



November 2024

GROUP CSR SECTOR POLICY

OIL AND GAS

PREAMBLE

In 2021, the Crédit Agricole Group published its Societal Project including an ambitious climate strategy aimed at aligning its activities with the objectives of the Paris Agreement. In 2023, Crédit Agricole S.A. published its first Declaration on Biodiversity and Natural Capital to accelerate its commitments to nature.

The Crédit Agricole Group is developing sector-specific CSR policies for various sectors with significant negative impacts on the environment and society. These policies spell out the ESG criteria that the Crédit Agricole Group intends to respect in the conduct of its activities, and are not intended to specify, for the different sectors, the implementation of the commitments made by the Crédit Agricole Group in terms of climate, biodiversity and other issues, as this is the subject of dedicated management.

Dedicated to the oil and gas¹ sector, this policy sets out the general principles applicable to the financing, investment and third-party asset management activities of Crédit Agricole S.A. and its subsidiaries (hereinafter the "Group").

¹ Fossil natural gas

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1. SECTOR ISSUES AND OBJECTIVES OF THE POLICY

While respecting the scenarios aligned with the objectives of COP21, oil and gas are expected to continue to constitute a significant, albeit decreasing, share of the energy mix by 2050. Gas is also set to play a transitional role in replacing coal and provide a flexible source of electricity in support of the development of renewable energies. Against this backdrop, investments in the sector will remain significant, although decreasing, in the coming years, according to the IEA's Net Zero scenario.

Oil and gas activities can nevertheless generate critical negative environmental and social impacts. These include impacts in terms of biodiversity (impacts on natural or critical habitats as well as on ecosystem services) as well as social impacts (physical and economic displacement of populations, and the health and safety of communities). Some unconventional operations may present particular challenges. Similarly, leaks of CO₂ or natural gas (methane), as well as certain practices such as flaring and venting, can be responsible for significant greenhouse gas emissions.

This policy aims to set out the conditions under which the Group operates, according to the environmental and social issues identified.

2. SCOPE OF THE POLICY

2.1 ACTIVITIES COVERED

The following Group Activities are covered:

- The Group's **financing activities**: credit, debt and equity markets, guarantees, advisory mandates, etc.²
- **Investments** made by the insurance business:
 - Investments made directly in equities and bonds and in dedicated funds in respect of euro funds and the capital of life insurance policies.
 - New investments in infrastructure in respect of euro funds and the capital of life insurance policies. This policy does not apply to infrastructure already in the portfolio.

In addition, third-party asset management complies with the challenges and objectives of the Group policy presented in Part 1, as well as its scope and effective date, and defines specific application procedures adapted to the nature of its third-party investment business.

The Group's financing and investments directly related to oil or gas assets are covered by Part 4 of the policy. Other forms of intervention concerning oil and gas operators are covered by Part 5. Définition du secteur du pétrole et du gaz

2.2 DEFINITION OF THE OIL AND GAS SECTOR

For the purposes of this policy, the **oil and gas sector** covers:

- exploration and production of oil and gas;
- transport by oil or gas pipeline;
- storage;
- processing of oil or gas (oil refineries, liquefaction and natural gas export or regasification terminals), excluding petrochemical activities.

² Bank deposits do not fall within the scope of Activities covered by the policy.

3. REFERENCE FRAMEWORK

Financing and investments in the sector will be analysed taking into account the environmental and social issues identified as well as the work and standards resulting from the conventions, frameworks and initiatives developed by governments, international organisations and professional associations.

For the Group's financing activities, this work and these standards encompass:

- the International Petroleum Industry Environmental Conservation Association (IPIECA);
- the International Association of Oil & Gas Producers (OGP);
- the International Energy Agency (IEA);
- the standards of the World Bank Group, particularly the International Finance Corporation (IFC) Performance Standards and General Environmental, Health, and Safety Guidelines;
- the Extractive Industries Transparency Initiative (EITI);
- the Global Flaring & Methane Reduction (GFMR) Partnership;
- the Energy and Biodiversity Initiative (EBI);
- the Global Methane Pledge.

For investments in the insurance business (see 2. Scope of the policy), the NZAOA (Net-Zero Asset Owner Alliance) position paper on the oil and gas sector serves as a reference framework. This document defines:

- the type of infrastructure in which new investments can be made;
- the procedure to be followed with regard to investments in listed or unlisted equities or bonds.

4. GROUP ACTIVITIES DIRECTLY RELATED TO OIL OR GAS ASSETS

The Group will not provide products or services in connection with the Activities falling within the scope of the policy (see Part 2):

- to oil or gas extraction projects for which the Final Investment Decision (FID) is made after 14 December 2023, or infrastructure strictly dedicated to those new extraction projects: oil pipeline, gas pipeline, liquefaction and export terminal, or production platform;
- to projects located in the Arctic³;
- to projects for the development, construction or extension of facilities relating to the extraction of shale oil or gas, extra-heavy oil characterised by an API gravity equal to or less than 10°, including any oil sands project;
- if the Bank is aware of one of the following characteristics: critical impact on a protected area or wetland of international importance covered by the Ramsar Convention, location in a World Heritage site according to the UNESCO classification or a site meeting the criteria of the Alliance for Zero Extinction (AZE).

5. GROUP ACTIVITIES BENEFITING COMPANIES IN THE SECTOR

Activities carried out for the benefit of oil and gas companies (as defined) are also covered by the policy.

The Group focuses its support on companies that develop good practices, adopt behaviour likely to limit their environmental and social impacts and adhere to the international industry standards referred to in Part 3 for the Activities concerned.

In particular, the Group does not develop relationships with companies that derive 30% or more of their revenue from the extraction of unconventional hydrocarbons (oil sands, shale oil and gas, and extra-heavy oil).

³ The terrestrial Arctic is defined by reference to the Arctic Monitoring and Assessment Programme (AMAP) area and the maritime Arctic is defined as the area north of the Köppen line. This is the area in which the average temperature in the warmest month (July) is below 10 °C.

Regarding its financing activities, the Group:

- excludes any new financing to independent producers whose activity is exclusively devoted to the exploration or production of oil and gas.
- does not accept mandates to advise on bond issuance by companies involved in the exploration and production of fossil hydrocarbons, unless they relate to green bonds or sustainability-linked bonds.
- apart from the aforementioned cases, each company is examined on a case-by-case basis according to an assessment updated regularly, taking into account its commitments to the transition. The Group may offer its financing activities to companies that meet the selected environmental and social criteria or that aim to meet them. In the event of a significant divergence between the Group's expectations and the company's practices, a dialogue will be initiated with the company to ensure that it meets these expectations. If the expected improvements are deemed insufficient, the Group's entities may nevertheless continue to provide finance to it, although only for operations favouring the energy transition, after validation by a dedicated body.

6. IMPLEMENTATION OF THE POLICY WITHIN THE GROUP

For the needs of their business lines, the Group's entities formalise procedures for the operational implementation of this policy, taking into account their specific characteristics.

An entity may not adopt business line procedures less demanding than this policy.

These implementation procedures particularly include:

- A governance and delegation/decision-making system,
- The essential application specifications, particularly those relating to the dialogue they intend to conduct with companies in the sector.
- A system for monitoring that application.

7. ENTRY INTO FORCE, COMMUNICATION AND FOLLOW-UP

This policy applies from the date of its publication. Its application is impacted by the availability, quality and relevance of the information collected.

This policy is public. As such, it is published on the Group's website in the interests of transparency, which the Group is committed to as part of its CSR policy.

The Group will continue its dialogue with all stakeholders who wish to provide constructive opinions or comments.

The policy will be reviewed periodically and whenever the context or circumstances require, with due consideration of regulatory factors.

This document is an internal rule that applies to the entire Group. It is published in French and English, the French version alone having legal value.

**WORKING EVERY DAY IN YOUR INTEREST
AND FOR SOCIETY**

