<u>Sustainability risk policy</u>

1. Scope of this document

This document covers Crédit Mutuel Capital Privé ("CMCP").

2. Purpose of this document

The purpose of this document is to describe how CMCP policies incorporate sustainability risks into its investment decision-making processes.

3. Definition of sustainability risk and need for policies to address this risk

As defined in the Disclosure Regulation (EU Regulation 2019/2088), sustainability risks represent an environmental, social, or governance event or condition that, if it occurs, could cause a negative material impact on the value of the investment.

CMCP is an entity of the "*equity investment*" division of Crédit Mutuel Alliance Fédérale, whose parent company is Crédit Mutuel Equity. In this respect, Crédit Mutuel Capital Privé is fully committed to the responsible investor and social responsibility initiatives of its parent company, Crédit Mutuel Equity, and more generally Crédit Mutuel Alliance Fédérale, and asserts them in line with its own commitments.

As a long-term investor, we want to make a positive impact for a better environment. We work in the territories to support projects that address the challenges of energy, demographic, and digital transitions.

The challenges of energy, demographic, and digital transition structurally create investment needs in the territories.

In response, we have chosen assets that create positive, concrete, measurable impacts for the benefit of the territories to accelerate these transitions: attractiveness, employment, common good, social cohesion, and digital inclusion. Making a lasting and positive impact on the territories takes time. We have taken this on board and are investing for the long term to enable us to optimise the services provided by the investment targets.

4. Process for integrating sustainability risks at all stages of our investment process

CMCP is committed to integrating ESG into its entire investment decision-making process while adapting its approach to each investment type to ensure an appropriate and effective strategy. There are two versions of this integration process: one for infrastructure funds (4.1) and the other for private equity (4.2).

4.1 Infrastructure - Integrating sustainability risks and engaging with targets

For its infrastructure investment funds, CMCP is committed to working exclusively with players that have developed a non-financial policy or demonstrate an appetite for ESG issues and to supporting companies and project leaders in their non-financial initiatives.

4.1.1. Pre-investment: assessment of ESG risks and opportunities

CMCP is committed to respecting Crédit Mutuel Alliance Fédérale's sector policies and therefore excluding from its infrastructure investment fund's investment universe any projects and project promoters in sectors related to the exploration, production, transport infrastructure, or processing of coal and hydrocarbons from oil sands, shale, heavy and extra-heavy oil, and any oil or gas project located in the Arctic.

4.1.2. Investment

- Assessment of potential investments according to an internal tool based on the UN's Sustainable Development Goals deemed to be priorities as well as on climate issues;
- ESG, impact, and climate-related due diligence if necessary[1];
- Collection of preliminary metrics;
- Definition of a specific action plan.

4.1.3. Monitoring phase

The objective is to monitor and support the target company in order to make the necessary changes to achieve more sustainable growth:

- Annual monitoring of non-financial performance of investments through the use of a dedicated questionnaire;
- Annual collection of metrics;
- Updating of the action plan.

4.1.4. Disposal phase

- Measuring the ESG performance of investment targets;
- Reviewing the ESG progress during the holding period through an ESG exit questionnaire.

4.2 Private equity - Integrating sustainability risks and engaging with targets

CMCP integrates non-financial issues throughout the investment cycle of its equity investment funds.

4.2.1. Pre-investment: assessment of ESG risks and opportunities

For its private equity business, CMCP applies the same sector exclusion policy used for infrastructure funds.

4.2.2. Investment

The teams are committed to conducting all the analyses that they consider necessary to ensure that the investment projects that they consider are in line with ESG rules. This analysis will be the subject of a non-financial summary in the investment record in which the main improvement criteria identified will also be specified as well as the data that will have to be collected annually to assess these improvements.

4.2.3. Monitoring phase

The ESG criteria defined during the investment phase will be reviewed annually with the project management for each investment made.

[1] *If the score obtained using the tool is below a certain predefined threshold or if the sector in question is on the watch list*

For existing funds, CMCP engages in a dialogue on non-financial issues with holdings for which this is relevant topic. The purpose of this dialogue will be to provide an overview of the non-financial performance of the holding in order to identify possible areas for improvement to be discussed annually.

4.3 Consideration of climate change and biodiversity risks (French Energy and Climate Law)

Sustainability risks are taken into account by CMCP for funds created from 2020 onwards.

Closer look at the infrastructure strategy

CMCP takes into account the impact of its investments on climate and biodiversity in its ESG criteria assessment methodology, in particular by:

- Complying with exclusion policies relating to coal and certain environmental issues (in particular, hydrocarbons)
- Monitoring the environmental metrics of the analysed targets (energy consumption, water, waste production)
- Implementing a policy of engagement with target companies to improve their impact.

CMCP recognises that its business and the assets that it helps to finance have both positive and negative impacts, including on environmental issues. The company has therefore developed an approach based on measuring these impacts, controlling adverse impacts, and pursuing positive impacts.

To do this, the analysis methodology implemented by the CMCP infrastructure investment fund on the frame of reference framework of the UN's Sustainable Development Goals, especially Goal 13 on climate action.

In line with Crédit Mutuel Alliance Fédérale's climate strategy, announced in February 2020, Crédit Mutuel Capital Privé is committed, for its infrastructure investment fund, to combating global warming and promoting the financing of assets that will help meet the objectives of the Paris Agreement. In this context, the fund will rely on the TCFD to report on its actions on the subject.

4.4. Establishment of an annual ESG report for investors

For funds created from 2020 onwards, CMCP is committed to publishing an annual non-financial report summarising project analyses for each fund. This report will be brought to the attention of investors on an annual basis.

5. Human resources and governance dedicated to ESG

Within CMCP, sustainability risks are considered in a cross-functional approach by all the teams for funds created from 2020 onwards:

- Financial managers fully integrate ESG aspects into their investment decision-making process and throughout the target holding phase (pre-investment, investment, monitoring and disposal phases).
- Verification of internal rules related to compliance, internal control, and risk control by the Compliance and Internal Control Officer, including compliance by operational staff with ESG-related procedures.

In addition, CMCP has also defined an internal governance system that takes into account, in particular, the ESG aspects of investment targets, based on three pillars:

- **An Investment Committee** made up of the Chief Executive Officer and the Deputy Chief Executive Officer. Its purpose is to take decisions on (i) the selected investments, (ii) the proper management of these investments, and (iii) the appropriate exit conditions;
- An **Ethics Committee** (exclusively for infrastructure funds), made up of neutral members, in charge of managing conflicts of interest. Dedicated internal processes are in place to detect and resolve potential conflicts of interest;
- An **Advisory Committee**, whose functions vary according to the type of investment fund:
    - **For infrastructure funds:** The Advisory Committee is made up of the main subscribers and aims to ensure the consistency of investment decisions with respect to the fund's investment policy and to provide its members with information on the implementation of the investment strategy. 。
    - **For private equity activities**: Existence of specific Advisory Committees for local investment funds (FIP) and innovation funds (FCPI) and for co-investment funds. The Advisory Committees have at least three members. They aim to provide the Investment Committee with recommendations and opinions regarding potential investments of the funds.

6. Compliance with recognised codes and standards and establishment of an organisation that takes ESG aspects into account

CMCP is fully committed to the responsible investor and social responsibility initiatives of its parent company, Crédit Mutuel Equity, and more generally Crédit Mutuel Alliance Fédérale:

- Crédit Mutuel Alliance Fédérale's 2019-2023 strategic plan incorporating ESG criteria as a tool for development
- Signing of the France Invest ESG Charter by CMCP and Crédit Mutuel Equity

For the management of its funds, CMCP relies on internationally recognised Codes and Standards:

- the UN Sustainable Development Goals to measure the ESG impact of its investments and to help them progress
- starting in 2022, over the 2021 financial year, ESG and climate reporting for investors in funds created after 2020 will incorporate the approach recommended by the TCFD

For more information on our ESG policy, please read our responsible investor charters on our website:

https://www.creditmutuel-capitalprive.eu/en/our-csr-charter.html