

ARKEA DIRECT BANK
**2023 REPORT UNDER ARTICLE 29 OF THE ENERGY AND
CLIMATE LAW**



Introduction

On behalf of Arkea Direct Bank (ADB), we are pleased to present this report, which relates exclusively to the activities of our branch in Belgium, trading under the name of Keytrade Bank. It is important to emphasise that this branch is the only ADB entity subject to the obligation to submit this report, in accordance with the provisions of the Energy and Climate Law. In addition, Arkea Direct Bank uses the Fortuneo trading name in France. This activity is not covered by this document as it falls outside the scope of the Energy and Climate Law.

The information presented in this year's report, concerning the 2023 financial year, is that required for entities with less than €500M in assets, in accordance with Chapter IV Section 1 of Article D533-16-1 of the Monetary and Financial Code and Appendix A of the Energy and Climate Law. In the following pages, we will take a closer look at Keytrade Bank's initiatives, performance and commitments. This document aims to report on our contribution and efforts in the transition to a more sustainable economy, while highlighting the specific challenges and opportunities we face in the market.

We are proud to share with you Arkea Direct Bank's progress in environmental and social responsibility, while reiterating that this report focuses exclusively on our Belgian entity, which plays a key role in our overall commitment to sustainable development.

We hope this presentation will highlight our commitment to transparency and responsibility in our actions. We are open to any comments and questions you may have after reading this report.



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DESCRIPTION OF ENTITIES

Arkea Direct Bank, Fortuneo and Keytrade Bank are part of the Crédit Mutuel Arkéa group, a French banking organisation. This is how they are linked:

Arkea Direct Bank: As mentioned above, Arkea Direct Bank is a subsidiary of the Crédit Mutuel Arkéa group.

Fortuneo: Fortuneo is the trading name of Arkéa Direct Bank for its activities in France. Fortuneo offers current accounts, savings products, loans, insurance and a variety of investment instruments. The bank is known for its competitive rates and online financial management tools.

Keytrade Bank: Keytrade Bank is the branch of Arkéa Direct Bank operating in Belgium. It specialises in online banking services (current accounts, savings accounts, bank cards) and also has an online trading platform (offering a variety of investment instruments and other financial products).

These entities are part of the same banking group, Crédit Mutuel Arkéa. This means that they share certain resources and synergies within the group, while offering separate services in different geographical markets, France and Belgium.

DEFINITIONS OF TERMS

ESG: ESG, or Environmental, Social and Governance, is a set of criteria used to assess a company's performance in relation to its environmental practices, social impact and internal governance. These criteria help investors to consider not only financial but also social and environmental factors in their investment decisions

Sustainable finance: Sustainable finance, also known as responsible finance or ethical finance, is a financial process that aims to invest in a way that is both profitable and socially responsible. It involves considering not only the potential financial benefits, but also the social and environmental impacts of investments. The risks presented by these products are similar to those that do not have a financial filter.

Sustainable Finance Disclosure Regulation (SFDR): The Sustainable Finance Disclosure Regulation is a European regulation that aims to improve the transparency of the information provided by financial market participants concerning sustainability-related issues. The SFDR aims to improve the transparency and authenticity of sustainability-related investments and financial products in Europe.

European Union Green Taxonomy: The EU Taxonomy (or Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020) refers to the classification of economic activities with a favourable environmental impact. Its objective is to direct investments towards "green" activities, i.e., activities that do not exacerbate climate change.

Paris Agreement: This is an international treaty that entered into force on 4 November 2016. 194 Parties (193 countries as well as the European Union) adopted this agreement. The Agreement sets out the commitments of all countries to reduce their emissions and to cooperate in adapting to the effects of climate change.

Corporate Social Responsibility (CSR): CSR is a principle according to which companies must consider the social and environmental impacts of their activities, in addition to their financial objectives. This means contributing positively to society and minimising the negative effects of their operations.

1. KEYTRADE BANK'S GENERAL APPROACH

1.1 Keytrade Bank's general approach to environmental, social and governance criteria

Keytrade Bank is the Belgian branch of Arkéa Direct Bank SA, which is a subsidiary of Crédit Mutuel Arkéa.

At the end of 2019, the Crédit Mutuel Arkéa group approved an ESG ambition and associated action plans for its financing and investment business lines, both on its own account and on behalf of third parties. The aim is to make it a vector of development and growth for the Crédit Mutuel Arkéa group and its stakeholders.

This ambition affirms the positioning of the Crédit Mutuel Arkéa group as a “partner for transitions serving the economic vitality of the territories”. The role of the Crédit Mutuel Arkéa group is to assist stakeholders in preparing for these transitions and to support them in the transformation of their economic model, with the aim of contributing to their economic sustainability.

Within Arkéa Direct Bank, this ambition is reflected in the inclusion of a defining component in the strategy created by Crédit Mutuel Arkéa. The component itself is subdivided into three sub-components:

- A “Green Finance” sub-component, with the aim of offering a specific range of products and services to support our customers in the transition of assets to green products;
- A “Low Carbon” sub-component, with the long-term aim of becoming a “Zero Carbon” production company, and a proponent of environmental issues for our customers;
- And lastly, a “Social” sub-component, with the aim of being a benchmark employer and a company that is attentive to its environment (customers and employees).

In particular, Keytrade Bank offers portfolio management on behalf of third parties with strategies for investment in trackers/ETFs (“Keyprivate”). In the context of this management offering, new customers have been able to express their sustainability preferences since May 2023. Thus, the products they are offered take ESG criteria into account.

For customers who do not express a sustainability preference, the products offered do not take ESG criteria into account.

Over the 2023 financial year, the ESG policy relating to the part of the management offering of products incorporating ESG criteria was rolled out and communicated to the teams in charge of the Keyprivate team. This policy will also be communicated to Keyprivate customers. Among the criteria related to sustainable finance, Keytrade Bank favoured trackers aligned with the requirements of the Paris Agreement Benchmark (PAB) and the Green Bond Principles (GBP) in its selection of new financial instruments for its portfolio management offering.

However, since ESG commitments of the Crédit Mutuel Arkéa group are particularly well developed, sustainability and the social interest of investors are key issues for Keytrade Bank.

Keytrade Bank undertakes to add other ESG criteria that can be adapted to its business, and then to implement these in line with the ambitions of Crédit Mutuel Arkéa.

1.2 Consideration of ESG criteria in the selection of financial instruments incorporated into Keytrade Bank's portfolio management offering

1.2.1 Incorporation of ESG criteria into the selection of trackers

Since May 2023, Keytrade Bank has been respecting customers' needs and wishes for ESG, and has been offering them specific products with ESG criteria incorporated into its management.

However, the products offered by Keytrade Bank do not take ESG criteria into account.

To respond to customers' interest in ESG, Keytrade Bank has set up a process for selecting trackers through an analysis of financial and non-financial criteria, including ESG criteria.

The challenge for Keytrade Bank is to offer its customers a selection of financial instruments with the best risk/return profile, and to reinforce the products available, taking ESG into account.

Keytrade Bank selects trackers with ESG labels for new investments that will help meet the expectations of customers who have expressed the desire to invest in sustainable investments.

1.2.2 Consideration of ESG criteria in portfolio management

As noted above, the consideration of ESG criteria differs, according to two scenarios based on the customer appetite for ESG.

The Keyprivate management offering is therefore adapted to the wishes expressed by customers who have provided their sustainability preferences, by offering them products that take ESG criteria into account.

For customers who have expressed an interest in ESG, the proposed management offering will incorporate ESG criteria by investing only in trackers categorised as SFDR Article 8 products, which have been previously selected in accordance with Keytrade Bank's tracker selection policy.

For customers who have not expressed a sustainability preference, ESG criteria will not be taken into account in the management offering.

Keytrade Bank has a responsible investment policy, with the aim of defining Keytrade Bank's principles of responsible investment as part of its Keyprivate management offering, and specifying how ESG factors are incorporated into Keyprivate investment strategies.

1.3 Providing information to customers about the consideration of ESG criteria

In May 2023, Keytrade Bank introduced the incorporation of customers' sustainability preferences into the suitability test to be provided when signing up for Keyprivate via the Keytrade Bank website.

As a result, the Article 29 of the Energy and Climate Law report on 2022 is available on the website and will be updated with the publication of this report under Article 29 of the Energy and Climate Law.

The plan is also to publish information on policies relating to the incorporation of sustainability risks in the summer of 2024.

At the end of 2024, customers will also be informed of how ESG criteria will be taken into account in the portfolio management service via the Special Terms and Conditions of the Keyprivate Portfolio Management Service.

1.4 The SFDR “Article 8” financial instruments of the Keytrade Bank portfolio management offering

In the context of its investment platform, Keytrade Bank offers financial instruments categorised as Article 8 products by the SFDR, which refers to products that promote social or environmental characteristics or a combination of these, provided that the investee companies follow good governance practices and can invest in sustainable investments without necessarily having a sustainable investment objective.

To date, the “Article 8” trackers referenced in the Keytrade Bank portfolio management universe are:

ISIN code	Name	Assets in euros as at 31/12/2023
LU1681046261	AMUNDI EURO GOVERNMENT TILTED GREEN BOND UCITS ETF ACC	33,814,734.80
LU1681040496	AMUNDI HI YIELD EU	33,417,271.45
LU1861134382	AMUNDI IS MSCI Wld SRI PAB UE DR EUR C	115,929.38
LU1753045332	BNP EU SRI PAB EC	93,408.28
LU1563454310	AMUNDI GLOBAL AGGREGATE GREEN BOND UCITS ETF ACC	138,400.41

As at 31 December 2023, five trackers were classified as SFDR Article 8 products.

As at 31 December 2023, Keyprivate portfolio management assets amounted to EUR 278,538,918.80 (€). The share of trackers classified as SFDR Article 8 products represents 12.26% of these assets, i.e., EUR 34,162,472.87 (€).

To date, Keytrade Bank does not offer an SFDR “Article 9” tracker in the Portfolio Management universe.

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