

June 2024
Declaration on the main negative impacts
investment decisions on sustainability factors

The following statement is standardized and complies with the requirements of Article 5 of Delegated Regulation (EU) 2022/1288 which refers to Annex 1 and Table 1 of that Regulation.

Actor: Crédit Mutuel Impact (LEI 969500KAP3BUO3ALQT79)

Summary

Crédit Mutuel Impact takes into account the main negative impacts of its investment decisions on sustainability factors. This document is the consolidated statement of the main negative impacts on the sustainability factors of Crédit mutuel Impact and its subsidiaries.

This statement on the main negative impacts on sustainability factors covers a reference period from 1.01.2023 to 31.12.2023.

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 contributes to 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 of controversies and application of normative exclusions including compliance with the principles of the UN Global Compact and the OCDE Guiding Principles
- strict compliance with sector-specific exclusions: Crédit Mutuel Impact does not invest, guarantee or provide any financial or other support, directly or indirectly, to companies or entities that do not comply with the Crédit mutuel alliance fédérale Sector-Specific Policies described in its Universal Registration Document (URD) (section 3.8.7) available on the BFCM website (section RSM/sector-specific policies);
- 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;

Under the rules (EU SFDR. 2019/2088 supplemented by EU Delegated Regulation 2022/1288), Crédit mutuel Impact describes and quantifies the main negative impacts on an annual basis and publishes them on its website.

Description of the main negative impacts on sustainability factors and historical comparison

For the first significant impact reporting exercise, figures for year 2022 are not published.

Indicators applicable to investments in companies (Table 1)			
Indicators of negative impact on sustainability		Measuring element	Impact 2023
<i>Climate and other environmental indicators</i>			
Greenhouse gas emissions	1. GHG emissions	Level 1 GHG emissions in tons of CO2 equivalents	-24,779
		Level 2 GHG emissions in tons of CO2 equivalents	28
		Level 3 GHG emissions in tons of CO2 equivalents	16,003
	2. Carbon footprint	Carbon footprint in tons of CO2 equivalents per million euro invested	-15
	3. GHG intensity of the companies benefiting from the investments	GHG intensity of the companies benefiting from the investments	-4,037
	4. Exposure to fossil fuel companies	Share of investment in companies active in the fossil fuel sector (%)	0%
Greenhouse gas emissions	5. Share of consumption and production of non-renewable energy	Share of energy consumption and production of investment companies from non-renewable energy sources compared to renewable energy sources expressed as a percentage of total energy sources (%)	6%
	6. Energy intensity by high climate impact sector	Energy consumption in GWh per million euro of turnover of companies receiving investments, by sector with high climate impact	0.2
Biodiversity	7. Activities with a negative impact on biodiversity-sensitive areas	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 (expressed in %)	0%
Water	8. Discharges into water	Tons of discharges to water from companies receiving investments per million euro invested, weighted average	0
Waste	9. Ratio of hazardous and radioactive waste	Tons of hazardous waste and radioactive waste produced by the companies receiving investments, per million euro invested, weighted average	0

Indicators of negative impact on sustainability	Measuring element		Impact 2023
<i>Indicators related to social, personnel, human rights and anti-corruption issues</i>			
Social and personnel issues	10. Violations of the principles of the United Nations Global Compact and the OCDE Guidelines for Multinational Enterprises	Share of investment in companies that participated in violations of the UN Global Compact or OCDE Guidelines for Multinational Enterprises (expressed in %)	0%
	11. Lack of compliance processes and mechanisms to monitor compliance with the principles of the United Nations Global Compact and 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 (expressed in %)	24%
	12. Uncorrected gender pay gap	Unadjusted average gender pay gap in companies receiving investments (expressed in monetary amount converted into euro)	11%
	13. Gender diversity in governance bodies	Average ratio of women to men in the governance bodies of the companies concerned, as a percentage of the total number of members	21%
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons or biological weapons)	Share of investment in companies involved in manufacturing or selling controversial weapons (expressed in %)	0%

<i>Indicators applicable to investments in sovereign or supranational issuers</i>			
Environment	15. GHG intensity	GHG intensity of the investment countries in tons of CO2 equivalents per million euro of gross domestic product	Not applicable
Social	16. Investment countries with violations of social norms	Number of investment countries with breaches of social standards in accordance with international treaties and conventions, United Nations principles or, where applicable, national law (numerical value)	Not applicable
		Proportion of the total number of countries benefiting from investments experiencing violations of social norms in accordance with international treaties and conventions, United Nations principles or, where applicable, national law (expressed in %)	Not applicable
<i>Indicators applicable to investments in real estate assets</i>			
Fossil Fuels	17. Exposure to fossil fuels via real estate assets	Investment share in real estate assets used for extraction, storage, transport or production of fossil fuels (expressed in %)	Not applicable
Energy Efficiency	18. Exposures to energy inefficient real estate assets	Share of investment in energy inefficient real estate assets (%)	Not applicable

Additional indicators (Table 2)			
Negative impact on sustainability	Negative impact on sustainability factors (qualitative or quantitative)	Measuring element	Impact 2023
<i>Climate and other environmental indicators</i>			
Water, waste and other materials	Water use and recycling	1. Average amount of water consumed by the companies benefiting from the investments (in cubic meters), per million euro turnover	183
<i>Indicators related to social, personnel, human rights and anti-corruption issues</i>			
Social and personnel issues	Investments in enterprises without a policy for preventing accidents at work	Share of investment in companies without a policy for preventing accidents at work (expressed in %)	6%

Description of policies to identify and prioritize major negative impacts on sustainability factors

Crédit Mutuel Impact identifies and prioritizes the main negative impacts on sustainability factors in its CSR process, which was last updated in May 2024 and also serves as a policy.

In particular, this document shall explain the 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 regarding 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);
- their collection is carried out by the management team, on a declaratory basis of the companies financed and relying as necessary on the contractual framework provided for in the shareholders' agreement. The scope 1 (direct emissions), scope 2 (indirect energy emissions) and scope 3 (indirect emissions other than within scope 2) carbon emissions are calculated using the life cycle analyzes of the funded companies (global approach), which produce the product between the functional unit of reference for the year and the appropriate carbon intensity factor;
- For scope 3, the calculation shall endeavor to take into account all categories of ADEME's BEGES method where the carbon intensity factors of the footprint base are prioritized (unless the funded company uses specialized external firms to measure its carbon balance with specific source databases).

This is where the potential margins of error are most significant, and Crédit Mutuel Impact is making the best efforts to deepen the measures in close consultation with the funded companies. In particular, analysis of the distinction between fossil and biogenic carbon is ongoing. In the meantime, the above numbers have been determined using a very conservative approach.

Engagement Policy

The strategy of engagement with issuers or with management companies and its implementation are summarized in the report prepared under Article 29 of the Climate Energy Act (Section D) and published on the website.

The shareholder engagement policy and its implementation report are also public and published on the website (regulatory framework section).

References to international standards

Consistent with its commitment to address climate change and promote asset financing to achieve the Paris Agreements, Crédit Mutuel Impact relies on:

- European taxonomy, particularly in the selection of projects and project promoters operating in sectors where the decarbonization challenges are most significant;
- the International Climate Initiative recognized by the Principles for Responsible Investment.