. Strategy for alignment with international climate change goals (Paris Agreements)

Crédit Mutuel Alliance Fédérale decided as early as 2020 to embrace “Together, Listen and Act” as a raison d’être and to embrace mission-oriented enterprise quality. Societal and environmental objectives have since been enshrined in its statutes to accompany the ecological and societal revolution.

On 5 January 2023, Crédit Mutuel Alliance Fédérale decided to create the Societal Dividend, a decisive step in accelerating its work towards a fairer and more inclusive society. Each year, the Societal Dividend mobilizes 15% of the Group's consolidated net income to finance ecological transformation and social and territorial solidarity actions.

The societal dividend is based on three pillars:

- patronage through solidarity and environmental sponsorship actions organized by the Crédit mutuel alliance fédérale Foundation in favor of associations as close as possible to the territories;
- inclusive pricing to support customers and members in the service of climate and solidarity;
- investment through the funding of the Environmental Revolution and Solidarity fund managed by Crédit mutuel Impact.

With regard to the latter pillar, the investment policy of the Environmental and Solidarity Revolution Fund aims to amplify the transformation of production models by intervening on the key areas of climate, environmental and societal transition, where the financial needs are very great and the other actors are not yet sufficiently present.

The fund invests mainly in France and other domestic markets in Crédit Mutuel Alliance Fédérale, notably in Germany, as well as in Belgium, Luxembourg and Switzerland.

It is designed to support technological disruption, promote the scaling up of companies and contribute to the financing of societal adaptation induced by climate change. It focuses on the key sectors identified by the international scientific community and the Secretariat-General for Ecological Planning, namely sobriety and decarbonization, and prioritizes six families of actions:

- Better preservation and enhancement ecosystems;
- Better production;
- Better housing;
- Better eating;
- Better transport;
- Better consume.

By the end of 2024, the fund had invested in 19 participations, including 11 participations around Better Production, including highly innovative new sources of decarbonized energy (osmotic energy, nuclear fusion, solid hydrogen storage, liquefied biogas, decarbonized molecules) and the transport of goods with a sailing drive, 4 around Better Eating and 1 for better housing (inclusive co-living) and 3 forests (over 6500 ha).

The Environmental Revolution and Solidarity fund has acquired nearly 6,500 ha of forest assets in France, with the aim of securing these carbon sinks in the long term, at a time when 30% of France's forests are threatened by climate change.

The amount of carbon sequestered by forests owned by the Revolution Environnement et Solidaire fund is based on Ademe's carbon emission factors, allowing:

- carry out annual measurements, independent of the period of detention and any financial dimension;
- be based on a public database maintained by an independent and recognized body.

This volume is measured by the product of the area of the forest (hectares) by the carbon factor of the base footprint of the Ademe (which depends on the characteristics and geographical location of the forest).

Forests	Gasoline / Region	surface	kgCO ₂ e/ha.an	Tons CO ₂ e/year
Vosges Nord	Mixed / Alsace	4503	-5540	-24,947
Amboise	Leafy / Center-Val de Loire	969	-5130	-4,971
Arpheuilles	Leafy / Center-Val de Loire	989	-5130	-5,074
TOTAL				-34,991

Data source: ADEME's full carbon database in English - v17.0

As part of carbon sequestration, the GHG absorption of the investments of the Environmental and Solidarity Revolution Fund amounts to nearly 35,000 tons of CO₂eq for the year 2024. By analogy with the methodology used for reporting carbon emissions, the status of absorptions as of 31 December 2024 is deferred without applying a prorata temporis for forests acquired in 2024.

2. Strategy for alignment with long-term biodiversity objectives

Two major natural carbon sinks capture half of greenhouse gas emissions: forests, in proportions closely related to how they are managed, and oceans.

The preservation of carbon sinks, the protection of natural resources and the development of biodiversity are among the priority areas of Crédit Mutuel Impact's investment policy, particularly through the Environmental Revolution and Solidarity Fund.

The Environmental Revolution and Solidarity fund has acquired nearly 6,500 ha of forest assets in France with the aim of securing these carbon sinks in the long term, at a time when 30% of France's forests are threatened by climate change. Without proper management, some French forests have even become carbon-emitting. Indeed, the intensive exploitation of these natural spaces or their poor maintenance can cause degradation that negates their climate benefits and destroys biodiversity reserves.

Crédit Mutuel Alliance Impact is committed to sustainably preserving its forest assets funded by the Societal Dividend, a value redistribution mechanism that aims to put financial performance at the service of collective utility, including the protection of biodiversity.

The forests acquired through the Environmental Revolution and Solidarity Fund are remarkable in Europe. The first, located in the Vosges du Nord, is one of the five largest private forests in France. It has nearly one million trees spread over seven different species (oak, beech, Douglas fir, Scots pine, etc.) that embellish an exceptional biodiversity, including nine ponds - wetlands that urgently need to be preserved for the climate. This forest was one of the first to be awarded the Forest Stewardship Council (FSC) label, which rewards forestry built with respect for its natural environment.

The second, located in Amboise, houses a forest massif that is one of the most beautiful oak groves in France, made up of sessile and pedunculate oaks and four ponds. The third is located in Arpheuilles.

All are managed according to the principles of a common forest management policy established by Crédit Mutuel Impact, which provides a framework for the sustainability of their management, defined, in line with the national forest and timber program, as "the stewardship and use of forests and woodlands in such a way and at such an intensity as to maintain their biological diversity, productivity, regeneration capacity, vitality and their capacity to fulfill, currently and for the future, the relevant ecological, economic and social functions at local, national and global levels and that they do not cause damage to other ecosystems". Forestry managers use mixed forest management with continuous cover to preserve natural capital as well as possible. The performance of their management is measured in particular by taking into account the sequestration of carbon from forests and the preservation or even increase of biodiversity.

Thus, with regard to the preservation of the carbon sink and the limitation of carbon emissions linked to the exploitation of the forest:

- the harvest is systematically less than or equal to the annual growth of the forest (except for emergency cutting in case of specific risks) in order not to erode the forestry capital and to preserve the carbon sequestration capacity;
- cut timber is primarily used for short-circuit timber sales.

With regard to the implementation of best practices promoting biodiversity, the forestry management implemented shall:

- promote natural regeneration to preserve the genetic diversity potential of indigenous species when they are well adapted to the geographical situation of the forest;
- promote the diversity of species during hammering;
- select micro-habitat trees to be conserved;
- limit the compaction of soil that depletes microfauna;
- leave dead wood on the ground and promote micro-habitats;
- create islands of senescence;
- respect the seasonality of the fauna and flora and in particular the period of reproduction of the fauna;
- leave the ponds in their natural state.

In order to measure the capacity of forest stands to host animal, plant and fungal species, the measurement of the potential biodiversity index (PBI) is being deployed. The tool is based on questionnaires differentiated by location, habitat type and survey. It allows on a scale of 1 to 5 to score the following ten criteria:

- the number of indigenous species;
- vertical structures of vegetation;
- the volume of large standing dead wood;
- the volume of dead wood on the ground of large size;
- the volume of very large living timber;
- the number of live trees with dendromicohabitats;
- the existence and preservation of open flowering environments;
- the temporal continuity of the wooded state;
- the existence and preservation of aquatic environments;
- the existence and preservation of rocky environments.

The objective of this measure is to take stock of the situation and to steer the value of this index with a view to continuous improvement.

3. ESG Risk Management

a) Control device

Crédit Mutuel Impact duplicates Crédit Mutuel Alliance Fédérale's overall risk control and control framework. It is structured around three lines of defense: the operational line, the risk management function line and the internal audit function line. This organization complies with regulatory obligations with the three required functions: continuous control, compliance and periodic control. The monitoring system is implemented on the Environmental Revolution and Solidarity Fund.

The control system is organized in several levels:

- First level, operational or hierarchical controls: ongoing and operational monitoring is carried out by Crédit mutuel Impact employees;
- the second-level checks carried out:
 - o by the compliance and internal control officer;
 - o cross-functional supervisory teams (Crédit Mutuel Alliance Fédérale on-going monitoring and compliance functional lines);
- third-level controls are carried out by the Group's Inspectorate General.

The first and second level of control work is deposited on a control restitution tool. The level of control coverage and the results are shared with the governing bodies in their executive and supervisory role.

b) Taking ESG criteria into account in risk management

Non-financial risks, including the assessment of physical, transition and liability risks related to climate change and biodiversity are covered by this organization. These include:

- verification of compliance with sectoral policies;
- verification of the existence of an extra-financial policy of the project owner, or at least of an appetite for ESG issues at the level of the managers of the company receiving funding;
- verification of the proper use of internal ESG risk measurement tools and the development of the roadmap;
- verification of the consideration of sustainability risks and the measurement of significant key impacts;
- verification of the collection of the key indicators of the Environmental Revolution and Solidarity Fund and of the minimum provisions laid down in their statutory and contractual provisions;
- verification of compliance with reporting obligations;

and more broadly the verification of the proper application of the management company's ESG procedures.

4. Continuous improvement plan

Thematic	Areas of improvement
Quantifying the financial impact of key ESG risks	Data collection and reliability continues, particularly for principal adverse indicators assessments and physical climate risk assessments.