Crédit Agricole Climate Strategy

June 2019

I. Background /Vision

Currently world leader in green bonds, Crédit Agricole has been a pioneer for climate finance for nearly 10 years (estimating the carbon footprint of its loan book since 2011, implementing sectoral policies that exclude offshore drilling in the Arctic since 2012 and excluding project finance in the mining and coal-fired power industries since 2015). The Group believes that it is imperative to decarbonise our economies, while maintaining value creation.

In order to strengthen its action and commitments, Crédit Agricole adopts a Group Climate Strategy fully aligned with the Paris Agreement, which will be rolled out by all its entities and subsidiaries This Strategy will allow for the gradual reallocation of the Group's loan, investment and assets under management portfolios in favour of energy transition.

Aware of its responsibility as the world's No. 1 cooperative bank and leading provider of funding to the French economy, Crédit Agricole is determined - now more than ever - to work towards energy transition.

II. Ambition/Commitments

The goal of this strategy is to **make green finance a growth driver for the Group**. Thus, Crédit Agricole has undertaken to serve the needs of our territories and clients by designing and committing to a green finance path.

III. Key tools/ mechanisms

Aware of the complexity and ambitious nature of this undertaking, aware of our unique structure and identity as a multi-business, united and decentralised Group, and lastly, aware that there is still much to be done to align our activities with the goals of environmental transition, all of our different business lines are mobilised today in a collective effort to set the conditions for success of this Group Climate Strategy.

These conditions include the establishment of commitments, tools and rules capable of rising to the challenge of climate change. Innovative governance and revised guidelines (sectoral policies) are the tools that will bring about a successful transition for the Group and for our clients.

1. An innovative governance to lead the implementation of the Climate Strategy.

Our commitments will be driven by a dedicated governance, structured around five pillars that will support their strategic steering and allow us to continuously reconcile regional economic development with anti-climate change goals:

- A "Societal Engagement Committee" comprising executive managers of the entities and Regional Banks, in charge of co-building the alignment of the Group Climate Strategy with the Paris Agreement and ensuring that all Group entities are on board.

- A Scientific Committee made up of the Group experts, with the support of academic partners, in charge of conducting high-level scientific analysis and informing the decisions of the Societal Engagement Committee.

- An information system designed to monitor the Group data used by the Scientific Committee and to direct strategic decisions consistently.

- Regularly and individually revised sectoral policies, based on the research and recommendations of the Scientific Committee.

- Climate reporting will be prepared in accordance with the TCFD (Task Force on Climate-Related Disclosures) recommendations by 2020.

In order to meet stakeholders' expectations, and because we believe in the virtues of dialogue, the Group Climate Strategy will be **certified by an independent third party body**, thus ensuring its proper implementation, oversight and transparency.

2. **Incorporating energy transition issues into customer relationship.**

In the light of the climate emergency, we firmly believe, now more than ever, that we have a duty, as a key economic contributor, to support all our clients on the road to energy transition. We see as of the utmost importance that companies get ready for mitigating the effects of climate change (resilience and adaptation), and we believe our role is to accompany them on their way. To fulfil this duty, we set up:

- ✓ A transition scoring to measure the client's contribution and capability of adapting their business model to the challenges of achieving the energy transition and combating climate change. Serving as a basis for dialogue and decision-making tool, the transition scoring will supplement the existing financial score, giving us a better-rounded picture of the client's business case. Based on the combined expertise of CACIB and AMUNDI, it will be applied to large corporates starting in 2020 and then, following an overall assessment, possibly to ISEs and SMEs;

- ✓ A support mechanism for start-ups and SMEs innovating in the environmental field; e.g. the 200 million euros investment fund in own account;

- ✓ A range of green financing solutions for corporate clients and retail customers.

3. The gradual reallocation of our loan, investments and AuM portfolios, aligned with the Paris Agreement.

Crédit Agricole Group aims to manage comprehensively the risks and opportunities presented by climate change, in particular by gradually reallocating our loans, investments and assets under management for the benefit of the energy transition. This reallocation will be aligned with the world energy mix, as projected in the scenarios adopted by the Scientific Committee[1] and will include:

- ✓ **Strengthening our commitment to finance energy transition:**

    - o Finance 1 in 3 renewable energy projects in France, with the goal of consolidating our leading position in the French market and of becoming a major European player in the sector;

    - o Set up a €300m envelop in order to develop environmental transition projects, bring loans to green companies to help them build the green bonds' underlying assets;

    - o Double the size of the green loan portfolio to €13bn by 2022 (CACIB);

- ✓ **Promoting sustainable investment policies:**

Apply ESG policy to 100% of Amundi's actively managed funds (and to 40% of its passively managed funds); and to all voting decisions in 2021. Integrate ESG criteria into 100% of Credit Agricole Assurances' new investments;

- o Double green investment portfolios to €12bn for institutional clients, and triple those for retail clients to €10bn (Amundi);

- o allocate €6bn for SRI loans in the Group liquidity portfolio by 2022;

- ✓ P**lanning a total phase-out from thermal coal in accordance with a Paris Agreement aligned timetable:**

    - o The exposure of our portfolios to coal industry will be in line with full-fledged coal phase-out by: 2030 for EU and OECD countries; 2040 for China; 2050 for the rest of the world. As part of our transparency commitment, we will disclose our loans / investments managed portfolios' thermal coal exposure on an annual basis, from the end of 2019.

    - o As part of the transition scoring's design, we will ask companies to provide us by 2021 with a detailed phasing out plan of their coal-sector mining and production assets, in accordance with the 2030/2040/2050 timetable (depending on where these assets are located). This plan will play a major role in setting the transition scoring.

[1] e.g. the EIA's Sustainable Development Scenario, Climate Analytics Report, Science-Based Targets

- As of 2019, Crédit Agricole will no longer develop business relations with corporations generating more than 25% of their turnover in the thermal coal sector (coal-based mining and production). For those having a relative coal threshold of more than 25% and a degraded transition scoring, only loans dedicated to renewable energy or GHG reduction projects will be authorised;

- The Group also undertakes to stop working with corporations currently developing or planning to develop new thermal coal capacities along the entire value chain (mining, production, utilities, and transport infrastructures).

- Companies failing to subscribe to this approach will be automatically placed in a “transition watch list” portfolio and subject to the reduction or even the freezing of our financial support.