Biodiversity Policy

Arkéa Asset Management

January 2026

ARKEA ASSET MANAGEMENT

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1. Arkéa Asset Management, committed to serve the human being and its environment

a. Pressure and dependencies of companies on biodiversity, a key issue for Arkéa AM

Biodiversity, which refers to the variety and abundance of living organisms on Earth, plays a key role in maintaining ecosystems and the services they provide to humanity, such as pollination, climate regulation and water filtration. However, this biodiversity is under significant pressure due to human activities.

According to the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES), five major threats weigh on biodiversity:

- **Destruction and artificialization of natural environments;**
- **Overexploitation of natural resources;**
- **Climate change;**
- **Water, soil and air pollution;**
- **Invasive alien species introduction.**

It is therefore necessary to adopt measures to protect biodiversity, including **the creation of natural reserves, restoration of degraded ecosystems and raising public awareness about the importance of conservation.**

Meanwhile, the erosion of biodiversity poses significant risks for companies, risks that investors cannot ignore.

Business dependence on biodiversity is a key financial issue, as many sectors rely on healthy and diverse ecosystems to ensure their operation and profitability. The natural resources as well as ecosystem services, poses a vital risk in case of disappearance. A 2020 report from the World Economic Forum estimated that more than half of the global GDP is moderately or heavily dependent on nature and its services, putting it at risk due to biodiversity loss.

An increasing **legal issue** as regulations on ecosystems protection evolve and consumers pay attention to the reputation of companies.

b. The story of our commitment to biodiversity

The Kunming Global Biodiversity Framework in Montreal (GBF), invites financial institutions to contribute to the reallocation of resources towards models that protect and restore biodiversity while ensuring equal access to resources. This role is explicitly recognized in GBF targets 14 and 15.

- **Target 14** is to ensure that financial institutions align their private financial flows with the GBF.
- **Target 15** aims to ensure that large transnational corporations and financial institutions assess, monitor and disclose in a transparent manner their impacts, dependencies and risks on nature throughout their operations, supply and value chains, as well as their portfolios.

Furthermore, many of the 23 other targets relate to the reduction of biodiversity loss factors linked to specific sectors and their respective activities, as well as investment in the conservation, restoration and sustainable use of nature.

Finance for Biodiversity Pledge

Arkéa Asset Management, member of the Finance for Biodiversity Foundation, has decided to adopt a strategy to integrate biodiversity into its asset management activities.

With over 50 billion euros of assets under management and a multi-assets investment strategy, Arkéa Asset Management intends to integrate biodiversity issues at various levels. The integration of all dimensions of biodiversity in the activities of Arkéa AM is a continuous improvement process, whose pace also depends on external factors (clarity and stability of the regulatory framework, very long-term horizon, availability and quality of analytical methodologies and data to assess impacts and dependencies on biodiversity...).

This work is part of the GBF and aims to align with the National Biodiversity 2030 Strategy (SNB) of the French government.

c. An integrated governance on ESG

ESG governance at Arkéa Asset Management is organized in a structured and dynamic manner, with key bodies ensuring coordination, strategy validation and oversight of ESG-related projects.

First of all, the Executive Board of Arkéa Asset Management and the Supervisory Board play a key role in the strategic orientation of investment management. They are responsible for overall decision-making and setting corporate priorities, including the integration of ESG criteria into investment processes.

To support this effort, Arkéa Asset Management has an **ESG Governance Committee** that meets every two months. This committee, chaired by the Director of Arkéa Asset Management, ensures the **legitimacy** and **visibility** of **ESG initiatives** within the organization. It focuses on several key tasks:

- Biodiversity strategy management: The committee defines, validates and oversees all of the organization's ESG policies and methodologies, including the biodiversity strategy. This includes the establishment of sustainability standards, targets and performance indicators.
- Connection with other instances: The ESG Governance Committee acts as a link between the Executive Board and the Supervisory Board, ensuring that ESG issues are integrated into decision-making at all levels of governance.

Monitoring and guidance of ESG issues including those related to biodiversity are also ensured through a smooth communication between the ESG Governance Committee and other governing bodies, including the Executive Board and the Supervisory Board.

Arkéa AM undertakes that at least once a year, from 2025, the monitoring of biodiversity issues will be included on the agenda of an ESG governance committee.

This ensures that biodiversity concerns are considered in the company's strategic and operational decisions.

d. Biodiversity in the life of Arkéa AM

As part of its biodiversity strategy, Arkéa AM wishes **to train its directors, management and employees** on these topics by organizing training sessions by 2027.

In 2024, Arkéa AM chose to raise awareness of ocean conservation issues by signing a sponsorship agreement with the Océanopolis Acts Endowment Fund.

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The Océanopolis Acts Endowment Fund *(www.oceanopolis-acts.fr) was founded in 2014 under the chairmanship of renowned medical explorer Jean-Louis Etienne. Its mission is to* ***inform and mobilize as many people as possible*** *on the richness and weaknesses of the Ocean in order to better protect it and act sustainably.*

The Endowment Fund, which is recognized as a non-profit institution of general interest, implements many educational campaigns to raise public and especially children awareness.

This partnership is about supporting the creation of a new children's space as part of the renovation of Océanopolis, the scientific culture center dedicated to the ocean located in Brest, as well as the implementation of actions on the ground aimed at sharing ocean knowledge to people and protecting coastal ecosystems.

2. Protect biodiversity through our exclusion policies

As detailed in the Arkéa AM Exclusion Policy, two levels of exclusion apply to issuers whose activities are most harmful to nature.

a. Damage to nature: excluding the least environmentally friendly companies

United Nations Global Compact

Issuers that do not comply with the UN Global Compact, whose principles 7, 8 and 9 concern the environment, are excluded from Arkéa AM's investments. *As well as companies with the highest level of environmental controversy according to Sustainalytics.*

To identify these companies, Arkéa AM relies on data provided by Sustainalytics as well as reports from specialized NGOs.

b. Fossil fuels and biodiversity: climate change as a major factor in biodiversity loss

As part of the fight against climate change, Arkéa Asset Management has adopted a policy to exclude fossil fuels.

Indeed, in 2021, **coal combustion was responsible for 43% of global greenhouse gas emissions, compared to 33% for oil and 23% for natural gas.** In 50 years, global GHG emissions related to energy combustion have increased 2.3 times. **The transition to a decarbonized energy production model is essential in order to limit climate change and its impact on biodiversity.**

The company's ambition is therefore to withdraw from financing companies involved in coal and non-conventional fossil fuels by 2030 and to direct its funding to support the transition.

- **End of coal by 2027**

This is the case for coal, which is expected to be fully phased out in 2027. This commitment applies to all investments made by the products (UCITS or AIFs) actively managed (excluding off-balance sheet index exposure).

This exit of coal players by the end of 2027 will allow Arkéa AM to reduce its exposure to the Electric Utilities sector only to sustainable producers.

- **End of non-conventional fossil fuels (oil and gas) by 2030**

In line with its position on coal, Crédit Mutuel Arkéa published in 2022 its «Oil and Gas» policy, paying particular attention to the issues of non-conventional fossil fuels.

In this context, Arkéa AM is committed to an exit from non-conventional fossil fuel players by the end of 2030 and has formalized its financing and investment framework for companies whose activities are linked to fossil fuels as early as 2022, while promoting financing related to the energy transition in this sector.

This exit from non-conventional fossil fuels by the end of 2030 will allow Arkéa AM to significantly reduce its exposure to the Oil, Gas & Consumable Fuels sector whose activities are responsible for significant pressures on biodiversity.

c. Deep Sea Mining

Faced with the increasing demand for strategic minerals, a nascent deep-sea mining industry is emerging, carrying uncontrolled impacts on climate and biodiversity as well as significant financial risks. In the absence of regulatory frameworks and satisfactory technical solutions to protect biodiversity, Arkéa Asset Management has adopted an exclusion policy regarding its financing and investment activities.

Since 2023, Arkéa Asset Management has supported the position of the Finance for Biodiversity Foundation concerning Deep Sea Mining, by signing letters of commitment. We reiterated our support in 2025 by signing a statement urging governments to protect the oceans.

Deep-sea mining operations must not proceed until the environmental, social, and economic risks are fully understood and alternatives to deep-sea minerals have been thoroughly explored.

This message was reiterated before the Assembly of the International Seabed Authority (ISA), which is still developing the rules, regulations, and procedures for the commercial exploitation of deep-sea mineral resources. Since the statement was published in 2023, some companies have approached countries to bypass the ISA authorization process, thereby undermining international efforts to ensure common standards.

The signature of the 2025 statement enabled Arkéa Asset Management to support Finance for Biodiversity in delivering its message to governments. Furthermore, Arkéa Asset Management prohibits investment in:

- Companies: Prohibition of financing and investing in entities exclusively engaged in deep-sea mining (pure players).
- Projects: Prohibition of any financing and/or investment in projects dedicated to deep-sea mining.

To enforce this exclusion policy, Arkéa Asset Management has chosen to rely on lists made available by recognized NGOs, which identify "pure players." This commitment is adopted subject to the availability and updating of the list of actors identified by these NGOs.

3. Integrate biodiversity to our investment decisions

a. Biodiversity integrated to the ESG analysis

The ESG analysis of issuers, systematically part of our investment decisions, integrates three of the five pressures responsible for the collapse of biodiversity. This extra-financial rating model developed by Arkéa AM is based on the use of 22 indicators (Material ESG Issues), provided by Sustainalytics, 5 of which are related to biodiversity loss factors:

- *Emissions, Effluents and Waste ;*
- *Carbon – Own Operations ;*
- *E&S Impact of Products and Services;*
- *Land Use and Biodiversity (own operations & supply-chain);*
- *Water Use (own operations & supply-chain).*

If these direct factors involve pressures that can otherwise be expressed in NOX, SOX (pollution), km2 of land occupied/transformed (land use) and greenhouse gas emissions (climate change), their use is carried out in the ESG rating of issuers. The performance of issuers on these issues is thus measured and integrated into the final rating.

Arkéa AM wants to exclude from its investments the issuers with the lowest ESG performance, these pressures are thus directly integrated into our investment choices.

Finally, Arkéa AM measures the biodiversity footprint of its investments as part of its report on Article 29 of the Energy/Climate Act.

In order to do so, we chose to use the MSA (Mean Species Abundance) which measures the integrity of an ecosystem and ranges from 0% to 100% where 100% represents an ecosystem, whether terrestrial or aquatic, untouched by any human activity.

To simplify, 100% corresponds to a virgin forest while 0% corresponds to a parking lot.

These impacts expressed in MSA.km2 can then be aggregated at the portfolio level. Results can be found in the *Rapport Article 29* of the company.

b. Investing in solutions aiming to protect and restore biodiversity

Through its investments, Arkéa AM aims to support companies seeking to reduce pressures on biodiversity.

- **Nature restoration: Printemps des Terres**

Through its Arkéa Solidaire fund created in 2022, Arkéa AM has taken a stake in Le Printemps des Terres.

Based on the assumption that French soils are a reservoir of biodiversity and have the potential to sequester nearly 30 million tons of CO2 each year, Le Printemps des Terres acts for the transition of territories by acquiring natural, agricultural and forest spaces, to fund ecological restoration programs.

Restoration is implemented in close collaboration with farmers with a dual social goal: equitable value sharing resulting from the commercialization of environmental services and giving access to land to younger generations.

This investment allows us to contribute to a project that has a dual impact, thus supporting our strategy on solidarity and biodiversity:

- ***Social:*** financing and supporting the transition of agricultural practices from 150 to 200 farms by giving farmers access to land after 5 years of operation
- ***Environmental***: nature-based solution, Le Printemps des Terres has a positive impact on biodiversity. **This investment is added to our biodiversity strategy initially focused on listed assets in order to reduce negative impacts** (reduction of the biodiversity footprint).

- **Case study: IBAT tool**

Arkéa AM offers to its institutional clients two "green" infrastructure funds using the IBAT (Integrated Biodiversity Assessments Tools) geolocation tool which helps us to integrate data on protected areas and species diversity index into investment decisions.

The use of this tool provides the opportunity to check if the funded project is located near rich biodiversity areas. The impact of each project on biodiversity is measured, as well as the compensation measures taken by companies.

c. Reducing climate footprint of our investments, a central factor in biodiversity

Climate change has deeply altered ecosystems around the world, both terrestrial and marine, causing biodiversity loss. These changes have led to the loss of species, increase in diseases and a massive death of plants and animals, marking the first extinctions attributed to climate variations.

As each degree of warming increases the risk of species extinction, Arkéa AM has made the decision to reduce greenhouse gas emissions from its portfolios.

Considered as the main anthropogenic pressure on biodiversity with land use, climate change is addressed directly by Arkéa AM teams.

This is why Arkéa Asset Management aims to reduce its carbon footprint (scope 1 and scope 2) by 50% by 2030**.**

4. Engaged with our counterparties

Sectors have been identified by Finance for Biodiversity as priority areas for investors. To make this inventory, the organization relied on several reference tools (ENCORE; BFFI; BIA-GBS; CBF and GID) from which a list of 10 "priority" sectors and 11 "secondary" sectors was defined (Annex 1).

These sectors are labelled as "priority sectors" because they are responsible for significant pressures on biodiversity. According to the Foundation in its report Nature Target Setting Framework for Asset Managers and Asset Owners, **these 10 sectors represent 70% of the biodiversity impact attributed to companies in the MSCI World Index** (1,429 companies from 23 developed markets).

The Foundation recommends focusing on priority sectors and has not yet addressed the financial sector due to a lack of data.

As at June 2024, for all the assets managed by Arkéa AM, the exposure of Arkéa AM's direct business investments to the sectors at stake is as follows:

- **4,7% of outstanding amounts exposed to the 10 priority sectors**
- **2,8% of outstanding exposures to 11 secondary sectors**

Every year, Arkéa AM carries out a portfolio analysis based on the ENCORE tool as part of the publication of its Article 29 report. This tool measures the dependencies and impacts of each sector of activity on biodiversity.

The analysis carried out reports that the three most material dependencies concern the surfaces and their erosion (mass stabilization and erosion control), groundwater and surface water. Similarly, the financed sectors have the following main impacts on biodiversity: solid waste, water pollution and soil pollution pollutants.

a. Track the most material companies

Arkéa AM focuses on 5 sectors which represent a large majority of the outstanding amounts exposed to the 10 priority sectors.

As part of its commitment to the Finance for Biodiversity Pledge, Arkéa AM has set itself the objective of monitoring two indicators relating to three sectors (monitoring targets) and committing to three so-called *portfolio targets.*

i. Implementation of monitoring KPIs

As recommended by the Finance for Biodiversity Foundation, **we monitor a high-materiality pressure indicator for several sectors**.

The selection of indicators is based on the ENCORE database and on European regulation regarding the Principal Adverse Impacts[1].

This monitoring is indicative and allows us to follow the evolution of the companies in portfolio from one year to another on a given point.

For the following sectors, the main goal is to foster companies to be more transparent and to report on indicators that may lead to negative externalities for ecosystems.

- Chemicals
    - ***Disclosure KPI – Pollution – Emissions to water:*** *Transparency on direct emissions of priority substances as defined in Article 2(30) of Directive 2000/60/EC of the European Parliament and of the Council (6) and direct emissions of nitrates, phosphates and pesticides (PAI N°8)*
- Pharmaceuticals
    - ***Disclosure KPI – Pollution - Emissions to water:*** *Transparency on direct emissions of priority substances as defined in Article 2(30) of Directive 2000/60/EC of the European Parliament and of the Council (6) and direct emissions of nitrates, phosphates and pesticides (PAI N°8)*
- Food products
    - ***Disclosure KPI – Resource Exploitation - Volume of water used*:** *Transparency on Water usage (optional PAI N°6)*

[1] Base ENCORE

2 Règlement délégué (UE) 2022/1288 de la Commission du 6 avril 2022

ii. Implementing an engagement policy

For each of these five priority sectors, we select companies with whom we will engage in a dialogue over the investment period.

This selection is made on the basis of the holdings in capital and/or debt securities, the weight that these companies represent in the total investments of Arkéa AM and the maturity of the lines.

We plan to enter into a dialogue each year with at least 15 companies representing at least 50% of the outstanding amounts in priority sectors.

In addition to monitoring specific pressures, **we encourage all companies met under this biodiversity engagement strategy to set Science Based Targets Network (SBTN) goals and to implement a biodiversity protection policy** (Main Environmental Negative Impact 14).

Finally, we are active members of collaborative initiatives related to biodiversity such as the **Investor Initiative on Hazardous Chemicals** of the Swedish NGO Chemsec or the **Nature Action 100+** initiative. Arkea AM also participates in the **CDP's annual climate and forest campaign**.

Details of Arkéa AM's engagement policy and annual financial statements are available on the management company's website.

iii. Our commitments to reduce negative impact targets

In addition to the indicators followed by Arkéa AM (*monitoring targets*), performance and exit indicators are set for all portfolios up to 2030 (*portfolio targets*).

- *Performance KPI – Climate change* : reducing Arkéa Asset Management investment carbon footprint by 50% by 2030 (scope 1 and scope 2).

- *Phase-out KPI – Climate change* : By 2030, exit from non-conventional fossil fuels. This mainly concerns *Oil, gas and consumable fuels sector*

- *Phase-out KPI – Climate change* : By 2027, exit of the actors involved in energy production from coal. This is mainly related to the priority sector of *Electricity Services*.

b. A committed environmental shareholder

As a committed shareholder, Arkéa Asset Management has adopted a voting policy that aims to integrate environmental protection issues at the highest level of governance bodies.

Climate change-related pressure is covered in our voting policy which includes sanctioning leaders, when issuers do not comply with their obligations to monitor climate risks or lack of a climate change mitigation strategy, especially for sectors that are the largest emitters of greenhouse gases, by voting against directors and/or the executive compensation plan (if it is not enough incentive to limit climate change). The cases of opposition are detailed in our voting policy.

5. Sharing our results

Arkéa AM publishes annually the results of its commitments relating to the reduction indicator of the carbon footprint of its portfolios and the monitoring of the exit from the non-conventional fossil fuels and coal sectors.

6. Policy evolution

The biodiversity policy of Arkéa AM may be updated in order to remain aligned with the best place practices.

7. Mapping table

Biodiversity loss factor	Covered Factors	KPI	Source	Engagement Actions
Pollution - Emissions of toxic pollutants to water	*Chemicals Pharmaceuticals*	*Emissions to Water Tonnes (PAI 8)*	*Sustainalytics*	*Engagement with major issuers on the subject Participation in ChemSec collaborative engagement*
Resource exploitation - Volume of water used	*Food products*	*Water use : Average amount of water consumed by the companies receiving investments (in cubic metres), per million euros of turnover (PAI OptE 6)*	*Sustainalytics*	*Bilateral engagement conducted by the management company with issuers on the subject*
Climate change - Greenhouse gas emissions	*Oil, gas and consumable fuels* *Gas services*	*Exit of actors whose NLFS represent more than 10% of annual production by 2030 Exit of MIDSTREAM actors developing pipelines or developing LNG terminal capacities*	*Urgewald (GOGEL)*	*Climate engagement (see AAM engagement policy).* *Climate voting policy.*
Climate change - Greenhouse gas emissions	*Electrical Utilities*	*By 2027, exit from actors involved in coal-fired energy production*	*Urgewald (GCEL) et Trucost*	*Climate engagement (see AAM engagement policy).* *Climate voting policy.*
Climate change - Greenhouse gas emissions	*All sectors*	*50% reduction in the carbon footprint of 1&2 investment scopes by 2030*	*MSCI (Reported or estimated data)*	*Engagement with the most significant issuers in the portfolio*

8. Appendices

a. Annex 1: List of priority and secondary sectors

Priority sectors, the 5 most material sectors for Arkéa AM are highlighted

- **Oil, Gas & Consumable Fuels (101020)**
- **Electric Utilities (551010)**
- **Chemicals (151010)**
- **Pharmaceuticals (352020)**
- **Food Products (302020)**
- Automobiles (251020)
- Beverages (302010)
- Consumer Staples Distribution & Retail (Food & Staples Retailing) (301010)
- Metals & Mining (151040)
- Paper & Forest Products (151050)

Secondary sectors

- Textiles, Apparel & Luxury Goods (252030)
- Semiconductors & Semiconductor Equipment (453010)
- Healthcare Providers & Services (351020)
- Airlines (203020)
- Containers & Packaging (151030)
- Personal products (303020)
- Real Estate Management & Development (601020)
- Construction Materials (151020)
- Gas utilities (551020)
- Independent Power & Renewable Electricity Producers (551050)
- Water utilities (551030)