MOBILITY SECTOR POLICY

INTRODUCTION

Crédit Mutuel Alliance Fédérable, which is a company with “Entreprise à mission” status, wants to work towards a fairer and more sustainable society. To this end, the group wishes to strictly monitor operations in sensitive sectors involving social and environmental risks. Being concerned about taking these issues into account responsibly, the group has undertaken to define sector policies aimed at delimiting the scope of action and establishing criteria and principles to be observed during the performance of its activities and thus contributing to the ecological transformation and social progress.

The measures stemming from these policies apply to the entire group, subject to compliance with the legal and regulatory provisions applicable to each entity.

These measures may be revised each time the group deems it necessary.

Crédit Mutuel Alliance Fédérable implements a responsible policy in keeping with its mutualist values. Its ambition is to support its clients in the transformation of their business model and thus contribute to the fight against global warming, reduced biodiversity, and environmental degradation.

The maritime sector is essential to the world economy. Indeed, 90% of goods traded around the world are transported by ship. Transport (all transport combined) accounts for 23.7% of global CO₂ emissions. Less than 3% of CO₂ emissions are generated by maritime transport.

Crédit Mutuel Alliance Fédérable implements the present sector policy – maritime sector – which falls within the framework of the Corporate and Social Responsibility (CSR) policy.

1 SCOPE

This policy applies to the maritime transport sector throughout the value chain and notably to project finance, asset and acquisition finance, long/short-term investments, corporate finance, issuing of guarantees, financing international trade operations, and services and financial advice provided to shipowners, owner-operators, and shipbuilders.

2 COMMITMENTS TAKEN BY CRÉDIT MUTUEL ALLIANCE FÉDÉRALE WITH RESPECT TO VESSEL FINANCING (ASSET FINANCE)

In November 2019, Crédit Mutuel Alliance Fédérable, via the entity CIC, signed the Poseidon Principles, which provide a framework for assessing and reporting on the alignment of financial institutions’ shipping portfolios with the targets set by the International Maritime Organisation (IMO) in order to reduce greenhouse gas emissions by 50% by 2050.

The commitment involves:

- Calculating the total average AER for the portfolio by weighting each score by the amount of financing allocated to each of the vessels,
- Comparing the AER of the portfolio thus calculated with the AER curve defined by the Poseidon Principles,
- Publishing the difference between the portfolio AER and the curve defined by the Poseidon Principles in the Extra-Financial Performance Report.

There are carbon intensity/energy efficiency (AER) curves defined by type and size of vessel.

Crédit Mutuel Alliance Fédérable has set the target of being below the IMO curve by 2025.

In addition, Crédit Mutuel Alliance Fédérable now prioritises financing ships powered by gas or hybrid dual fuel (diesel and gas) engines or other alternative fuels to heavy fuel oil, such as hydrogen and ammonia. Passenger ships (cruise ships and ferries) will have to be equipped with the “Plug Ready” system, allowing them to be supplied with electric power in ports.

1 By way of derogation from the conditions of applicability of this policy, asset management activities on the group’s own account or on behalf of third parties may not be concerned by the system put in place
2 In this context, “project finance” is understood as a category of specialised finance (defined in particular by Article 147.8 of Regulation (EU) No. 575/2013) which meets specific criteria. Such criteria, as validated by the French Prudential Supervision and Resolution Authority (ACPR) in October 2012, are used for establishing the eligibility of operations relating to the project finance portfolio

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3 Analysis criteria

The ways in which Crédit Mutuel Alliance Fédérable interacts with companies operating in the maritime transport sector depend, firstly, on compliance with exclusion thresholds and, secondly, the host country including internal compliance due diligence.

Moreover, Crédit Mutuel Alliance Fédérable’s decision-making process for all types of financing, issuance of guarantees, services and financial advice depends on the host country, the type of operations financed and the sustainability policy (sustainable development commitments) that the companies implement across the span of their business activity. In this area, the analysis will be based in particular on the extra-financial rating provided by an expert and independent agency when available.

3.1 Exclusion criteria

Crédit Mutuel Alliance Fédérable entities do not participate in financing of the following:
- oil carriers,
- non-conventional gas carriers,
- shuttle tankers,
- ships sailing under flag states that are on the blacklist of the Paris Memorandum of Understanding on Port State Control,
- ships sailing under the flag of a country that has not signed the 2001 International convention on the control of harmful antifouling systems on ships (chemicals applied to the coating of a ship’s hull to prevent the attachment of unwanted marine organisms), the 2004 Convention for the Control and Management of Ships’ Ballast Water and Sediments, the 2009 Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships (agreements governing ship dismantling conditions),
- any shipyard that would have a critical impact on a protected area or wetland on the RAMSAR list or on UNESCO World Heritage sites.

3.2 Host country eligibility criteria (country of registration and flag state)

Crédit Mutuel Alliance Fédérable may take part in banking or financial operations with companies operating in the maritime transport sector provided that the country:
- is not subject to any international financial sanctions applied by the French, European or international authorities in the maritime transport sector,
- applies the reference international regulations and conventions in force,
- has regulation on social legislation guaranteeing employees working in maritime transport sector companies minimum rights in line with those recommended by the International Labour Organization (ILO).

4 Rules applying to banking operations

4.1 Rules applying to banking operations with companies involved in the maritime transport of people or goods

Companies operating in the maritime transport sector that request to work with Crédit Mutuel Alliance Fédérable on financing operations, long/short-term investments, issuing of guarantees, or other financial services need to be able to comply with IMO regulation on NOx and SOx emissions from ship exhausts that came into effect on 1 January 2020.

4.2 Rules applying to banking operations with shipbuilding companies

Companies operating in the shipbuilding and dismantling sector that request to work with Crédit Mutuel Alliance Fédérable on financing, long/short-term investments, international trade operations or other financial services need to be able to satisfy the following conditions:

- Completion of an environmental impact review for each shipyard: impact on biodiversity, treatment processes and reduction of emissions and effluents,
- Consideration of social impacts: prevention plan to protect employee health and safety, accident management plan in the event of contact with hazardous substances and dedicated reporting,
- Compliance with all the operating administrative authorisations.

5 Means

Unless otherwise indicated, the data and information in this policy pre-date its initial dissemination. Moreover, in order to ensure compliance with the criteria and principles laid down under its “Mobility sector policy – Maritime sector”, Crédit Mutuel Alliance Fédérable may use and rely on the expertise, valuations and/or information provided by various experts or external service providers selected with reasonable care, and it also draws on information provided by the maritime sector companies concerned.
BIBLIOGRAPHICAL APPENDIX
Standards, conventions, initiatives or recommendations:

IMO: https://www.imo.org/fr/About/Pages/Default.aspx
RAMSAR: https://www.ramsar.org/fr
UNESCO: https://fr.unesco.org/
POSEIDON PRINCIPLES: https://www.poseidonprinciples.org/about/
BLACKLIST of the Paris Memorandum of Understanding on Port State Control: https://www.parismou.org/detentions-banning/white-grey-and-black-list