

# Crédit mutuel Impact

## *Sustainability Risk Integration Policy*

**June 2025**

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## 1. Scope of the policy

This policy concerns Crédit Mutuel Impact, a portfolio management company within Crédit Mutuel Alliance Fédérale, whose managed capital is geared towards the development of small and medium-sized enterprises and the support of innovative projects.

Investments are made in unlisted instruments mainly through:

- the Environmental Revolution and Solidarity Fund, set up in June 2023 and funded by Crédit mutuel Alliance Fédérale's societal dividend. It is an impact fund that aims to amplify the transformation of production and consumption patterns and to intervene in projects with a high environmental, climate and societal impact for which financial needs are high and where few actors are present;

Its portfolio is organized around the six themes of ecological planning: better transport, better housing, better consumption, better eating, better production, and better preservation and enhancement of our ecosystems. With a broad investment scope, the fund engages with technology breakthrough companies and facilitates the scaling up of emerging sectors as well as societal and inclusive transformation. The fund's investment policy prioritizes the environmental added value of industrial players and the long term;

- the SILOE infrastructure fund, invested in France in the field of renewable energies, electric mobility and thermal decarbonization of buildings;
- the Kairos Alpha FPCI fund for professional and related investors.

The *Sustainable Finance Disclosure Regulation* (EU) 2018/2088 (SFDR.) has strengthened the communication to subscribers on sustainability risk and the integration of environmental, social and governance criteria in the investment strategy. The funds are to be classified into three categories:

- the so-called Article 6 funds: general rule of communication common to all funds within the pre-contractual documentation, as regards whether or not the sustainability risk is taken into account;
- Article 8 funds: the funds covered by this Article systematically incorporate environmental and social characteristics. They shall promote these characteristics provided that the companies in which the investments are made apply good governance practices;
- article 9 funds: the funds under this article contribute to a defined and quantifiable environmental and/or social objective, for example in terms of reducing carbon emissions. These products can also have a social purpose.

More than 95% of the stock managed by Crédit Mutuel Impact is covered by the funds Articles 8 (SILOE Infrastructure Fund) and 9 (Revolution Environnement et Solidaire Fund) and it is on this perimeter that Crédit Mutuel Impact implements its sustainability policy.

## 2. Objective

The purpose of this document is to present how Crédit Mutuel Impact policies and procedures incorporate sustainability risks.

It should be read in addition to the consolidated annual sustainability risk statement.

### 3. Sustainable investment, dual materiality and sustainability risk

#### 3.1. *Crédit mutuel Impact's Definition of Sustainable Investment*

Article 2-17 regulation 2019-2088 defines sustainable investment as:

- “an **investment in an economic activity that contributes to an environmental objective**, as measured for example by key resource efficiency indicators on energy use, renewable energy, raw materials, water and land use, waste generation and greenhouse gas emissions, and impacts on biodiversity and the circular economy,
- **or an investment in an economic activity that contributes to a social objective**, in particular an investment that contributes to the fight against inequality or promotes social cohesion, social integration and labor relations, or an investment in human capital or economically or socially disadvantaged communities,
- **provided that such investments do not cause material prejudice to any of those objectives,**
- **and that the companies in which the investments are made apply good governance practices**, in particular with regard to sound management structures, staff relations, remuneration of competent staff and tax compliance.”

Crédit Mutuel Impact uses this definition to achieve the following objectives.

- On environmental impact:
  - o climate change mitigation;
  - o adaptation to climate change;
  - o the transition to a circular economy;
  - o the protection and restoration of biodiversity and ecosystems;
  - o sustainable use and protection of aquatic and marine resources;
  - o pollution prevention and control.
- On social and societal impact:
  - o cohesion and social integration;
  - o combating inequalities;
  - o economically or socially disadvantaged communities;
  - o human capital.

Crédit Mutuel Impact analyzes the environmental, governance and human capital development practices of firms in which investments are made to determine whether investments made and targets are sustainable. The methodology of the analysis is based on:

- reference frameworks (internal and regulatory) to measure both negative and positive impacts of investments;
- exchanges with funded companies (which are not required to publish a non-financial statement of performance).

#### 3.2. *Dual materiality and consideration of sustainability risks*

The concept of dual materiality emphasizes that the two dimensions, financial and impact, are interdependent and must be taken into account jointly in the overall assessment of a company's performance.

In particular, in addition to the positive impacts of investments, management companies are required to consider sustainability risks that represent an environmental, social or governance event or situation that, if they occur, could have a significant negative impact, actual or potential, on the value of the investment.

Crédit Mutuel Impact recognizes that its business, as well as the assets it helps finance, are likely to have negative impacts on the climate and environment (greenhouse gas emissions, biodiversity, water, waste), social, personnel and governance issues. The main negative impacts are monitored throughout the investment process, from pre-investment to divestiture, including through:

- monitoring controversies and enforcing normative exclusions, including compliance with the principles of the UN Global Compact and the OCDE Guiding Principles;
- strict compliance with sectoral exclusions: Crédit Mutuel Impact does not directly or indirectly invest, guarantee or grant financial or other support to companies or entities that do not comply with the Crédit Mutuel Alliance Fédérale Sectoral Policies described in its Universal Registration Document (URD) available on the BFCM website (RSM/sectoral-policies section);
- the use of an internal questionnaire set up to measure, monitor and control the negative impacts of its investments and promote positive environmental, social and governance impacts;
- regular measurement of sustainability risks and their evolution.

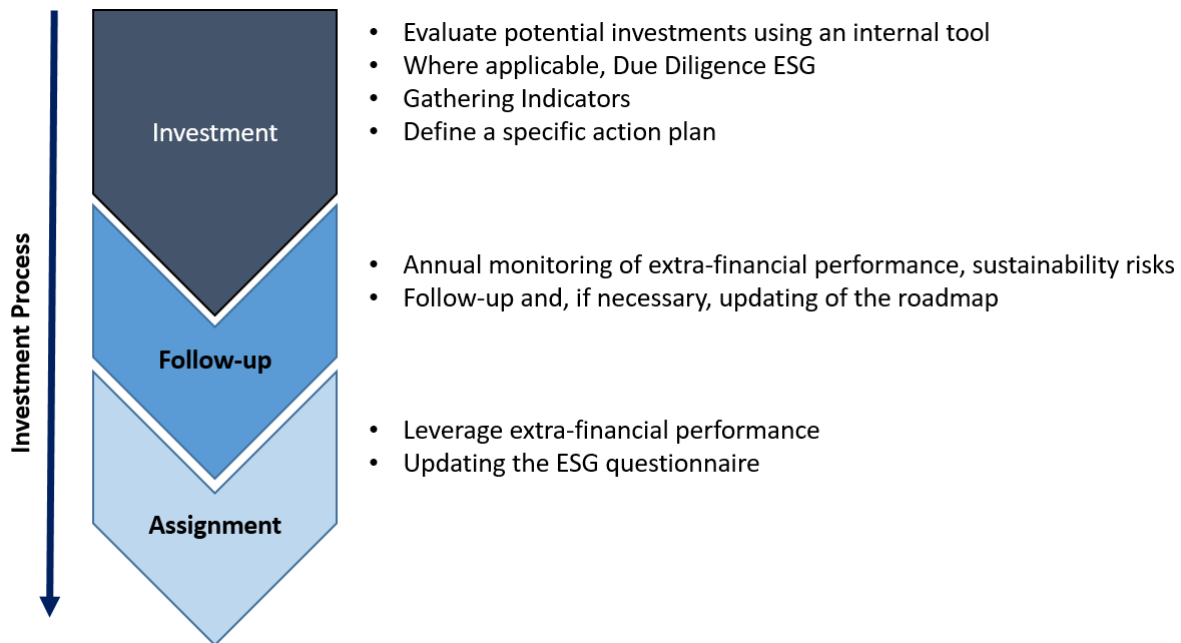
### ***3.3. Commitments with stakeholders***

Crédit Mutuel Impact undertakes, for the investments made through the Article 8 and Article 9 SFDR. funds, to work exclusively with stakeholders who have developed an extra-financial policy or who demonstrate an appetite for environmental, social and societal and governance (ESG) issues, and to support companies and project promoters in their extra-financial approaches.

### ***3.4. Integration of analysis of environmental, social and governance criteria into management company processes***

The analysis of environmental, social and governance criteria is the subject of a study at all stages of the investment cycle of the Siloé Infrastructure and Environmental Revolution and Solidarity funds and then of a regular follow-up, based in particular on the initiation on an internal questionnaire, the key points of which are updated every year.

The roadmap shall be fed as necessary into the investment phase and regularly updated with the relevant counterparty.



## 4. Distribution of roles and responsibilities for sustainability risk

The prioritization of the main negative impacts and their consideration shall be defined with the subscribers to the Siloé Infrastructure and Environmental Revolution and Solidarity Funds, in particular as regards the monitoring of the indicators referred to in Table 1 of Annex 1 to Delegated Regulation (EU) 2022/1288 and the additional indicators (at least one of Table 2 and at least one of Table 3 of that Annex).

The collection of sustainability information is carried out by the management team with the support of the impact experts of the management company, on a reporting basis of the funded companies:

- investment: depending on the results of the evaluation, a plan of actions to prevent and/or control negative impacts can be formalized. The plan shall include, in particular, the list of actions to be carried out, the timetable for deployment;
- in the monitoring phase at least annually, relying as necessary on the contractual framework provided for in the shareholders' agreement. Monitoring of the action plan set out in the investment is regular.

The carbon emissions scope 1 (direct emissions), scope 2 (indirect energy emissions) and scope 3 (indirect emissions other than within scope 2) are calculated based on the life cycle analyzes of the funded companies (global approach), which produce the product between the functional unit of reference for the fiscal year and the appropriate carbon intensity factor. For scope 3, the calculation strives to take into account the entire value chain and encourages funded companies to use specialized external firms to measure a reliable carbon balance. This is where the potential margins of error are most significant, and Crédit Mutuel Impact is making best efforts to deepen the measures in close consultation with the funded companies.

## 5. Sustainability Risk Reporting

Crédit Mutuel Impact shall publish a consolidated annual statement of the main negative impacts of its investment decisions on its website in accordance with Article 4 of SFDR. 2019/2088 and Article 5 of Delegated Regulation (EU) 2022/1288 which refers to Annex 1 and Table 1 of that Regulation.

In this context, the following indicators are published:

- on the environmental aspect:
  - Greenhouse gas emissions (sum of scopes 1,2,3) in tons of equivalent CO<sub>2</sub>;
  - Carbon footprint of the investment, in tons of CO<sub>2</sub> equivalent per million euro invested;
  - Carbon intensity of companies benefiting from the investments;
  - Share of investments in companies active in the fossil fuel sector;
  - Share of the energy consumption and production of companies receiving investment from non-renewable energy sources compared to that from renewable energy sources;
  - Energy consumption per million euro of turnover of companies receiving investments, by sector with a high climate impact;
  - Share of investments in companies with sites/establishments located in or near biodiversity hotspots, if the activities of these companies have a negative impact on these hotspots;
  - Tons of discharges to water from companies receiving investments per million euro invested, on a weighted average basis;
  - Tons of hazardous waste and radioactive waste produced by the companies receiving investments, per million euro invested, on a weighted average basis;
  - Average amount of water consumed by the companies benefiting from the investments (in cubic meters), per million euro turnover
- on the social side:
  - Share of investment in companies that have participated in violations of the principles of the UN Global Compact or the OCDE Guidelines for Multinational Enterprises;
  - Share of investment in companies that do not have a compliance policy to monitor compliance with the principles of the UN Global Compact or the OCDE Guidelines for Multinational Enterprises, or complaint or dispute resolution mechanisms to address such violations;
  - Gender Equality Index:  $(\text{Average hourly wage of women} - \text{Average hourly wage of men}) / (\text{Average hourly wage of men})$ ;
  - Share of women in governance bodies of funded companies;
  - Share of investment in companies involved in the manufacture or sale of controversial weapons (anti-personnel mines, cluster munitions, etc.);
  - Share of investment in companies without a policy for preventing accidents at work.

The main negative impacts measured at fund level are further commented on in the periodic reports annexed to the annual management report shared with policyholders (as modeled in Annexes IV and V to Delegated Regulation (EU) 2022/1288).