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Credit Agricole adopts a new climate strategy

As one of today's world leaders in green bonds, and as a pioneer for climate finance for nearly 10 years, Credit Agricole believes that it is imperative to decarbonize our economies, while maintaining value creation. In order to strengthen its action and commitments in favor of energy transition, **Credit Agricole adopts a Group Climate Strategy fully aligned with the Paris Agreement.**

The goal of this strategy is to allow for the gradual reallocation of the Group's loan, investment and assets under management portfolios, so as to **make green finance a growth driver for the Group.** This strategy, which will be rolled out by all its entities and subsidiaries, comprises three main pillars.

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

- ✓ A new dedicated governance, structured around three bodies, will drive our commitments: a "Societal engagement Committee" comprising the Group's executive managers, a Scientific Committee made up of Group experts, in charge of conducting high-level scientific analysis with the support of academic partners, and an information system designed to inform the Group's work and decisions on its climate strategy consistently.
- ✓ Our sectoral policies will be revised regularly and individually, on the basis of the Scientific Committee's research and recommendations.
- ✓ An independent third party body will audit and certify the proper implementation, oversight and transparency of the Group climate strategy.
- ✓ Climate reporting will be prepared in accordance with the TCFD (Task Force on Climate-Related Disclosures) recommendations by 2020.

② Incorporating energy transition issues into customer relationshi.

- ✓ The Group will implement a "transition scoring" to measure the client's contribution and capacity to adapt 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 SMEs;
- ✓ The consolidation of a transition scoring will allow us to assess properly the potential effects of climate change on our financing portfolios and to design climate stress tests in accordance with different transition path scenarios all the way to 2050.

③ The gradual reallocation of our loan, investments and Asset Under Management portfolios, aligned with the Paris Agreement

Credit 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 scenarios¹ adopted by the Scientific Committee and will include:

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

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

- Set up a support mechanism for start-ups and SMEs innovating in the environmental field; e.g. the 200 million euros investment fund in own account dedicated to environmental transitions (energy, agro and agri sectors);
- Roll out a range of green financing solutions for corporate clients and retail customers.
- Double the size of the green loan portfolio to €13bn by 2022 (CA Corporate Investment Bank);
- ✓ **Promoting sustainable investment policies:**
 - Apply ESG policy to 100% of Amundi's actively managed funds (and double outstandings integrating ESG in passively managed funds) and to all voting decisions in 2021. Integrate ESG criteria into 100% of Credit Agricole Assurances' new investments;
 - Double green investment portfolios, via Amundi, for initiatives relating to the environment or with strong social impact, to €20bn outstandings
 - Allocate €6bn for SRI loans in the Group liquidity portfolio by 2022.
- ✓ **Planning a total phase-out from thermal coal in accordance with a Paris Agreement aligned timetable:**
 - The exposure of our portfolios to coal industry will be in line with a 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;
 - 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;
 - As of 2019, Credit 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;
 - 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;
 - Finally, the Group 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).

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