Position Paper

Supporting regions and clients' adaptation in the face of climate change impacts

The shocks of climate change are already visible and are set to intensify further. Whether through acute short-term events — such as droughts, floods, storms and heatwaves — or chronic long-term changes in weather and climate[1], including glacier melt, sea-level rise, rising temperatures, water scarcity and biodiversity loss, these **phenomena are already having an effective impact** on **households** and **businesses alike**, **reshaping economic trajectories across regions and sectors**.

Climate adaptation is no longer optional: it has become essential to safeguard populations and assets, strengthen economic and territorial resilience, and ensure the continuity of critical infrastructure and essential services.

Crédit Agricole, who has been actively combatting drivers of climate disruption for several years[2], now affirms that climate adaptation represents **a core priority, complementary to decarbonization actions**.

Consistent with its purpose of serving society, the Group is committed to supporting economic and territorial transformation in response to climate change, with the same level of rigor it brings to climate mitigation.

This Position Paper outlines Crédit Agricole Group's commitment to enabling all economic actors and communities to adapt effectively to current and emerging climate risks. It complements our broader work supporting the transition toward a low-carbon economy[3].

Adaptation has become an economic and territorial imperative

Global warming is accelerating: the past eleven years rank among the warmest on record, with average temperatures from 2023 to 2025 running 1.48°C above pre-industrial levels[4]. Across Europe, and in France in particular, the warming trajectory is even steeper: projections point to potential temperature increases of +2°C by 2030, +2.7°C by 2050 and around +4°C by 2100 in France[5].

This acceleration carries **profound economic and social consequences.** Between 1980 and 2023, economic losses from climate-related events exceeded $790 billion across EEA-38 member and cooperating countries[6]. In France alone, cumulative damages from climate hazards are projected to reach €143 billion between 2020 and 2050 - double the €71 billion recorded over 1989-2019.

These impacts are no longer theoretical. Households face property damage, disruption to essential services, reduced access to housing and widening insurance gaps, while businesses contend with operational interruptions, supply-chain disruption and rising insurance premiums that directly influence investment decisions[7]. Beyond their immediate financial effects, these events are reshaping ecosystems and territories, redrawing economic development pathways across sectors and regions.

[1] Physical Risk Related to Climate Change
[2] Our societal project | Crédit Agricole
[3] Guide: Destination 2050, Our Climate Transition Plan
[4] WMO | World Meteorological Organization
[5] French reference warming trajectory for adaptation (TRACC)
[6] 32 members of the European Environment Agency, along with the Western Balkans
[7] Amundi Study – Climate Impacts on Investment Returns

Complementing a decisive mitigation trajectory, adaptation has become essential to anticipate climate risks and prepare today for a rapidly evolving physical reality. It requires mobilizing the necessary investments to address the economic and social challenges ahead while capturing emerging opportunities[8].

Investment in climate adaptation is underpinned by a strong economic rationale. Peer-reviewed research[9] consistently shows that every euro invested in adaptive measures can help avoid around ten euros in losses. Recent analysis[10] presented at COP30 in Belém reinforces this finding: targeted investments in climate resilience and environmental sustainability could **generate at least four times more benefits than costs**. The adaptation market itself is expanding rapidly. Current estimates project the global adaptation finance gap could reach $1.3 trillion annually by 2030, with adaptation potentially representing up to 15% of GDP in some of the world's most climate-vulnerable nations by 2050.

Defining adaptation: scope and implications

Conceptual Framework

The IPCC[11] defines adaptation as a **systemic process of adjustment** aimed at limiting unavoidable climate impacts and associated harm to populations, socioeconomic activities, and natural systems. It encompasses actions to **anticipate**, **prevent**, and **moderate** climate change impacts while capitalizing on beneficial opportunities.

Mitigation and adaptation are two complementary imperatives: "*avoiding the unmanageable and managing the unavoidable*" [12]. We must reduce anthropogenic greenhouse gas emissions as much as possible to limit warming magnitude, while simultaneously preparing for climate impacts that are now locked in.

Beyond a certain warming threshold, the scale of changes affecting our societies and economies may exceed our adaptive capacity. The IPCC terms these **"hard limits" of adaptation**[13].

The Group deliberately promotes effective, planned and long-term adaptation in order to avoid "**maladaptation**"[14] — situations in which adaptation measures inadvertently worsen climate outcomes, entrench or displace existing vulnerabilities, or cause harm to populations or ecosystems. To this end, the Group prioritizes "no-regrets" measures that reduce vulnerability to climate hazards while generating economic, social or environmental benefits, regardless of the future magnitude of warming.

A systemic-based approach to adaptation

Climate change and **biodiversity** loss are **mutually linked**. Warming accelerates living beings' degradation, while ecosystem damage amplifies climate impacts. Nature-Based Solutions - interventions that protect and restore ecosystems - occupy a central role in building territorial resilience against multiple hazards including erosion, urban heat, and flooding.

In addition, climate change **intensifies existing inequalities**, disproportionately affecting vulnerable populations with fewer adaptive resources. Adaptation policy must therefore integrate social justice considerations and fundamental rights of protection through a proactive and systemic approach.

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[8] Climate events affect business operations and influence corporate strategies
[9] *World Resources Institute* Study - based on adaptation and resilience investments across 12 countries (figure consistent with recent studies by BCG and the World Bank)
[10] The returns on resilience
[11] Sixth Assessment Report — IPCC
[12] According to Italian climatologist and physicist Filippo Giorgi's wording (IPCC WG1 lead author, 2002–2008)
[13] Sixth Assessment Report — IPCC
[14] Ibid

Crédit Agricole adopts a **systemic approach to adaptation** designed to maximize environmental, economic, and social co-benefits of all interventions, aligned with IPCC and IPBES[15] recommendations emphasizing the **interdependence of climate, biodiversity, water, food security, and health**.

Crédit Agricole's commitment toward adaptation

A competitive edge built on the Group's distinctive position

Financial institutions are exposed to climate-related physical risks through direct impacts on their own operations, and more significantly through the cascading effects transmitted across their portfolios and client base. Beyond managing their own resilience, they serve as a pivotal function in channeling capital flows toward adaptation solutions and projects that strengthen the climate resilience of the broader economy.

As a leading bank-insurer across territories and a major private financier of the French economy, **Crédit Agricole benefits from a distinctive cooperative model rooted in local communities**. This institutional foundation gives the Group **a unique capacity to take concrete action**, as close as possible to territories and client needs.

Its integrated banking model and the **global footprint of its business lines enable it to support all economic actors and communities** — by providing advisory and risk-prevention services, financing, investment and insurance solutions.

Recognizing that effective adaptation demands both practical and locally grounded solutions, the Group intends to mobilize all its expertise and business lines to support the transformations climate change will require. **Crédit Agricole aims to play a major role in climate adaptation**, working in close partnership with government authorities and territorial stakeholders. This ambition anchors a strategic priority within our medium-term plan, ACT 2028[16], announced in November 2025.

A progressive strategy tailored to local realities

Crédit Agricole pursues a pragmatic, phased approach to climate adaptation aligned with national frameworks adopted by public authorities (particularly the French National Adaptation Plan—PNACC 3[17]) and coordinated with European (EU Adaptation Strategy) and international initiatives (UNEP, Paris Agreement).

In parallel, the Group actively participates in industry-wide working groups shaping adaptation financing: the "Adaptation and Resilience" task force of the UNEP-FI Principles for Responsible Banking; the European Commission's "Mobilising Climate Resilience Financing" initiative; the Sustainable Finance Institute's "Climate Adaptation Financing" workgroup; and the French Banking Federation's "Climate Adaptation" working group.

Engagement with civil society and the scientific community forms a cornerstone of Crédit Agricole's societal strategy. The Group's Scientific Committee, established in 2019 and comprising ten independent experts with recognized standing across their respective disciplines (climate science, biodiversity, agronomy, economics, and sustainable finance) serves as a critical compass for the Group's strategic thinking and decision-making on environmental and social matters.

[15] The Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services
[16] ACT 2028, the new medium-term strategic plan of Crédit Agricole S.A. |
[17] National Adaptation Plan (PNACC)

This adaptation framework is anchored in the *Principles for Responsible Banking* (PRB)[18] methodology and unfolds across three mutually reinforcing phases:

- **Assessing risks and opportunities:** analyze physical climate exposures and map adaptation pathways for our clients and the regions we operate in. This assessment integrates competitiveness drivers, operational resilience imperatives and long-term economic viability — through the development of specialized tools and expertise, vulnerability mapping, identification of strategic sectors and the scoping of tailored support needs.
- **Embedding adaptation into strategy and setting targets:** integrate climate adaptation into the Group's core strategic objectives, develop dedicated service offerings, and forge structured partnerships that amplify our collective impact.
- **Operationalizing action plans:** raise awareness among clients, equip our teams with the necessary capabilities, and provide hands-on support to deploy concrete, ground-level solutions.

The Group will prioritize sectors and geographies bearing the heaviest exposure to climate impacts, notably agriculture, tourism, critical infrastructure systems, as well as forestry and coastal zones.

Piloting pathways to scale

Crédit Agricole pursues a pragmatic methodology for adaptation, rooted in regional pilots and co-creation with local stakeholders. This approach makes it possible to better understand the specific realities facing individual regions and value chains, and to validate solutions that are both tangible and reproducible across contexts.

Several initiatives illustrate this approach in practice. In the Alps region, a pilot project carried out with des Savoie regional bank supported the tourism sector in addressing mounting pressures linked to declining snowfall and growing challenges around housing and water availability. In Northern France, the local regional bank and Crédit Agricole Assurances jointly piloted an adaptation initiative targeting flood-exposed clients, guiding them from vulnerability assessment through to the financing of adaptation measures.

Pacifica, Crédit Agricole Assurances' property and casualty insurance subsidiary, participates in the "Drought Initiative"[19], a five-year program launched in September 2023 by France Assureurs, the Central Reinsurance Fund and the Natural Hazards Mission. The initiative field-tests a range of prevention and remediation solutions to address clay soil swelling and shrinking — phenomena that trigger costly structural damage to buildings. These efforts preview an integrated model in which insurance becomes a mechanism for prevention, capital mobilization, and the active transformation of climate-exposed assets.

Innovation provides another key lever. LCL launched its "Impact Lab" in 2025, a collaborative initiative bringing together small, mid-sized, and large enterprises within defined sectors to jointly identify shared climate vulnerabilities and adaptation challenges. By activating its entrepreneurial ecosystem, LCL unearths concrete adaptation solutions and accelerates their deployment. Early findings reveal that effective adaptations take myriad, complementary forms: operational restructuring, technical interventions, technological solutions, financial arrangements, and insurance-coupled prevention strategies.

[18] New Principles for Responsible Banking, 2025 – United Nations Environment Finance Initiative
[19] France Assureurs, the Central Reinsurance Fund and the Natural Hazards Mission launch "Drought Initiative"– France Assureurs

Resilience solutions already in motion

Crédit Agricole Assurances' new "Prevention, Adaptation, Security" business unit strengthens the Group's ability to anticipate, prevent, protect, and support clients facing escalating climate, health, security, and financial risks. It will structure and amplify preventive action while enhancing the Group's capacity to anticipate risks, support territorial transitions, and build client and stakeholder resilience. Complementing insurance offerings, it will develop specialized services for risk anticipation, adaptation, and mitigation.

Through its asset management operations, Amundi assesses issuers' exposure to physical climate risks and engages actively with heavily exposed companies to secure credible adaptation plans. These plans must rest on robust risk assessment, clear governance structures, transparent investment trajectories, and measurable progress indicators. This engagement strengthens portfolio resilience while directing capital toward adaptation solutions - water management infrastructures, nature-based solutions, and blended finance.

Adaptation has emerged as a genuine investment theme, channeling capital toward companies developing solutions to adaptation challenges. The resilience economy represents a space for innovation and strategic differentiation: new markets are emerging, sectors are being repositioned, and public-private partnerships are being forged to secure critical resources, infrastructure and key assets.

R3, the Group's transition consulting and engineering firm, guides companies in developing adaptation strategies and operationalizing solutions that strengthen climate and environmental resilience. This supports operational continuity preservation, asset value protection, and cost control.

The Group now extends support to individual households in terms of summer comfort. The "J'ecorénov Mon Logement" platform offers practical guidance on protecting homes against heat stress, coupled with end-to-end support for reverse-cycle heat pump installation (reversible air conditioning) delivered in partnership with Hellowatt.

Crédit Agricole already finances climate adaptation through concrete initiatives across its business lines. Notable examples include Crédit Agricole CIB's participation in Tokyo Metropolitan Government's first resilience bond, Crédit Agricole Touraine Poitou's support for photovoltaic canopy projects and ecosystem restoration initiatives that strengthen municipal climate readiness, and financing for wastewater reuse schemes supporting agricultural productivity by Crédit Agricole Sud Méditerranée. These examples demonstrate an already tangible mobilization, which is set to become stronger and more structured over time.

Beyond these client-facing initiatives, Crédit Agricole is advancing methodology and tooling development through collaborative research and partnerships with academic institutions, data providers, and cross-sector coalitions. This work aims to deepen our measurement of physical climate hazards and sharpen our identification of climate resilience risks and opportunities.

A governance anchored in cooperation

Our adaptation strategy's success hinges on robust governance and collaborative momentum. Crédit Agricole has established senior-level governance and fostered structured dialogue with local authorities, financial supervisors and regulators, territorial stakeholders, and recognized experts (ADEME, Météo France, INRAE, Cerema, Natural Hazards Mission, Central Reinsurance Fund, and others).

Recognizing that climate challenges encompass diverse societal dimensions, Crédit Agricole emphasizes that political, economic, social, scientific, and technical perspectives must all inform our understanding of climate disruption. This conviction also guides our advocacy for public policies conducive to effective adaptation.

Challenges as opportunities for innovation

Implementing an ambitious climate adaptation strategy presents substantial challenges requiring transparent engagement.

While integrating physical risks into evaluation and decision-making processes is a priority, financial institutions - like broader economic actors - confront insufficient maturity in adaptation indicators and methodological limitations in existing models. Adaptation data, typically localized and heterogeneous, remain subject to improvement, and their integration across all business processes requires significant operational and technological investment.

Furthermore, adaptation financing typically generates diffuse, long-term benefits — avoided costs, social and environmental gains and sustained economic activity — that conventional financial models struggle to quantify.

Finally, climate adaptation transcends environmental or technical concerns: it conditions the viability of essential services (healthcare, education, infrastructure) and strategic sovereignty over vital resources including agriculture, food systems, and water. It demands coordinated mobilization across government, local authorities, private enterprises, financial institutions, and citizens.

Crédit Agricole approaches these challenges as opportunities for innovation and learning, enabling the Group to deliver greater protection and resilience for its clients.

Conclusion

The time to prepare regions for present and future climate impacts is now. Adaptation is decisive for protecting households and enterprises, stabilizing economies, strengthening social cohesion, and sustaining critical services.

Consistent with its purpose of serving society, Crédit Agricole is determined to play a leading role in this transformation. Its cooperative model and integrated banking structure, coupled with an operational presence in 46 countries, uniquely position it to support local actors in building concrete resilience pathways, in close alignment with public authorities and all relevant stakeholders.

Looking ahead, the Group is committed to accelerating, systematizing and scaling these efforts by fully mobilizing the breadth of its business lines and accumulated expertise. Its ambition is clear: to sharpen decision-making, strengthen collective capacity for anticipatory action, and support territories and their stakeholders with a resolutely forward-looking mindset.