

**NET
ZERO
BANKING
ALLIANCE**
CRÉDIT
MUTUEL
ALLIANCE
FÉDÉRALE

PUBLICATION
OF 2030
TARGETS

CRÉDIT MUTUEL GROUP BACKGROUND

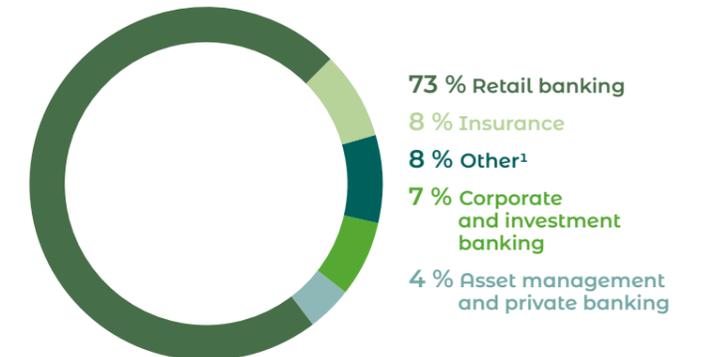
The Crédit Mutuel group operates a full range of banking and insurance activities through its 19 federations and four regional groups, including Crédit Mutuel Alliance Fédérale, and their subsidiaries. It consists of a group of cooperative banking and financial institutions with deep roots in the regions and across France.

Its 84,600 employees serve 37.8 million customers,

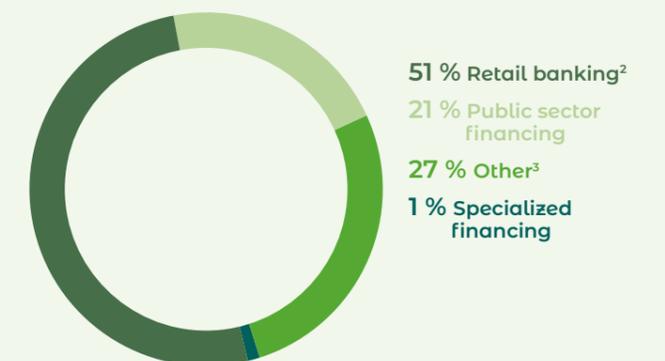
including 8.9 million mutual shareholders, to best meet the needs of individuals and regions.

With over 70% of its income generated by its retail banking activity, Crédit Mutuel reaffirms its role as a finance provider for the real economy.

With a firm focus on supporting individuals and small and medium-sized businesses, Crédit Mutuel has implemented social, environmental and climate initiatives adapted to the types of customers it serves.



BREAKDOWN OF NET REVENUE



**BREAKDOWN OF EXPOSURES
AT 12/31/2023**

1. Activities that cannot be assigned to another sector and subsidiaries involved purely in logistical support
2. Including mortgages, auto loans, consumer credit and loans to professionals and microenterprises.
3. 51% of which are loans to SMEs and mid-caps (excluding retail banking).

In response to societal and environmental challenges,

the Crédit Mutuel group set up a specific governance structure to guide its CSR strategy and also adopted a consolidated action plan, which was co-developed with the regional groups and approved by the Group's executive and supervisory bodies.

When taking climate and environmental risks into account, the Group applies the double materiality principle:

- >> assessment of the potential and proven impacts of climate change and environmental risks on all the group's activities, on the one hand; and
- >> assessment of the impacts of its activities on climate and environmental factors, on the other.

The Crédit Mutuel group joined the Net-Zero Banking Alliance on May 25, 2021 to comply with the goals of the Paris Agreement and align its activities with a carbon neutrality trajectory by 2050.

The NZBA alliance is part of the Glasgow Financial Alliance for Net Zero (GFANZ) and Race to Zero, a campaign supported by the UN.

It enables the financial sector to work towards a carbon neutrality objective by 2050, by complying with a sound and harmonized methodological framework.

The Crédit Mutuel group's involvement in the Net-Zero Banking Alliance

reflects its desire to align its activities with a pathway compatible with the Paris Agreement, in keeping with its previous commitments and the regional groups' own strategies.

THIS DOCUMENT PRESENTS
THE NET ZERO BANKING
ALLIANCE COMMITMENTS
OF CRÉDIT MUTUEL
ALLIANCE FÉDÉRALE

DISCLAIMER

Changes in the methodology developed and applied by Crédit Mutuel Alliance Fédérale may be reflected in future publications.

This is due to expected improvements in the availability and quality of non-financial data and proxies, which is a priority within Crédit Mutuel Alliance Fédérale's Mutualist Environmental and Solidarity Institute.

In the event of a major change in methodology, trajectories could then be calculated on these new bases in a transparent manner.

Finally, it should be noted that Crédit Mutuel Alliance Fédérale does not use any carbon offset scheme.

1. Crédit Mutuel Alliance Fédérale, Crédit Mutuel Arkea, Crédit Mutuel Anjou Basse Normandie, Crédit Mutuel Océan
2. Presented in its annual CSR report: creditmutuel.com/fr/publications/rapports-annuels.html

CRÉDIT MUTUEL GROUP BACKGROUND

Under its 2024-2027 strategic plan – Togetherness, Performance, Solidarity, and in accordance with its status as a benefit corporation, Crédit Mutuel Alliance Fédérale aims to lead the ecological and societal revolution to support the environmental transformation of its customers and contribute to the decarbonization of the economy.

This ambition is reflected in the strategic plan by a target of reducing the carbon footprint of Crédit Mutuel Alliance Fédérale's balance sheet by 20% by 2027 compared with 2024.

The sectoral commitments made through the Net Zero Banking Alliance contribute to this target of the strategic plan, along with all the sector policies already in place for several years (oil & gas, coal, shipping, air transport and farming sector policies).

The aim of the Mutualist Environmental and Solidarity Institute, established in March 2024, is to base the strategy for reducing financed emissions on indisputable sector expertise and on data and tools adapted to the needs of the various business lines.

In particular, the Institute will monitor the NZBA trajectories, one of the levers for supporting the targets related to decarbonization of the relevant sectors.

Crédit Mutuel Alliance Fédérale is in the process of fine-tuning a calculation of financed emissions using the PCAF (Partnership for Carbon Accounting Financials) methodology recommended by the European Central Bank.

This calculation is based on a bottom-up approach, with emissions calculated for each contract according to its specific characteristics.

The financing activities included in the calculation of financed emissions are loans (personal and business loans, including project and asset financing), bonds and shares of listed and unlisted companies recorded on the balance sheet.

It should be noted that several types of financing cannot be covered by the current PCAF methodology, such as consumer loans where the financed asset is unknown, short-term loans such as factoring, derivatives, etc.

To ensure consistency among the various objectives, this calculation of financed emissions, carried out according to the PCAF guidelines, serves as the basis for establishing the scope considered in each sector for the NZBA trajectories.

Currently, the financed emissions calculator and the NZBA trajectories concern the French activities of Crédit Mutuel and CIC together with CIC's foreign branches, which account for the majority of balance sheet exposures. Foreign subsidiaries such as Targobank, Beobank, Banque du Luxembourg and CIC Suisse are not covered.

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SUMMARY OF COMMITMENTS

Sector	Scope	Scenario	Metric	Baseline year - 2022	2030 target	Change 2022 -2030
Cement	Cement manufacturers scopes 1 & 2	IEA NZE 2050 v2023	kg CO ₂ /T de cement	674	502	- 26 %
Steel	Steel producers scopes 1 & 2	IEA NZE 2050 v2023	kg CO ₂ /T steel	400 <small>(few counterparties in the portfolio, already performing)</small>	1 263 <small>(target: remain below the IEA's curve to include potential new customers)</small>	NC
Aluminium	Aluminum producers scopes 1 & 2	IEA NZE 2050 v2023	kg CO ₂ /T aluminum	0 <small>(no counterparties in the current portfolio)</small>	3 695 <small>(target: remain below the IEA's curve to include potential new customers)</small>	NC
Electricity production	Electricity producers scope 1	IEA NZE 2050 v2023	kg CO ₂ /kWh produced	0,12	0,05	- 58 %
Oil & gas	Extraction, production and storage scopes 1 & 2 for all + 3 for upstream	IEA NZE 2050 v2023	MT CO ₂ e <small>(absolute emissions)</small>	2,2	1,6	- 26 %
Coal	Coal exit by 2030 policy					
Shipping	Ships scopes 1 & 3 (Well-to-Wake)	DNV	g CO ₂ e/ DWT.nm	9,03	5,24 <small>(with the same portfolio composition)</small>	- 42 %
Air transport	Aircraft scopes 1 & 3 (Well-to-Wake)	Mission Possible Partnership Prudent Scenario	g CO ₂ e/ RTK	934	780	- 16 %
Automotive industry	Light vehicle manufacturers scope 3 (Tank-to-Wheel)	NZE AIE 2050 v2023	g CO ₂ / p.km	95	52	- 45 %
Residential real estate	Residential housing scopes 1 & 2	CRREM	kg CO ₂ / m ²	19	12	- 37 %
Commercial real estate	No quantified target at this stage					
Farming	No quantified target at this stage					

Quantified NZBA commitments are in place for 52% of the balance sheet exposures covered by a calculation of financed emissions under the PCAF methodology.

NET ZERO BANKING ALLIANCE CEMENT

SECTOR-RELATED ISSUES

Cement production currently accounts for around 7% of global CO₂ emissions. It is largely concentrated in emerging markets and developing economies (particularly in Asia).

In the 2023 version of its NZE 2050 scenario, the International Energy Agency predicts that global demand for cement will increase by 2030, but then decrease from 2050 onwards.

Two-thirds of emissions from the sector come from processes and are generated by the chemical reaction that occurs in the furnace (the clay and limestone mixture emits CO₂ to become clinker) while one-third of emissions come from the fuels used to power the furnace (coal and a little petroleum coke are mainly used at present)⁴.

The decarbonization levers are mainly the use of alternative fuels (biomass, green hydrogen), energy efficiency, CCUS (Carbon Capture, Use, Storage) and the increased use of alternative materials in cement to replace part of the clinker (the active ingredient and highest emitter in the manufacturing process).

DECARBONIZATION SCENARIO

Given that cement production is mainly concentrated in Asia, Crédit Mutuel Alliance Fédérale has chosen to use the global scenario of the International Energy Agency: Net Zero Emissions 2050, 2023 version, to define its decarbonization target for the cement sector.

This scenario, which forecasts both an increase in cement production and the gradual implementation of decarbonization solutions between 2022 and 2030 (the most significant by 2030 being alternative materials, bioenergies and CCUS), proposes a 21% reduction in global emissions in the cement sector by 2030.

Taking these actions would therefore enable the carbon intensity of cement production (direct emissions and indirect electricity-related emissions) to be reduced by 26%, from 623 to 466 kg CO₂/T of cement produced⁵.

3. Source : International Energy Agency
4. Source : "Decarbonizing the cement-concrete sector" report published by the Shift Project - 2022
5. Source : Recalculated data based on the International Energy Agency's NZE 2023 scenario to establish a scope 1 + 2 intensity

SCOPE OF THE COMMITMENT

Scope of activity

To comply with the IEA NZE 2050 scenario and cover the most carbon-emitting part of the sector, the scope is focused on cement manufacturers (NACE code 2351).

Metric

kg CO₂/t of cement (scope 1 & 2 gross emissions of producers).

Data source

Annual reports of counterparties and data providers (related PCAF score: 2).

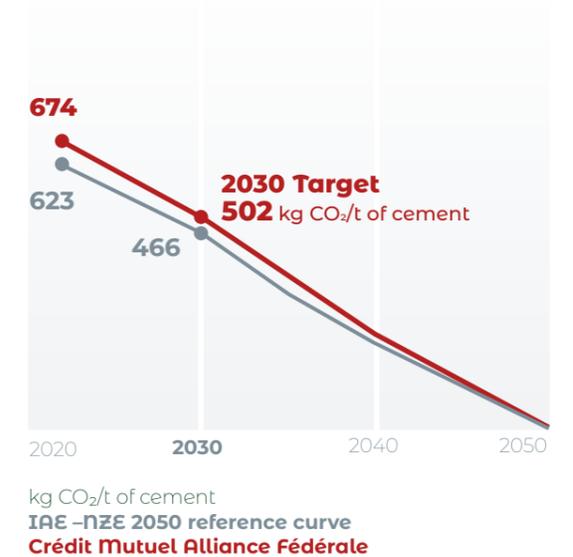
Financing activity

Loans, bonds and shares of listed and unlisted companies that fall within the scope of calculation of financed emissions according to the PCAF methodology.

Notes and limits

The IEA scenario uses a metric ton of cement as a unit. However, many companies express their performance in cementitious product or cement equivalent (as there is little difference between the two, the unit available in the publications is used).

Moreover, most companies publish and make commitments regarding their scope 1 intensity in net terms. To align with the IEA scenario, gross scope 1 emissions have been recalculated and scope 2 added.



2030 TARGET

At 12/31/2022, Crédit Mutuel Alliance Fédérale's portfolio was slightly higher than the sector average according to the IEA scenario.

Crédit Mutuel Alliance Fédérale wishes to support its customers in the transformation of the sector by continuing to finance companies that already comply with the sector's decarbonization trajectory or have pledged to convert their production methods.

NET ZERO BANKING ALLIANCE STEEL

SECTOR-RELATED ISSUES

Steel production, largely concentrated in emerging markets and developing economies, now accounts for 7-11% of global CO₂ emissions⁶.

Given that steel is an essential input for other industries (automotive, construction, household appliances, etc.), production is expected to increase worldwide by 2050.

Primary steel production processes have a high carbon intensity due to a high dependence on fossil fuels, particularly coal (blast furnace production).

Recycled scrap metal can be used in electric arc furnaces (secondary production), which improves carbon performance.

Other decarbonization levers exist but are still in the development stage: the efficiency of materials (particularly to replace coal derivatives as reducing materials), the use of green hydrogen and CCUS (Carbon Capture, Use and Storage).

Electrification, bioenergy and improving energy efficiency are also reduction pathways for primary production.

Changes in the energy mix in steel production are therefore essential.

DECARBONIZATION SCENARIO

Given that steel production is mainly concentrated in Asia, Crédit Mutuel Alliance Fédérale has chosen to use the global scenario of the International Energy Agency: Net Zero Emissions 2050, 2023 version, to define its decarbonization target for the steel sector.

This scenario, which forecasts both an increase in steel production and the gradual implementation of decarbonization solutions between 2022 and 2030 (the most significant by 2030 being electrification, energy efficiency and hydrogen), proposes a 19% reduction in global emissions in the steel sector by 2030.

Changing the energy mix and implementing reduction measures would reduce the carbon intensity of steel production (direct emissions and indirect electricity-related emissions) by 27%, from 1,734 to 1,263 kg CO₂/T of gross steel produced⁷.

6. Source : International Energy Agency
7. Source : Recalculated data based on the International Energy Agency's NZE 2023 scenario to establish a scope 1 + 2 intensity

SCOPE OF THE COMMITMENT

Scope of activity

To comply with the IEA NZE 2050 scenario and cover the most carbon-emitting part of the sector, the scope is focused on primary steel manufacturers (NACE code 2410).

Companies engaged in the primary processing of steel, which accounts for 10% of carbon emissions related to steel production⁸, are not covered by this target.

Metric

kg CO₂/T of steel (scope 1 & 2 of producers).

Data source

Companies' annual reports (related PCAF score: 2).

Financing activity

Loans, bonds and shares of listed and unlisted companies that fall within the scope of calculation of financed emissions according to the PCAF methodology⁹.

8. Source : ADEME Sectoral Transition Plan – Steel
9. PCAF: Partnership for Carbon Accounting Financials



kg CO₂/t steel
IAE - NZE 2050 reference curve
Crédit Mutuel Alliance Fédérale

2030 TARGET

At 12/31/2022, Crédit Mutuel Alliance Fédérale's portfolio included companies that already have good carbon performance, much lower than the sector average. Crédit Mutuel Alliance Fédérale wishes to support the transition of the steel sector and continue to finance companies that pledge to convert their production methods and comply with the sector's decarbonization trajectory.

This is why the target is to remain below or equal to 1,263 kg CO₂/T of steel by 2030. It is higher than the baseline year value in order to finance the transition of our current and future customers. Each new future customer will need to provide its current performance and its 2030 projection (in kg CO₂/T of steel produced) to ensure that it is compatible with the selected trajectory.

NET ZERO BANKING ALLIANCE ALUMINUM

SECTOR-RELATED ISSUES

Aluminum production, concentrated in Asia, accounts for around 3% of global CO₂ emissions. Emissions produced by the sector have increased steadily over the past decade.

Aluminum is an important input for a number of technologies crucial to the energy transition and demand for it is expected to grow considerably by 2050. In particular, this metal will be a key ally in the production of lighter vehicles and an essential element of electrical infrastructure, solar panels and wind turbines. A decarbonized future therefore requires an increase in global production capacity.

Aluminum production generates greenhouse gas emissions because of the energy used to extract bauxite, transform it into alumina and electrolyze fused alumina as well as the emission of perfluorocarbons (particularly CF₄) during electrolysis of alumina. The manufacturing process consumes a large amount of electricity and resources.

The decarbonization levers are mainly decarbonization of electricity, given that electricity accounts for nearly 60% of emissions during the production process, technological breakthroughs in manufacturing processes (transition to technologies that can supply heat and steam without the use of fossil fuels and with carbon-free anodes) and the recycling of aluminum scrap.

In France, due to a more decarbonized electricity mix than in other regions, production plants generally perform well compared with the global average.

DECARBONIZATION SCENARIO

Given that aluminum production is mainly concentrated in Asia, Crédit Mutuel Alliance Fédérale has chosen to use the global scenario of the International Energy Agency: Net Zero Emissions 2050, 2023 version, to define its decarbonization target for the sector. It should be noted that, specifically for scope 2, the IEA ETP 2017 Below 2°C data is used.

This scenario, which forecasts both an increase in aluminum production and the gradual implementation of decarbonization solutions between 2022 and 2030 (particularly electricity decarbonization, energy efficiency and changes in manufacturing processes), proposes an 18% reduction in the sector's emissions by 2030.

Taking these actions would therefore enable the carbon intensity of aluminum production (direct emissions and indirect electricity-related emissions) to be reduced by 46%, from 6,897 to 3,695 kg CO₂/T of aluminum produced¹⁰.

¹⁰ Source: Recalculated data based on the International Energy Agency's NZE 2023 scenario for scope 1 and IEA ETP 2017 Below 2°C for scope 2.

SCOPE OF THE COMMITMENT

Scope of activity

to comply with the IEA's NZE 2050 scenario, the scope is focused on primary aluminum production (NACE code 2442).

Companies engaged in primary processing are not covered.

Metric

kg CO₂/t of aluminum produced (scope 1 & 2 of producers).

Financing activity

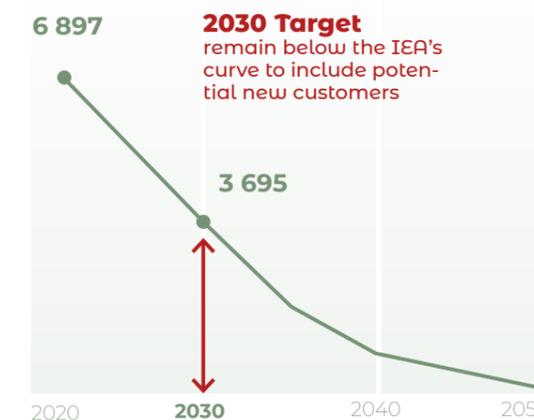
Loans, bonds and shares of listed and unlisted companies that fall within the scope of calculation of financed emissions according to the PCAF methodology.

At 12/31/2022, no counterparties that produce primary aluminum were included in the scope of calculation of financed emissions.

Notes and limits

Difficulties in identifying the share of activity related to secondary production (recycling) were encountered given that this activity is often combined with primary processing (rolling, extrusion, wire drawing, casting, surface treatment) and finished product manufacturing activities, the carbon intensity of which cannot be compared with that of the IEA scenario.

The scope was therefore limited to primary production.



kg CO₂/t aluminium
IAE -NZE 2050 reference curve
Crédit Mutuel Alliance Fédérale

2030 TARGET

At 12/31/2022, Crédit Mutuel Alliance Fédérale did not finance any producers of primary aluminum included in the scope of calculation of financed emissions.

There is therefore no value for the baseline year.

Crédit Mutuel Alliance Fédérale is committed to the transition of the aluminum sector and therefore wishes to finance counterparties whose physical intensity metrics are below the baseline scenario on the loan origination date or whose published decarbonization targets are in line with the 2030 trajectory of the baseline scenario.

NET ZERO BANKING ALLIANCE ELECTRICITY PRODUCTION

SECTOR-RELATED ISSUES

Today, electricity production is the main source of energy-related CO₂ emissions, accounting for 36% of these emissions. In 2020, CO₂ emissions linked to electricity production worldwide totaled 12.3 Gt, including 9.1 Gt related to combustion in coal-fired plants, 2.7 Gt to gas-fired plants and 0.6 Gt to oil-fired plants¹¹.

Electricity production is expected to grow by 2030 and 2050 given that electricity is a key lever for the decarbonization of other sectors:

- » Electrification of mobility, green hydrogen production, use of electricity in new industrial metallurgy processes, etc.

Electricity production is a sector whose decarbonization levers are the most mature, thanks to nuclear energy and the deployment of production infrastructure based on renewable sources: wind, solar, hydraulic, etc.

In France, the electricity production mix is already performing well, thanks to a high proportion of nuclear energy compared with other countries.

DECARBONIZATION SCENARIO

Crédit Mutuel Alliance Fédérale has chosen to use the global scenario of the International Energy Agency: Net Zero Emissions 2050, 2023 version, to define its decarbonization target for the electricity production sector.

This scenario, which forecasts a change in the energy sources in the electricity production mix, proposes a 60% reduction in production intensity, from 460g CO₂/kWh in 2022 to 186g CO₂/kWh in 2030.

Note that the 2023 version of the IEA scenario shows a higher intensity for 2030 than the 2021 version (which forecasted 138g CO₂/kWh).

Crédit Mutuel Alliance Fédérale, which already has a lower portfolio intensity than the global 2022 value calculated by the IEA, aims to be more ambitious than the target values of the various versions of NZE 2050.

11. International Energy Agency – NZE 2050 scenario, 2021 version

SCOPE OF THE COMMITMENT

Scope of activity

The scope covers electricity producing companies based on NACE code 3511, regardless of their size, and the specialized financing of electricity production projects.

The metric concerns scope 1 of electricity producers, which accounts for the majority of their scope 1&2 emissions.

Scope 3, which corresponds, among other things, to fuel extraction and production activities, is covered by the analysis of the oil & gas and coal sectors.

Metric

g CO₂/kWh produced (scope 1 of producers).

Data source

For projects: annual production in kWh and production source (solar, wind, gas, etc.) / for companies: mix calculated by companies, and production source and average emissions factors by source from ADEME (related PCAF score: 3).

Financing activity

Loans, bonds and shares of listed and unlisted companies and financing of projects that fall within the scope of calculation of financed emissions according to the PCAF methodology.



kg CO₂/kWh
IAE - NZE 2050 reference curve
Crédit Mutuel Alliance Fédérale

2030 TARGET

The calculation for 2022 covers project financing (in France and internationally; mostly renewable projects but also some gas and coal power plants being converted), and financing of businesses, mainly in France, which also include professionals and farmers installing solar panels, a key component of the environmental revolution embraced by Crédit Mutuel Alliance Fédérale.

Between now and 2030, Crédit Mutuel Alliance Fédérale's goal is to continue to develop new production projects using renewable sources.

This commitment is consistent with that initially made in early 2023 to have 90% low-carbon assets by 2030.

NET ZERO BANKING ALLIANCE OIL & GAS

SECTOR-RELATED ISSUES

Oil, natural gas and coal accounted for about four-fifths of the world's total energy supply in 2022.

In its NZE 2050 scenario, the International Energy Agency predicts that the surge of investments in clean energy will lead to a sharp drop in demand for fossil fuels.

The share of fossil fuels in the total energy supply would then fall to less than two-thirds by 2030 and less than one-fifth by 2050¹².

DECARBONIZATION SCENARIO

Crédit Mutuel Alliance Fédérale has chosen to use the global scenario of the International Energy Agency: Net Zero Emissions 2050, 2023 version, to define its decarbonization target for the oil & gas sector.

This scenario predicts that demand for oil and natural gas will decrease by around 20% by 2030 compared with 2022.

In terms of emissions, the scenario forecasts a 28% drop in emissions for oil and a 23% drop for gas between 2022 and 2030.

SCOPE OF THE COMMITMENT

Scope of activity

The scope covers companies active in the extraction, production and storage sectors (NACE codes 0610: Crude oil extraction / 0620: Natural gas extraction / 0910: Oil and gas extraction support activities / 3521: Production of gaseous fuels / 1910: Coking / 1920: Oil refining / 5210: Warehousing and storage / 8292: Packaging activities, related to the sector). Distribution and trade activities are not covered by the commitment. Producers of bio-methane, which generally have NACE code 3521 (Production of gaseous fuels), are excluded from the scope.

Metric

Absolute financed emissions in T CO₂e: scope 1&2 of all players and scope 3 of upstream players only, in order to limit double counting.

Data source

Data reported by companies when available and proxies to estimate absolute emissions. Data quality for this sector is fairly low, particularly for the calculation of scope 3 (related PCAF score: 5).

Financing activity

Loans, bonds and shares of listed and unlisted companies that fall within the scope of calculation of financed emissions according to the PCAF methodology.

12. Source : International Energy Agency - NZE 2050 scenario, 2023 version
13. Source : Crédit Mutuel - PS Hydro FR - octobre 2023 (e-i.com)

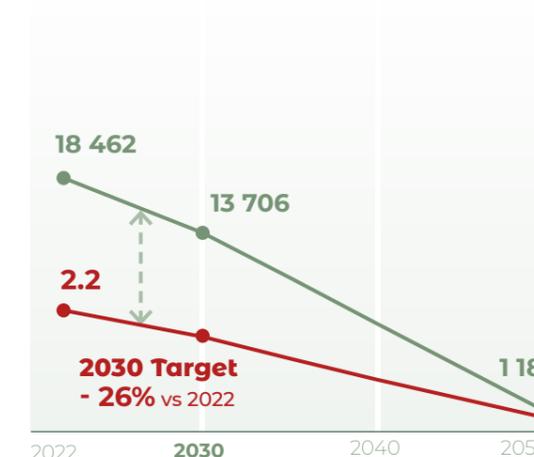
Limits

The calculation of financed emissions is based on the PCAF methodology. A calculation is done for each counterparty. Not all companies included in the scope disclose their carbon footprint. Proxies therefore had to be used. Given that the current PCAF proxies do not cover downstream scope 3 emissions, other proxies had to be used. Once the PCAF proxies include downstream scope 3 emissions, it will be possible to redo the calculation based on these new proxies.

2030 TARGET

In October 2021, Crédit Mutuel Alliance Fédérale pledged¹³ to stop financing all new oil and gas exploration, production, infrastructure and processing projects. In addition, as of 2024 Crédit Mutuel Alliance Fédérale does not provide banking and financial services to companies whose share of unconventional oil and gas production exceeds 20%.

Starting on July 1, 2024, energy companies without a confirmed, credible oil and gas reduction trajectory that is continuous year after year will no longer be eligible for financing. However, Crédit Mutuel Alliance Fédérale will continue its involvement in the renewable energy and low-carbon projects of the companies concerned by these measures as part of its support for climate-related transition efforts.



Absolute Emissions (CMAF) - MT CO₂e
Absolute Emissions (World) - MT CO₂e
IEA - NZE 2050 reference curve
Crédit Mutuel Alliance Fédérale

An NZBA commitment for the oil and gas sector was already defined in 2023 (reduce the carbon footprint of oil and gas sector financing by 30% by 2030 compared with 2018).

This commitment was revised slightly following the change in the IEA NZE scenario, but remains consistent.

Crédit Mutuel Alliance Fédérale is now aiming for a 26% reduction in absolute emissions between 2022 and 2030.

This new target provides for a 26% decrease in eight years (between 2022 and 2030), whereas the previous target provided for a 30% reduction in 12 years (between 2018 and 2030).

A 2022 starting point was calculated based largely on proxies at this stage.



NET ZERO BANKING ALLIANCE COAL

SECTOR-RELATED ISSUES

At present, coal remains an important source of the world's energy supply.

Burning coal, for example to produce electricity, has highest emission factor compared with other energy sources.

More than one-third of fuel-related CO₂ emissions are produced by coal¹⁴.

Scientists and the International Energy Agency are calling for an exit from coal.

DECARBONIZATION SCENARIO

Crédit Mutuel Alliance Fédérale has chosen to use the global scenario of the International Energy Agency: Net Zero Emissions 2050, 2023 version, for the coal sector while confirming its commitment to go further.

Under this scenario, emissions from coal combustion decrease by 47% between 2022 and 2030.

SCOPE OF THE COMMITMENT

Scope of activity

The entire coal value chain: companies in the mining sector (exploration, planning, development of equipment, accessories and installations, including buildings and related civil engineering structures, operation, mine closure and site rehabilitation, primary processing of ores on site, ore conveyance and transport); companies producing electricity from coal-fired power plants or active in the coal-fired power plant operation services sector (optimization, upkeep-maintenance, dismantling, etc.)

Metric

Outstanding loans in the sector.

Data source

The list of companies developing new capacities in the coal sector is taken from the Global Coal Exit List (GCEL).

Financing activity

Loans, bonds and shares of listed and unlisted companies, project financing, asset financing.

14. Source: International Energy Agency – NZE 2050 scenario, 2023 version
15. PS CHARBON - FEV 2024 - CMAF - FR (creditmutuel.fr)



2030 TARGET

Crédit Mutuel Alliance Fédérale has had a coal sector policy for several years¹⁵.

The commitment made is to reduce the coal exposure of its financing and investment portfolios to zero by 2030 for all countries worldwide and to stop providing support to companies operating in the coal sector after 2030.

The following restrictive measures are applied:

- >> Upon the effective date of this policy, immediate exclusion from any financial support for companies carrying out activities in the coal sector throughout the value chain.
- >> Exit from all positions taken by the investment and asset management businesses for companies carrying out activities in the coal sector throughout the value chain.

Crédit Mutuel Alliance Fédérale will make continuation of financial support to corporate customers exposed to the coal sector conditional on the publication of a detailed and dated plan to close all their coal assets by 2030.

The analysis of these requests may be escalated to Executive Management for a decision.

The NZBA commitment regarding the coal sector is therefore based on this sector policy, adopted in 2020 and revised in 2024, which details Crédit Mutuel Alliance Fédérale's plan to exit coal throughout the value chain by 2030.

NET ZERO BANKING ALLIANCE SHIPPING

SECTOR-RELATED ISSUES

The shipping sector accounts for approximately 2 to 3% of global greenhouse gas emissions, with 880 Mt CO₂ in 2019 and 830 in 2020.

Most emissions in the shipping sector are caused by the combustion of fuels used to move ships and produce the energy needed for their operation.

The sector has already identified levers for reducing emissions:

- >> In the short term: technological improvement of fleets (energy efficiency): reduced consumption, retrofitting of ships, on-board renewable energy production; and optimization of navigation (operational efficiency): speed reduction, routing tool development, wait time management at ports, etc.
- >> In the medium to long term: use of sustainable fuels: biofuels, synthetic fuels, hydrogen and ammonia. Electricity has a minor role in this sector's transition given the difficulty of electrifying long-distance routes.

The IMO (International Maritime Organization, a specialized institution of the United Nations) made commitments to reduce emissions in the sector in 2019 and revised them in July 2023¹⁶.

DECARBONIZATION SCENARIO

In accordance with the commitments of the Net Zero Banking Alliance (NZBA), financial institutions will voluntarily report each year on changes in the carbon intensity of their shipping financing portfolios to ensure that they are in line with the climate targets of 1.5°C and carbon neutrality by 2050.

Crédit Mutuel Alliance Fédérale has been a signatory to the Poseidon Principles via CIC since 2019. Within the framework of this banking association, some members of which are also part of NZBA, and based on the targets set by the IMO, the Poseidon Principles defined two decarbonization curves that reflect the "at least" and "striving" scenarios.

An alignment calculation of the portfolio's carbon intensity is done annually based on mandatory regulatory information collected from customers (ship-owners). However, these curves have not been officially recognized for the shipping sector by the NZBA's secretariat.

Crédit Mutuel Alliance Fédérale therefore wishes to base its NZBA commitments on a curve resulting from work carried out by DNV GL, based on current industrial assumptions that would enable it to achieve the NZBA and 1.5° 2050 targets with a 50% probability. The assumptions used to define this curve are published by DNV GL for discussion and verification purposes¹⁷.

16. IMO's work to cut GHG emissions from ships
 17. <https://www.dnv.com/maritime/advisory/poseidon-principles/>
 18. Politique_Mobilite_Secteur_Maritime.pdf (creditmutuel.fr)
 19. Decarbonization of shipping: CIC announces plans to arrange the financing of six new cargo sailing vessels with TOWT, a Le Havre-based company pioneering low-carbon maritime transport - Crédit Mutuel Alliance Fédérale (creditmutuelalliancefederale.fr)

SCOPE OF THE COMMITMENT

Scope of activity

The scope covers all ships in the portfolio, including cargo and passenger ships. There are currently very few passenger ships in the portfolio and they are not considered a growth area by Crédit Mutuel Alliance Fédérale.

Metric

g CO₂e/DWT.nm (scope 1 and 3 of ships; Well-to-Wake approach).

Data source

Actual data calculated and reported by ship-owners in accordance with the commitments of the Poseidon Principles. Ship-owners also have a regulatory obligation to disclose this data annually to the IMO (related PCAF score: 2).

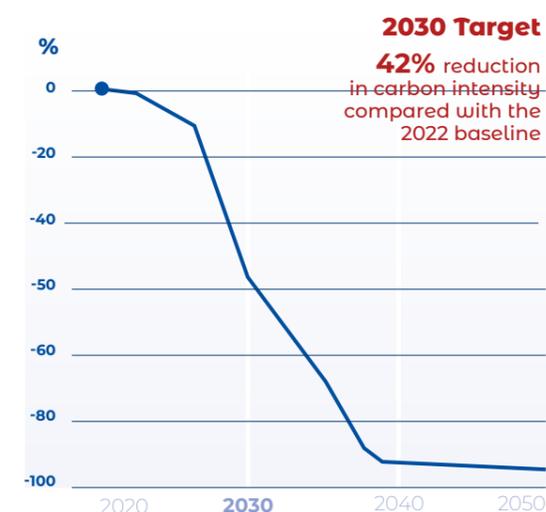
Financing activity

Financing of assets that fall within the scope of calculation of emissions according to the PCAF methodology.

2030 TARGET

At 12/31/2022, the carbon intensity of the portfolio (9.03g CO₂e/DWT.nm) was higher than the reference curve proposed by DNV.

The 2030 target consists of a 42% reduction in the carbon intensity of the portfolio compared with 2022 (assuming the same composition of



Total % decrease since 2020
 DNV GL reference curve
 Crédit Mutuel Alliance Fédérale

the portfolio, the result would be 5.24g CO₂e/DWT.nm).

In March 2022, Crédit Mutuel Alliance Fédérale implemented a sector policy for the shipping sector, the aim of which is to be in line with the commitments of the Poseidon Principles.

To this end, Crédit Mutuel Alliance Fédérale now focuses on financing ships with gas or hybrid dual fuel (diesel & gas) propulsion, and alternatives to heavy fuel (hydrogen, ammonia, etc.)¹⁸.

Since April 2024, Crédit Mutuel Alliance Fédérale, through CIC, has been a signatory to the Pacte Vélisque, an agreement between the French government and industry players for the development of wind propulsion transport solutions¹⁹.

NET ZERO BANKING ALLIANCE AIR TRANSPORT

SECTOR-RELATED ISSUES

The air transport sector accounts for 2.5 to 3% of global greenhouse gas emissions (excluding condensation trails).

Most emissions in the aviation sector are caused by the combustion of kerosene.

In October 2022, the global aviation sector (ICAO – International Civil Aviation Organization) set a long-term aspirational goal (LTAG) of reducing net carbon emissions to zero by 2050.

This commitment to carbon neutrality in the aviation sector is based on various decarbonization levers:

- >> Technological improvement of fleets (energy efficiency);
- >> Optimization of air navigation and ground operations;
- >> Possible technological breakthroughs: hydrogen, hybrid or electric aircraft; and
- >> Mainly the development of various sustainable aviation fuels (SAF), including HEFA (Hydroprocessed Esters and Fatty Acids), AtJ (Alcohol-to-Jet) and PtL (Power-to-liquid synthetic fuels, also called "e-fuels").

DECARBONIZATION SCENARIO

The decarbonization scenario used for this sector is that of the MPP (Mission Possible Partnership) in its "Prudent" approach.

Their main assumptions are as follows:

- >> Growth in air traffic: 2.5% per year from 2019 to 2024, then 3% per year until 2050;
- >> Annual energy efficiency gain (mainly fleet renewal): 2% per year from 2019;
- >> Incorporation of sustainable fuel: 5 to 7% by 2025, 13 to 15% by 2030, 28 to 32% by 2035 and 62% by 2040.

In addition to the PCAF reporting methodology, Crédit Mutuel Alliance Fédérale, via Crédit Industriel et Commercial, adopted the Pegasus Guidelines methodology on April 4, 2024.

The aim of the Pegasus Guidelines is to establish a common market framework, enabling financial institutions to measure, on a consistent basis, their degree of alignment with climate targets in terms of aviation financing. These results are compared with the "Prudent" MPP scenario.

20. [Politique-Mobilite-Secteur-Aerien.pdf \(e-i.com\)](#)

SCOPE OF THE COMMITMENT

Scope of activity

The scope covers aircraft that transport passengers and commercial freight.

Metric

g CO₂e/RTK (scope 1 and 3 of aircraft; Well-to-Wake approach).

Data source

Data calculated based on the number of flight hours and the type of aircraft.

Data may be obtained directly from our customers or through data providers that have been certified by RMI (Rocky Mountain Institute) under the Pegasus Guidelines (related PCAF score: 3).

Financing activity

Financing of assets that fall within the scope of calculation of financed emissions according to the PCAF methodology.

Remarques

The financing of air transport companies (airlines and leasing companies) will be part of the scope of work carried out by the Pegasus Guidelines, in addition to asset financing.

The first reporting of these guidelines is expected to occur in 2025 based on 2024 data.



g CO₂e/RTK
Mission possible Partnership reference curve - Prudent scenario
Crédit Mutuel Alliance Fédérale

2030 TARGET

At 12/31/22, the emission intensity of Crédit Mutuel Alliance Fédérale's aviation portfolio was more than 20% below the reference curve of the Prudent MPP scenario.

This result is due to a significant proportion of latest-generation, more fuel-efficient aircraft, whereas half the global fleet is still composed of older aircraft.

The target set for 2030 is based on the assumption of a larger share of latest-generation aircraft in the portfolio as well as a gradual increase in the SAF incorporation rate.

In March 2022, Crédit Mutuel Alliance Fédérale implemented a sector policy for the aviation sector²⁰, the aim of which is to promote technical advancements in aircraft by choosing to finance the latest-generation models of manufacturers such as Airbus, Boeing, ATR, Embraer and Bombardier.

NET ZERO BANKING ALLIANCE AUTOMOBIVE INDUSTRY

SECTOR-RELATED ISSUES

The automotive sector accounts for roughly 12 to 15% of global greenhouse gas emissions. The sector is facing a significant increase in demand worldwide and ever-changing environmental regulations, in terms of both greenhouse gas emissions and air pollutants.

Its transition has been underway for several years, with the development of new technology vehicles, such as hybrid, electric and hydrogen vehicles, that reduce the environmental impact.

In terms of regulations, the Loi d'Orientation des Mobilités (Mobility Framework Law) adopted in 2019 in France sets targets for cleaner mobility with:

- >> A ban on the sale of cars that use carbon fossil fuels by 2040 - a commitment moved to 2035 under the "Green Deal" and the "Fit for 55" targets adopted at the European level;
- >> The nationwide roll-out of EV charging stations;
- >> The establishment of low-emission zones enabling local authorities to limit traffic to the least polluting vehicles.

DECARBONIZATION SCENARIO

Crédit Mutuel Alliance Fédérale has chosen to follow the IEA Net Zero Emissions 2050 scenario, 2023 version, to set its 2030 target for the automotive industry.

This scenario forecasts a significant rise in demand (57% increase in kilometers traveled for passenger vehicles by 2050) and, at the same time, a sharp decrease in associated emissions (99% drop in emissions between 2022 and 2050), made possible mainly by the electrification of fleets over that period.

For the 2030 intermediate target, the scenario forecasts a 41% decrease in global absolute emissions for passenger cars compared with 2022, resulting in a drop in physical intensity of 45%. Accordingly, the physical intensity metric used to monitor the sector predicts a decrease from 112g CO₂/passenger.km in 2022 to 61g CO₂/passenger.km in 2030.

SCOPE OF THE COMMITMENT

Scope of activity

The scope covers auto manufacturers and, in particular, the production of passenger and light commercial vehicles. Equipment suppliers, dealers and manufacturers of special vehicles and heavy trucks are not included.

Metric

g CO₂/p.km for the World curve (scope 3 – use of manufacturers' sold vehicles; Tank-to-Wheel approach for comparison with the International Energy Agency scenario); g CO₂/km for the Europe curve.

Data source

Data collected in manufacturers' annual reports (related PCAF score: 3).

Financing activity

Loans, bonds and shares of listed and unlisted companies that fall within the scope of calculation of financed emissions according to the PCAF methodology.

World scope curve:



g CO₂/p.km
IEA - NZE 2050 reference curve
Crédit Mutuel Alliance Fédérale

2030 TARGET

Crédit Mutuel Alliance Fédérale proposes monitoring two curves:

- >> One for the World scope, which can be compared with the IEA's global reference curve and which uses greenhouse gas emissions based on the vehicle numbers reported by companies, divided by the estimated number of kilometers traveled by sold vehicles

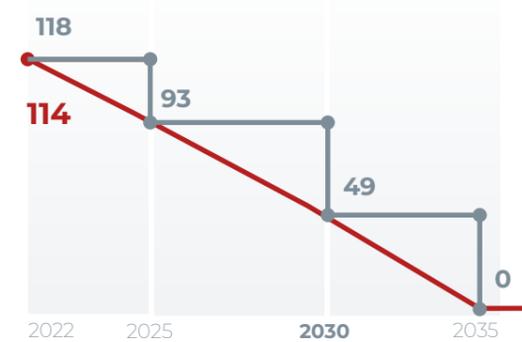
Notes

Calculations are based on scope 3 category 11 emissions (use of sold products) and the number of produced vehicles rather than WLTP data reported by manufacturers.

WLTP data applies to production in Europe. Crédit Mutuel Alliance Fédérale has chosen to take into account the impact of all production of manufacturers.

In addition, data reported by manufacturers relates to new vehicles, whereas the International Energy Agency's curve corresponds to all vehicles in circulation

Europe scope curve:



g CO₂/km
European Standard reference curve
Crédit Mutuel Alliance Fédérale

NB : the two curves are not expressed in the same units (World curve: g CO₂/p.km; Europe curve: g CO₂/km). Switching from one unit to another can be done assuming a vehicle occupancy rate of 1.6 (source: EAA). Note that the geographical scopes are not the same for the two graphs.

- >> One for the Europe scope to reflect European regulations under which sales of combustion-powered vehicles will end by 2035. This curve uses WLTP data provided by the manufacturers (which only applies to Europe).

The main target is that of the World curve, since Crédit Mutuel Alliance Fédérale wishes to take into account all activities of manufacturers.

NET ZERO BANKING ALLIANCE RESIDENTIAL REAL ESTATE

SECTOR-RELATED ISSUES

Residential real estate accounts for around 12% of national emissions (48 Mt CO₂e in 2021 for direct emissions). As tomorrow's cities are mostly already built, 37% of final energy consumption in France relates to existing housing²².

Based on preparatory work for the future French National Low-Carbon Strategy (SNBC – version 3), a provisional target has been set of reducing direct emissions in the residential real estate sector by 29 Mt CO₂e between 2021 and 2030 (-60%)²³.

DECARBONIZATION SCENARIO

Given that emissions in the residential real estate sector are partly linked to homes' electricity consumption and that the carbon impact of the electricity mix varies considerably from one country to another, Crédit Mutuel Alliance Fédérale has chosen to use a French scenario to monitor this sector. Indeed, as most of its activity in residential real estate is located in France, it seems more appropriate to choose a scenario that takes into account the specificities of the French electricity mix.

Crédit Mutuel Alliance Fédérale has therefore chosen the CRREM – Carbon Risk Real Estate Monitor scenario²⁴, which is specific to France and in line with the 1.5°C trajectory.

CRREM is a project subsidized by the European Commission as part of the Horizon 2020 research and innovation program which proposes science-based reduction pathways (1.5° trajectory) for both residential and commercial real estate, broken down by country.

21. Housing stock by energy performance class as of January 1, 2022, ONRE, July 2022.
22. Mieux se loger (better housing), General Secretariat for Ecological Planning, June 2023.
23. Idem
24. CRREM Project
25. Immobilier-Residentiel.pdf (creditmutuelalliancefederale.fr)

SCOPE OF THE COMMITMENT

Scope of activity

Energy consumption of financed housing

Metric

kg CO₂/m²/year (scope 1&2: energy consumption of housing)

Data source

EPD (Energy Performance Diagnostics) data when available, otherwise estimated based on the address, surface area and year of construction and CEREN (Center for Economic Studies and Research on Energy) assumptions (related PCAF score: 3.8).

Financing activity

Loans to individuals for residential properties that fall within the scope of calculation of financed emissions according to the PCAF methodology.

Notes

To improve data quality, Crédit Mutuel Alliance Fédérale is collecting and centralizing EPD data more systematically by rolling out an internal tool related to real estate.



kg CO₂/m²
CRREM reference curve
Crédit Mutuel Alliance Fédérale

2030 TARGET

The 2022 starting point for Crédit Mutuel Alliance Fédérale's portfolio is slightly above the CRREM reference curve. Aware of the challenges of decarbonizing the sector, Crédit Mutuel Alliance Fédérale has set a 2030 target of 12 kg CO₂/m². Energy Performance Diagnostics data has been used for ~20% of properties.

To achieve the target, a residential real estate sector policy provides for:

- >> adapting lending conditions to take into account properties' energy performance and the commitment to carry out energy improvement work;
- >> financing solutions for work aimed at improving the home's energy performance: Eco-PTZ Prime Rénov', Prêt Avance Rénovation, Prêt Crédinergie, etc.

Work on eco-renovation will also be carried out and is one of the main priorities of the 2024-2027 strategic plan: **Togetherness, Performance, Solidarity.**

NET ZERO BANKING ALLIANCE COMMERCIAL REAL ESTATE

SECTOR-RELATED ISSUES

Commercial real estate accounts for approximately 6% of national greenhouse gas emissions (27 Mt CO₂e for direct emissions in 2021), half of which is in the private sector. The provisional target of reducing emissions by 2030 under the National Low Carbon Strategy is a decrease of 17 Mt CO₂e between 2021 and 2030 (-63%).

RE2020 (2020 Environmental Regulations), which initially focused on residential real estate, has been extended to commercial buildings.

Its goal is to reduce the carbon impact of new construction by improving energy efficiency and using low-carbon materials.

The Décret Tertiaire, for its part, applies to all existing buildings measuring more than 1,000 m².

It aims to reduce the energy consumption of commercial buildings by 40% by 2030, 50% by 2040 and 60% by 2050.



DECARBONIZATION SCENARIO

As it does for residential real estate, Crédit Mutuel Alliance Fédérale has chosen to use a French scenario to monitor the sector.

Crédit Mutuel Alliance Fédérale has therefore chosen the CRREM – Carbon Risk Real Estate Monitor²⁶ scenario, which is specific to France and in line with the 1.5°C trajectory.

This scenario proposes decarbonization curves for the different types of commercial buildings.

26. CRREM Project



SCOPE OF THE COMMITMENT

Data specific to commercial real estate that can be used to calculate financed emissions or establish the carbon intensity of financed real estate assets (in kg CO₂/m²) is currently very difficult to access in Crédit Mutuel Alliance Fédérale's IT system. A carbon intensity calculation for the baseline year was therefore not possible.

For this sector, Crédit Mutuel Alliance Fédérale has pledged to focus on improving the collection of data needed for such calculations in order to define its starting point on the CRREM trajectory.

The data to be collected includes Energy Performance Diagnostics, surface areas, types of commercial buildings, value of the property at the time of purchase, etc.

Until the trajectory is set, ESG criteria have been established to decide whether to grant new financing to customers in the sector whose revenue exceeds €50 million, to ensure that they have implemented actions to reduce energy and greenhouse gases.

NET ZERO BANKING ALLIANCE FARMING

SECTOR-RELATED ISSUES

Agriculture is one of the most greenhouse gas-emitting sectors in the world. In France, 19% of regional emissions are produced by the agricultural sector (81 Mt CO₂e in 2021)²⁷.

Unlike the industrial sectors covered by the Net Zero Banking Alliance, most gas emitted is not carbon dioxide (CO₂, which results from the combustion of fossil fuels), but methane (CH₄, linked to livestock farming) and nitrous oxide (N₂O, derived from fertilizers), which account for 56% and 29% respectively of the sector's GHG emissions.

The agricultural sector is unique in that it can absorb and store carbon in forests and soils. It therefore has a dual role in the fight against climate change, in terms of both reducing the emissions generated and increasing the rate of carbon stored in agricultural soils.

Apart from global warming, it also plays an important role in terms of biodiversity and preservation of resources and ecosystems.

Nevertheless, it is one of the sectors where it is most difficult to reduce emissions. For industrial sectors, whose emissions come primarily from energy (CO₂), levers already exist that allow significant reductions in emissions to be achieved (energy performance, renewable energies, biofuels, etc.).

For agriculture, methane and nitrous oxide emissions are unavoidable, even if they can be limited by certain animal feeding practices or by optimizing the management of nitrogen inputs for plants.

DECARBONIZATION SCENARIO

As part of the preparatory work for the future National Low Carbon Strategy, a provisional target of reducing the sector's emissions by 16% by 2030 compared with 2021 (a decrease of 13 Mt CO₂e) has been proposed²⁸.

This entails reducing nitrogen emissions by increasing the share of land set aside for organic farming and legumes and by changing nitrogen fertilization practices, as well as supporting changes in feed and reducing CO₂ emissions of farm buildings and equipment.

SCOPE OF THE COMMITMENT

Agricultural-specific data to calculate financed emissions and physical intensities by type of agriculture is not readily available. Moreover, there is no single physical intensity metric for agriculture. As a result, it has not been possible to define a trajectory for reducing emissions in this sector.

27. Source : SECTEN national inventory report for 2021
28. *Mieux se nourrir, eating better*, General Secretariat for Ecological Planning, June 2023.

Crédit Mutuel Alliance Fédérale has made a commitment to pursue its efforts to improve the collection of physical data of financed farms in order to calculate emissions more accurately.

Crédit Mutuel Alliance Fédérale has also been committed to supporting the reduction of emissions in this sector for many years.

An agriculture sector policy²⁹, already in place, supports farmers' efforts through the following measures:

- A grant to finance the out-of-pocket costs of a carbon diagnostic carried out in connection with the Label bas-carbone (Low-carbon Label) or the "Bon Diagnostic Carbone" (Carbon Diagnostic) scheme provided for under the France Relance plan;
- An assistance bonus to finance the certification costs for level 3 HVE environmental excellence certification and organic farming accreditation.

These schemes encourage farmers to make investments to reduce greenhouse gas emissions, improve the potential for carbon storage in soils and preserve biodiversity.

In support of these measures, the range of Transition Loans now includes a special offering for the farming sector to encourage innovative farming projects and the investments needed to transform agriculture to agroecology.

Crédit Mutuel Alliance Fédérale has also decided to incorporate an objective analysis of the environmental, social and governance (ESG) action plans implemented by farmers, based on the principles of aid conditionality set out in the Common

Agricultural Policy, into decisions regarding the financing of the farming sector's banking transactions.

This committed approach supports the agroecological transition and is affirmed through constructive dialog with farmers to better assist them with their projects.

In addition to this sector policy, between now and December 31, 2025, Crédit Mutuel Alliance Fédérale is offering an agricultural facility loan³⁰ at a special interest rate for project initiators who are committed to farming practices recognized as promoting the agro-environmental transition, according to the 2023-2027 Common Agricultural Policy.

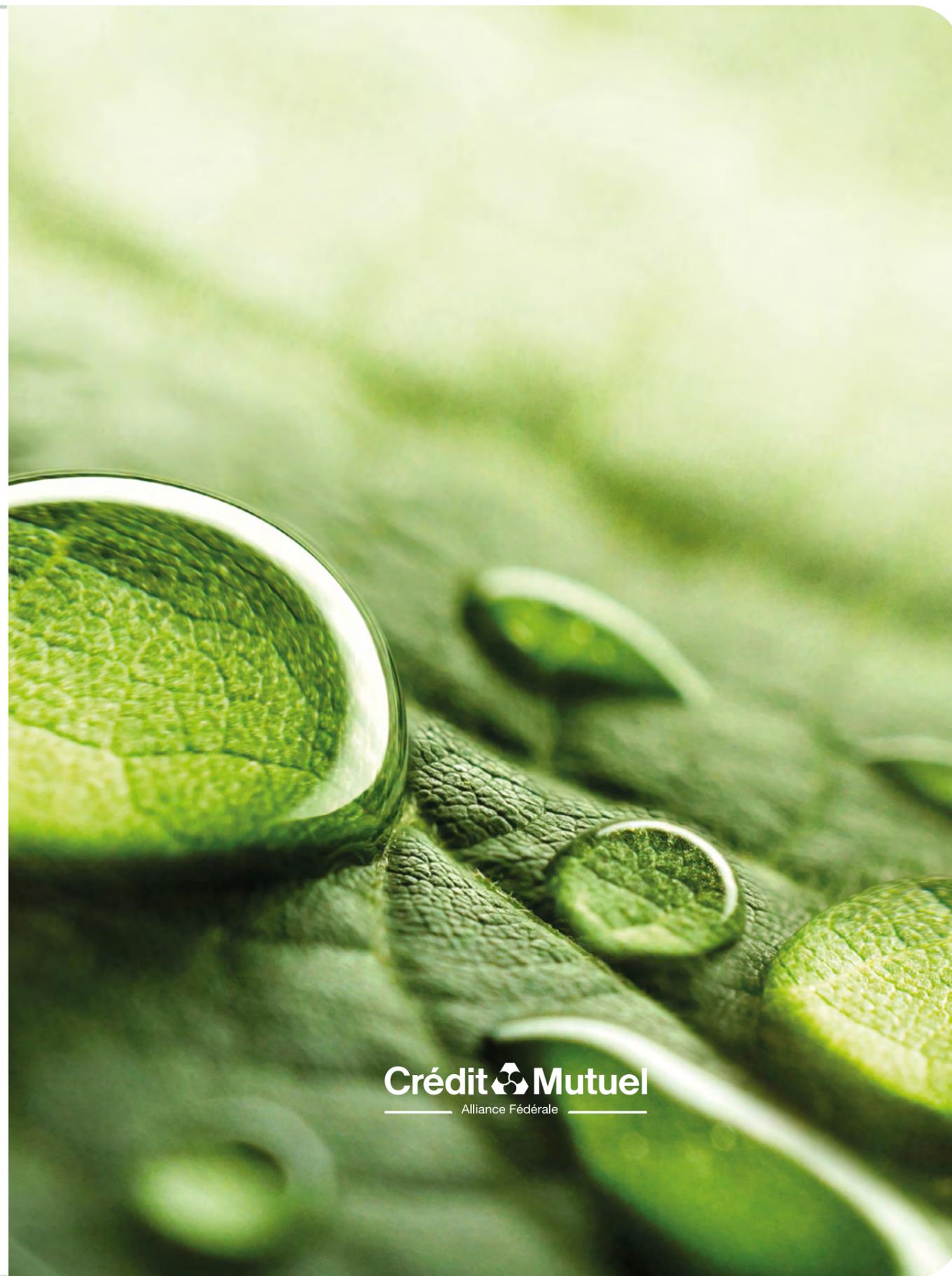
This scheme is made possible by the societal dividend created in January 2023, the aim of which is to channel 15% of net income each year into financing environmental and solidarity transition projects.

29. *Crédit Mutuel-PS AGRI FR-octobre 2023* (e-i.com)
30. *Prêt installation agricole* - Crédit Mutuel (creditmutuel.fr)



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